

FEDERAL RESERVE BULLETIN



OCTOBER 1940

*Review of the Month—Business Conditions and the
Defense Program*

*From the Board's Correspondence—The Rise in the
Federal Reserve Index of Production*

Annual Report of the Bank for International Settlements

Present Position of the Durable Goods Inventory

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

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No. 10

Business Conditions and the Defense Program

Current economic conditions are dominated to a large extent by developments arising out of the war in Europe and more especially by the defense preparations undertaken here early this summer. The effects of the defense program were widespread even before substantial Government orders were placed. Producers and distributors, considering possible increases in demands from their customers and possible restrictions on output of some products if capacity proved insufficient to meet both military and civilian requirements, ordered goods in larger amounts and sooner than they otherwise would, in order to assure ample supplies. In general, however, buying has been more orderly than last autumn after the outbreak of war and reported price increases have been more limited.

Private and Federal purchases to date appear to have provided a greatly increased backlog of orders in industries producing machinery and many other types of durable goods and also some nondurable goods, such as textiles. Manufacturers' inventories have risen somewhat and are close to the levels reached late last winter after a period of considerable accumulation. The significance of this level must be considered in the light of potential requirements, both for civilian and military use, and of conditions under which inventories would become available to the market. The stock piles of strategic materials currently being accumulated by the Federal Government are being held on terms which do not permit their appearance on commodity markets for several years and the stocks

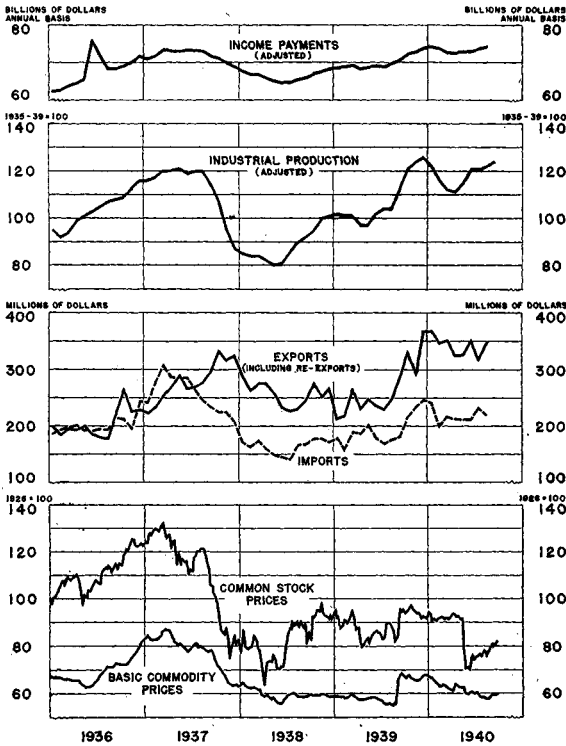
of farm products held off the market by the Government are sufficient to reduce materially the free supplies. As increasing amounts of industrial products are for armament, inventories accumulated have less market significance.

Appraisal of the significance of changes in production and consumption also presents special problems of measurement. The channels of distribution are different in many instances and military equipment can not be readily classified in the usual economic groups. Relationships between production, on the one hand, and civilian consumption and capital formation, on the other, are being considerably altered. In a period like the present prompt delivery of military supplies is regarded as essential, but carrying out the extensive program that has been adopted is necessarily a long-time process. On the basis of orders now being placed, production for defense would be expected to increase for a considerable period and this expansion would be concentrated in certain industries. In some cases this will put great pressure on existing capacity and expansion of plant and equipment will be required if domestic civilian and export demands are to be supplied. For these reasons analysis of current developments requires special consideration of influences ordinarily not decisive but at present dominating the industrial picture.

In August and September economic activity and national income rose further, continuing the increase which began late last spring. Industrial output, as the chart shows, is now above the level reached in 1937 and

Recent business developments

SELECTED BUSINESS SERIES



Sources: Income payments, exports and imports, Department of Commerce; industrial production, Board of Governors of the Federal Reserve System; common stock prices, Standard Statistics Company; basic commodity prices, Bureau of Labor Statistics index converted to 1926 base. Latest figures shown: income payments, exports, and imports are for the month of August; industrial production is estimated for September; stock and commodity prices are for week ending September 28.

only slightly below the peak reached toward the end of last year. The Board's index for September is now estimated at 124, as compared with 122 in August, 121 in June and July, and a low of 111 in April. The high point in 1939 was 126 in December.

In some of the industries most directly affected by war-time demands from abroad and by military preparations in this country—the airplane, shipbuilding, engine, and machine tool industries, for example—activity has increased almost without interruption since last autumn and is now considerably greater than at that time. At steel mills ingot production, already at a high level for three months, rose further in September to about 93 per cent of capacity in response to heavy demands from Great Britain as well

as large orders from generally active domestic steel-consuming industries. In the field of construction, contracts for new projects were sharply higher in July and August, with a considerably larger volume of public awards and some increase in private contracts. Activity in other lines, such as railroad transportation, has also been expanding.

Larger income payments arising out of the general expansion in activity have been reflected in increased purchases of goods by consumers at department stores and elsewhere. In certain instances, higher consumer incomes appear also to have contributed to increases in retail prices and in rents, but on the whole these have been small.

Exports of United States merchandise to the United Kingdom and Canada increased further in August, and total exports rose to the level prevailing early this year before curtailment of shipments to the European continent. Owing to a greater demand for raw materials in this country, imports in July and August were the highest since last January.

In the commodity markets prices of basic industrial materials have risen since the middle of August, following a period of decline. They are now back to the level of last spring and substantially higher than in August 1939. Basic foodstuffs advanced in August but subsequently declined somewhat, the principal change being in livestock prices. In September livestock prices were at levels higher than last spring, while grains were lower, under the influence partly of much larger crops than had been expected earlier in the season. Prices of finished manufactures for the most part have shown little change, although increases have been announced for some products, including most new-model automobiles.

In the security markets prices of high-grade bonds have risen slightly in recent weeks and have been at about the record high levels prevailing before the sharp decline last spring. Common stock prices during most of September were at a level about

Review of the Month

halfway between the low point in June and the level prevailing earlier in the year. Flotations of corporate issues for new capital have continued in small volume as funds required for plant expansion and other purposes are still being obtained largely from other sources. Commercial loans by city banks increased moderately in August and September, following several months with little change. The Reconstruction Finance Corporation has made substantial commitments to finance purchases of supplies of strategic materials by Governmental corporations and also to finance activities of private business concerns in connection with the defense program.

On the basis of a survey made by the Federal Reserve System for the National Defense Advisory Commission the commercial banks of the country have available and are willing to lend large amounts for emergency defense plant construction on the basis of a new form of contract developed by the Commission. This is in addition to amounts that banks might lend for working capital needs, which may also expand somewhat as a result of the defense program. A press statement giving the results of this survey is published on pages 1050-1051 of this BULLETIN.

Output of industrial products advanced further in August and September and currently is close to the peak last December, when the Board's index was at 126 per cent of the 1935-39 average. The rise in actual output during the third quarter, however, was gradual in comparison with the sharp rise in May and June when steel output increased by nearly one-half and increases in other lines were quite general. Since June steel output has risen further, but much less rapidly, being already at a high level, and changes elsewhere have been fairly mixed. Automobile production, for example, showed a marked decline of more than the usual seasonal proportions this summer as large stocks of 1940 models were being liquidated. Output of paper products was also

lower in July and August than in June. These declines have been in contrast to continued expansion in textiles and certain other lines.

The extent to which the rise in industrial output since August 1939 has been concentrated in industries most directly affected by war developments and defense preparations is indicated in the table below. Metal mining increased 32 per cent, and output of durable manufactures increased 28 per cent in contrast to a 5 per cent rise in nondurable manufactures. As the table indicates, output of lumber and products and stone, clay, and glass products has risen less than output of other durable goods more in demand for military purposes. The decline shown for automobiles reflects a temporary situation not representative of the period as a whole. The increase shown for fuels was from a low level, as petroleum output was sharply curtailed in August 1939. The smallness of the rise shown for the nondurable group may be attributed in part to the fact that output of these products was at a relatively higher

INDUSTRIAL PRODUCTION

Index numbers, 1935-39 average = 100; adjusted for seasonal variation

	1939		1940	Percentage change Aug. 1939-Aug. 1940
	Aug.	Dec.	Aug.	
Industrial production.....	104	126	122	+ 17
Durable manufactures.....	105	140	134	+ 28
Iron and steel.....	111	167	158	+ 42
Machinery.....	104	125	138	+ 33
Transportation equipment.....	92	128	104	+ 13
Automobiles.....	84	121	76	- 10
Aircraft.....	177	239	382	+116
Shipbuilding.....	133	144	211	+ 59
Railroad cars.....	74	136	123	+ 66
Nonferrous metals and products.....	112	159	144	+ 29
Lumber and products.....	105	121	114	+ 9
Stone, clay, and glass products.....	113	128	117	+ 4
Nondurable manufactures.....	108	118	113	+ 5
Textiles and products.....	111	126	114	+ 3
Leather and products.....	103	105	93	- 10
Manufactured food products.....	111	112	115	+ 4
Alcoholic beverages.....	96	95	91	- 5
Tobacco products.....	110	109	106	- 4
Paper and products.....	112	135	125	+ 12
Printing and publishing.....	105	119	111	+ 6
Petroleum and coal products.....	110	119	113	+ 3
Chemicals.....	100	112	115	+ 15
Rubber products.....	112	123	110	- 2
Minerals.....	91	114	116	+ 28
Fuels.....	89	113	112	+ 26
Metals.....	105	124	139	+ 32

Note: Some figures for August 1940 are preliminary.

level in August 1939 than was output of durable goods. But, in the main, demands resulting from war and the defense program, directly or indirectly, have been much less important for nondurable goods. Paper is an exception, reflecting the closing of foreign sources of supply. Production of chemicals is another exception, and these two groups accounted for a considerable part of such rise as there was in the nondurable group.

Comparison of production volumes at the peak last December and this August can also be made from the table. The most striking fact is that, although the August level for industry as a whole was still somewhat lower than the December level, activity in the machinery, aircraft, shipbuilding, and metal mining industries was considerably higher.

Increasing economic activity and higher income payments have been accompanied by an increase in retail trade, which is now in substantially larger volume than a year ago. As is usual during periods of expanding incomes, the most marked increase in sales has been in the field of durable goods. Automobile sales, while temporarily reduced at the end of the 1940 model season, in the first eight months of this year were about one-fourth larger than in the corresponding period of 1939. Indicated sales of electric refrigerators and vacuum cleaners were at new high levels. The extent of increased demand for new houses is indicated in a later section of this review. Dollar sales of general merchandise, including both durable and nondurable commodities of the sort sold through department stores, variety stores, and mail-order houses, were at a higher level in August than at any time since 1930, when prices of these goods were well above current levels. At department stores, sales in the first three weeks of September continued close to the advanced August level and were about 10 per cent larger than in September 1939. Stocks held by department stores remained through August at the low level that has prevailed since the middle of 1938.

Foreign trade figures for July and August reflect marked shifts in American exports caused by war developments since last spring. With the spread of the war and the extension of the British blockade, exports to continental Europe fell from a monthly average of \$107,000,000 during the first quarter to \$14,000,000 in July, the first full month under the new conditions. In August virtually all that remained of our once large trade with this area was a small volume of shipments to Sweden, Finland, Portugal, Spain, and Russia. Exports to Asia have also declined rather sharply since the first quarter.

Intensification of the war, on the other hand, has greatly increased the British and Canadian demand for many United States products. Exports to these nations started to rise at the beginning of the war, and the increase became much more spectacular after the period of heightened warfare began. In August United States exports to the United Kingdom were more than double the monthly average for the first quarter of the year, although cotton exports had been sharply reduced, and shipments to Canada had increased over 60 per cent; 55 per cent of total United States exports went to these two countries in August compared with 29 per cent during the first quarter. Total July exports were somewhat below the average established in the first quarter of the year when shipments to all parts of the world were in large volume, but preliminary August figures show a return to near the first quarter level, with the earlier geographical and commodity distribution drastically altered.

Agricultural exports declined from a monthly average of \$80,000,000 during the first quarter to \$26,000,000 in August. While part of this decline represented a seasonal reduction, there was a decided worsening in the position of agricultural exports. Due to the blockade, exports of agricultural products to the continent of Europe, which averaged over \$27,000,000 monthly during the first quarter, fell to under \$1,000,000. Agri-

cultural exports to the United Kingdom also declined sharply as more stringent controls on imports and domestic consumption were applied, and there was a reduction in cotton shipments to Asia.

While exports of industrial products have been adversely affected by the loss of European markets, the increased demand of the United Kingdom and Canada has much more than offset this decline. During August exports of industrial products were higher than they had been in any month since 1930. The increase has been primarily in war materials; others, such as automobiles and petroleum products—formerly having large sales in continental markets—have declined. Firearms, ammunition, and explosives, which were shipped in volume for the first time in the war during late June and July and which represented primarily sales of surplus stocks, declined in August.

The impact of the defense program on the construction industry is clearly indicated in a recent sharp increase in contracts awarded. Public contracts for construction work expanded greatly in July and August, reflecting awards for a wide variety of facilities such as airports, shipyards and barracks. Private awards as a whole increased much less than public building, as is shown in the table, but the rise in contracts for private factory construction was substantial. Increased activity in the construction industry generally has already been reflected to some extent in larger orders for materials. In the case of lumber, the increase in orders over a short period in August and early September was great and lumber prices were advanced sharply.

Housing shortages have been reported in some areas, particularly near shipbuilding centers and arsenals, and vacancies generally continue low, especially in single-family dwellings. In certain areas where increased demand is concentrated rent increases are being reported. Public construction has been undertaken in some instances as a part of the United States Housing Authority pro-

CONSTRUCTION CONTRACTS AWARDED IN 37 EASTERN STATES

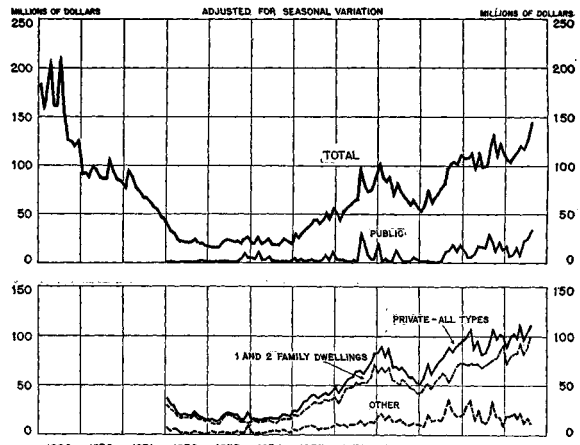
[Monthly averages or totals in millions of dollars]

	Total	Publicly-financed	Privately-financed			
			Total	Residential	Factories	All other
1937.....	243	96	147	71	26	50
1938.....	266	142	124	75	10	39
1939.....	296	142	154	95	15	44
1939						
1st quarter.....	258	129	129	86	10	33
2nd quarter.....	309	141	168	105	15	47
3rd quarter.....	312	146	165	98	18	51
4th quarter.....	305	153	152	91	17	44
1940						
1st quarter.....	223	90	133	81	17	36
2nd quarter.....	318	121	197	123	20	54
July.....	399	205	194	116	22	56
August.....	415	195	220	119	35	65

Source.—F. W. Dodge Corporation. The figures shown are not adjusted for seasonal variation.

gram, modified recently to permit use of slum-clearance funds to build housing for occupancy, temporarily, by defense workers. The recent high level of public residential building, shown on the chart, however, reflected largely awards for barracks and for regular slum-clearance projects. Legislation now pending would authorize the expenditure of \$150,000,000 by the Federal Works Administrator for defense housing. Private residential building has also increased, with contracts for one- and two-family houses now at the highest level in more than a de-

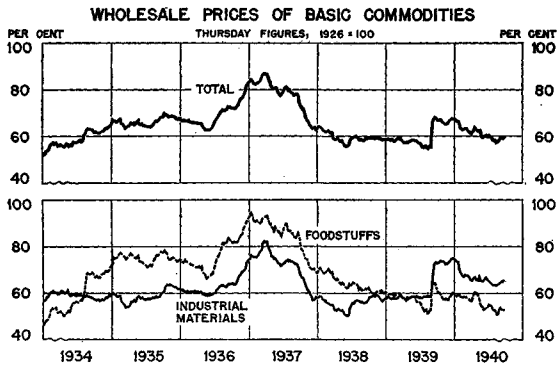
RESIDENTIAL BUILDING CONTRACTS AWARDED IN 37 EASTERN STATES



Based on F. W. Dodge Corporation data. Latest figures are for August.

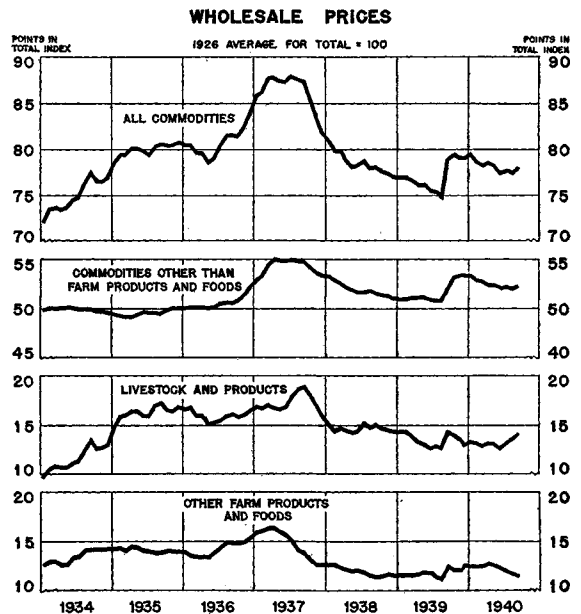
cade. Apartment construction continues at a low level.

Prices of basic commodities as a group have shown little change during the past three weeks, following a rise in the latter part of August and the first week of September. Some industrial materials, however, have continued to increase and, as is shown in the accompanying chart, these commodities in the latter part of September were close to the levels reached earlier this year. Recent advances reflected an increase in buying which was partly seasonal in nature but was also an adjustment to the growing volume of consumption of these materials by manufacturers and to the rise in sales of finished products to consumers and the Federal Government. Prices of basic foodstuffs declined somewhat in September following an advance in August, which reflected chiefly advances in prices of livestock and meats. Increasing consumer incomes were an important factor in this rise and a seasonal decline in marketings was also a contributing influence.



Federal Reserve groupings of Bureau of Labor Statistics data. Latest figures shown are for Tuesday, September, 24, 1940.

The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics index, was at 78 per cent of the 1926 average in the middle of September as compared with 77 a month earlier and 75 in August 1939. As shown in the accompanying chart, practically all the fluctuations indicated since April have been in prices of farm products and foods, while prices of



Monthly figures; Bureau of Labor Statistics data, with Federal Reserve classification of livestock and products and other farm products and foods. September 1940 estimated.

other commodities as a group have shown little change.

In retail markets price changes have been mixed. Food prices declined about 2 per cent from June to August, reflecting a sharp drop in prices of fruits and vegetables; earlier this year these prices had been at high levels owing to unfavorable weather conditions. Retail meat prices, which had been rising steadily since the early part of the year, continued at the advanced level during August. Retail prices of most other commodities have shown little change following small declines during the spring and early summer. Prices for the new-model automobiles, however, have been advanced.

Agricultural commodities.—While wholesale prices of livestock and products have advanced about 10 per cent since June, other farm products and foods, principally grains, cereal products, cocoa, and cotton have declined. These declines were due partly to the seasonal pressure of marketings, prospective increases in supplies, and a further curtailment in foreign demand.

Production prospects for most major crops

increased during August and indications are that including the generally large carry-overs at the beginning of the season total domestic crop supplies for the 1940-41 season will be above the average of the last ten years. As shown in the accompanying table, indicated supplies of leading crops are substantially above the volume available in the 1936-37 season when a drought contributed to a considerable rise in prices. Supplies of most livestock and livestock products are also expected to continue to be considerably larger than during that period.

DOMESTIC CROP SUPPLIES
[In millions of units]

Crop	1940-41			1936-37
	Pro-duction	Carry-over	Total supply	Total supply
Cotton.....bales.....	12.8	10.6	23.4	17.8
Wheat.....bu.....	783.6	284.0	1,067.6	768.7
Corn.....bu.....	2,297.2	603.0	2,900.2	1,686.6
Oats.....bu.....	1,206.9	146.9	1,353.8	1,063.9
Hay.....tons.....	93.0	10.9	103.9	84.1
Potatoes, white.....bu.....	383.2		383.2	332.0
Tobacco.....lbs.....	1,241.7	2,652.7	3,894.4	3,349.4

Source.—Department of Agriculture. Production as indicated September 1 and carry-over at beginning of crop year.

Wool is an important exception in the supply situation. Consumption of apparel wool in the United States during the twelve months ending September 1 totaled 584,000,000 pounds grease basis. If this rate were to be sustained and stocks at the end of the wool season April 1 were to be as large as usual, domestic supplies of apparel wool would need to be supplemented by a large volume of imports. From June to mid-September Federal contracts for blankets and uniform cloths have been awarded in a volume sufficient to require about 100 million pounds of wool, which represents about two months of average domestic consumption. A large part of the effect of these orders has already been reflected in the 25 per cent higher rate of apparel wool consumption in July and August as compared with the level earlier in the year. In recent weeks prices of raw wool and wool tops, particularly domestic grades, have advanced considerably.

Cotton prices in the third week of September were close to the loan value of 9½ cents per pound, as compared with over 10½ cents during most of the earlier part of the year. During August exports were unusually small and there was an increase of 1,340,000 bales in the prospects for the domestic crop. The carryover at the beginning of August was about 10,600,000 bales, of which 8,700,000 bales were in the Government loan stock. Domestic consumption of cotton last season was 7,750,000 bales and exports totaled 6,190,000 bales. With prospects for a sharply reduced volume of exports this season, indications are that the loan stock may show an increase of over 2,000,000 bales. In August domestic cotton consumption was 655,000 bales, compared with 631,000 a year earlier and in September activity appears to have been maintained. Buying of cotton gray goods increased sharply in the latter part of August, due partly to seasonal influences, and continued large in September, but total sales have still been below the volume sold during this period last year.

Wheat prices at Kansas City in September averaged 75 cents per bushel as compared with the loan value of 77 cents and a low of 65 cents in the middle of August. The movement of wheat into the Federal loan stock has been at a higher rate than last year and trade estimates are that the total movement into the loan stock will range between 300,000,000 and 400,000,000 bushels as compared with 167,000,000 bushels reported last year. Total domestic wheat supplies this year are expected to be about 61,000,000 bushels larger than last year, reflecting both increased production and a larger carry-over on July 1. The carry-over in this country has increased steadily in recent years from a low point of 83,000,000 bushels in July 1937 to 284,000,000 bushels this year. At the same time there has been a large growth in supplies on hand and available for export in other major producing countries. Exports of United States wheat last season totaled only about

45,000,000 bushels, although there were Federal subsidy payments ranging from 20 to 35 cents per bushel.

Corn supplies have held at more usual levels and, with most of the indicated carry-over for October 1 in the loan stock, prices are only slightly below the peak reached in May of this year. They are close to last season's loan value of 67 cents at Chicago and about 45 per cent above the pre-war level. Prices of other feed grains are not as high compared with recent years as are corn prices.

Higher costs of feedstuffs have been an important factor in the livestock situation during the past year. Indications are that the total pig crop this year will be smaller than the large crop of last year by about 10 per cent. Marketings of hogs are likely to continue rather large during the remainder of 1940, according to the Department of Agriculture, but are expected to decline substantially in 1941. Market supplies of cattle and sheep are expected to continue fairly large.

Reflecting chiefly the increased level of prices this year cash farm income, including Government payments, is expected by the Department of Agriculture to be \$8,900,000,000, about 5 per cent higher than last year and exceeded since 1929 only by the income of \$9,111,000,000 in 1937. Most of the increase over last year is from livestock and products. Larger income is also expected from fruits and vegetables and from grains, while declines are likely for cotton and tobacco. Government payments in 1940 may be slightly smaller than last year's total of \$807,000,000.

Industrial commodities.—Prices of industrial commodities have generally shown little change in recent months, except for some materials. Steel scrap, copper, lead, and hides, which had decreased earlier this summer owing largely to the extension of the European blockade, have advanced since the middle of August. Prices of some other materials, however, including cotton, silk, rubber, and tin, in the latter part of September were below their midsummer levels.

Generally prices of durable materials and those nondurable commodities for which demand has been affected by military requirements have shown the largest increases in recent months. In most cases they are still below the peaks reached in the latter part of 1939, following the period of heavy buying last autumn, but prices of zinc, lumber, and some other durable products are higher than at that time.

The effects of changes this year in foreign supplies and demand on domestic prices of industrial products have been varied. With the curtailment of the European market, shipments of lead into the United States from Mexico have been exceptionally large, and domestic lead prices are currently considerably lower than last winter, even slightly below the pre-war level. In contrast, refined zinc exports from this country have increased sharply this year due to the cutting off of Belgian and other continental European supplies from the rest of the world. Refining facilities have thus been under heavy pressure for the refining of foreign ore for export, in addition to large demands for zinc from domestic consumers, and zinc prices have increased sharply in recent months to a level 50 per cent higher than before the war. In the case of cotton goods, Federal action has been taken to offset the effects of foreign developments. On August 26 the rates of Government payments on most cotton products exported from the United States were raised to a level about $3\frac{1}{2}$ times as high as the rates in effect since last December and about 85 per cent above the original rates effective during the second half of last year.

Domestic consumption of leading industrial materials, including iron ore, steel scrap, coke, non-ferrous metals, and lumber, have recently increased in volume and currently are close to the levels reached in the latter part of 1939 and in the first part of 1937. Stocks held by producers of materials generally are reduced from the higher levels reached earlier this year and in the case of some materials, like

coke, zinc, and rayon, they are quite small. However, supplies held at later stages in the form of raw and finished commodities are in somewhat larger volume partly to accommodate the increased activity in many lines. The final disposition of commodities, as indicated by retail sales and Federal purchases, appears to be showing a substantial rise.

Recent market developments have been influenced by the plans of Federal agencies for the accumulation of substantial stock piles of strategic commodities which may be impounded for several years except possibly in the event of war. Four of the commodities being accumulated are basic industrial materials which are important both for civilian and defense needs. Altogether this program involves, according to available estimates, a total outlay over several years of about \$700,000,000.

The Reconstruction Finance Corporation announced on August 19 that the Rubber Reserve Company, a partially owned subsidiary, had signed an agreement with the International Rubber Regulation Committee for the purchase in the open market of 180,000 tons of rubber during 1941. This supplements the agreement made late in June covering the purchase of 150,000 tons during the remainder of this year. Government rubber holdings will also include 85,000 tons currently being received under last year's cotton-rubber barter with Great Britain. Added to private stocks of 150,000 tons of rubber which the Rubber Reserve Company has pledged to maintain, total domestic stocks of crude rubber, by the end of 1941, should equal 565,000 tons, or about a year's supply.

Similarly, in the case of tin, the Reconstruction Finance Corporation, through its Metals Reserve Company, has undertaken an agreement with the International Tin Committee to buy in the open market 75,000 tons of tin, or about a year's supply, by the middle of 1941. Eventually the Company's total expenditures for tin are expected to total \$150,000,000. This sum would be sufficient to accumulate 135,000 tons at 50 cents per

pound. The Metals Reserve Company has also contracted to buy 770,000 tons of manganese ore, or enough to supply our requirements for about a year. These purchases call in part for 25,000 to 65,000 tons of manganese ore annually in 1941, 1942, and 1943 from an American-owned Cuban company, and 80,000 tons of domestic ore annually for the same period from the Anaconda Copper Mining Company. Present domestic stocks of this essential material for the steel industry already amount to at least a year's supply.

The Reconstruction Finance Corporation announced on August 20 that it had allotted \$50,000,000 for the purchase and storage of high-test aviation gasoline by another newly-created subsidiary, the Defense Supplies Corporation. These supplies would subsequently be made available for sale to the Army and Navy as they were required.

Under the provisions of the act of June 7, 1939 (Public No. 117) an appropriation of \$100,000,000 was authorized to be expended by the Secretary of the Treasury under the joint direction of the Secretary of War and the Secretary of the Navy for the acquisition of strategic and critical materials during the fiscal years 1939 to and including 1943. Appropriations to date for this purpose total \$70,000,000. These materials are to be "used only upon the order of the President in time of war, or when he shall find that a national emergency exists with respect to national defense as the consequence of the threat of war". The latest figures made available by the Treasury show that purchases of materials as of June 30, 1940, were in the following amounts:

	Quantity	Value
Chrome ore, tons.....	64,500	\$2,106,250
Manganese ore, tons.....	86,500	2,757,868
Manila fiber, bales.....	14,800	246,221
Optical glass, lb.....	11,400	80,000
Quartz crystals, lb.....	11,800	100,000
Quinine, oz.....	700,000	415,000
Tin, pig, tons.....	6,124	6,084,828
Tungsten ore, tons.....	449	500,944
Total.....		\$12,291,111

Under the auspices of the National Defense Commission negotiations are proceeding with the British Government to store in this country stocks of Australian wool which are owned by the British Government. On the basis of present negotiations 250 million pounds, grease basis, would be stored in the United States as a strategic reserve. The financing of transportation and other charges would be provided through the Reconstruction Finance Corporation. Under existing regulations the use of foreign wool is prohibited in the production of fabrics for the Federal Government, but the statute would permit use of this wool for military purposes in the event of an extreme shortage of domestic wool. It is understood that if negotiations are completed this foreign wool would be held as an "iron reserve" to be used only in the event of extreme emergency.

The rubber agreements provide that purchases will be made within a range of about 18 cents to 20 cents a pound and in the case of tin it was announced that all tin available will be purchased at a price of 50 cents a pound. Prior to the rubber and tin agreements, declines in prices of these commodities were indicated, due chiefly to the curtailment of important European markets and the large stocks held by American and English consumers and in transit to them.

The press announcement accompanying the agreement on tin stated that "tin acquired by the Metals Reserve Company will not be available to private industry until after January 1, 1944" and the agreement itself provides that tin may be released to private consumers only "in the event of a national emergency, which in the opinion of the Company, requires such a release". In the case of rubber, release of which is also restricted, except for the maintenance of normal trade stocks, until after the beginning of 1944, an interruption in supplies through hostilities or some similar occurrence is specifically indicated as the definition of an emergency.

The Administrator of the Federal Loan Agency recently submitted to Congress information on commitments made by the Reconstruction Finance Corporation during the period June 25 to September 14, 1940, for loans and investments in connection with national defense. Of the total of \$558,000,000 approved during this period, \$60,000,000 represents loans and stock purchases which have been formally authorized and the remainder represents in part conditional agreements to make loans to private business concerns and in part amounts allocated to Government corporations for loans or for purchase of stock as funds are needed.

The table summarizes the commitments to show the amounts made available to special corporations organized by the Reconstruction Finance Corporation in connection with the defense program, and to private business concerns.

DEFENSE CREDITS APPROVED BY THE RFC¹

June 25, 1940 to September 14, 1940, inclusive

[In millions of dollars]

	Total	Amounts formally approved		Conditional agreements for:	
		Loans ²	Stock purchases	Loans	Stock purchases
Government corporations organized by RFC:					
Rubber Reserve Co.	145		1	140	4
Metals Reserve Co.	105		2	100	3
Defense Supplies Corp.	58		1	53	4
Defense Plant Corp.	30		1	25	4
Total.....	338		5	318	15
Business concerns.....	\$ 220	\$ 55		161	
Total.....	\$ 558	55	5	479	15

¹ Under sec. 5d, as amended by act of June 25, 1940.

² Includes RFC's share of loans made jointly with banks.

³ Includes \$4,000,000 of conditional agreements later cancelled and not authorized as loans.

⁴ Includes \$900,000 to business concerns under sec. 5d but not under act of June 25, 1940.

The above figures do not represent actual cash disbursements. On August 31, the Reconstruction Finance Corporation had purchased \$2,000,000 of stock in Government defense corporations and had outstanding \$55,000 of defense loans to private corporations under the act of June 25, 1940.

Review of the Month

About \$340,000,000 has been made available to the following Government corporations: the Rubber Reserve Company, created to acquire reserve supplies of raw rubber; the Metal Reserve Company, created to acquire reserve supplies of strategic and critical materials; the Defense Supplies Corporation, created to acquire reserve supplies of high-test aviation gasoline and such other materials as the National Defense Commission may designate; and the Defense Plant Corporation created to aid in plant construction and in purchase of machinery and equipment for lease to private manufacturers.

The commitments made to private companies for plant, machinery and working capital for production of a variety of articles related to national defense and for expansion of aviation and trade schools include \$160,000,000 of conditional agreements for loans, and \$55,000,000 of loans formally authorized.

Corporate security markets have been unusually inactive since June. Prices of both stocks and bonds have moved within a narrow range and the volume of trading has been small.

Prices of high-grade corporate obligations, which had declined during May when the security markets reacted sharply to the first news of more intensive warfare, recovered the greater part of the decline in June. Since then these bonds, as represented by Moody's averages for Aaa issues, have been selling on a yield basis near $2\frac{7}{8}$ per cent. Yields have recently declined a little further and near the end of September reached a new low level. In June and early July lower-grade corporate bonds also recovered the greater part of their May price decline and have since moved gradually back to the levels of the early part of the year.

Prices of common stocks declined very sharply during May, recovered only a part of

the decline in June and have since made some further recovery. By the latter part of September industrial and public utility stocks had recovered about half of their May price declines and were near the lows of the spring of 1939. Prices of railroad stocks had recovered about three-fourths of the May loss and were near the levels which prevailed in the summer of 1939. Trading in stocks on the New York Stock Exchange during July and August was the smallest for any two months' period since 1918.

The monthly volume of new securities sold by corporations this year has been a little larger on the average than during 1939. As in other recent years, new financing has been largely for the purpose of refunding outstanding obligations. Issues for new capital have increased, as compared with 1939, but, as is shown in the table, the volume continues small. Public offering of some issues was postponed during May and June when market conditions were especially unsettled by foreign developments. Several of these issues were offered in July, making the July total of new corporate issues the largest for any month of 1940.

DOMESTIC SECURITY ISSUES

[Monthly averages or monthly totals; in millions of dollars]

	Total	Corporate		Other ¹	
		Re-fund-ing	New capital	Re-fund-ing	New capital
1936-1937.....	410	191	101	50	68
1938.....	366	106	73	66	121
1939.....	475	144	32	144	155
1940-Jan.-Mar.....	326	151	37	86	52
Apr.-June.....	274	126	51	41	56
July.....	690	226	45	69	351
Aug.....	281	111	68	41	61
Sept. (est.).....	190	50	60	40	40

¹ Includes issues of State and municipal governments and publicly-offered issues of Federal credit agencies, but excludes direct obligations of the United States Government.

Source.—Commercial and Financial Chronicle.

Present Position of the Durable Goods Inventory

by

GEORGE TERBORGH

Senior Economist
Division of Research and Statistics

IT is a commonplace of economic analysis that demand for durable goods is subject to wider cyclical fluctuations than demand for non-durable goods and services. While this difference is attributable to a variety of factors, the most fundamental is the vastly greater size and importance of stocks in the case of durable goods.

Effect of inventory on the relation of consumption to production

Where production consists of the rendering of intangible consumer services, such as those of a physician, there is obviously no separability between production and consumption. If the product is a physical commodity that cannot be stored in finished form, fresh vegetables for example, the case is similar. With no stocks of consequence in the hands of consumers, disparities between the rate of production and the rate of consumption are limited to those occasioned by fluctuations in inventories in the hands of producers and distributors. This is likely to be substantially true even if the finished product is storable, provided its consumption period is short, for example, canned vegetables. Because such goods are used up in a moment of time and do not need to be stored while undergoing consumption, stocks in the hands of the ultimate users are ordinarily limited to small quantities awaiting use, hence disparities between production and consumption rates attributable to variations in these stocks are small and short-lived.

Where the element of durability enters, the case is radically different. Here it is necessary to hold large stocks of goods *undergoing con-*

sumption. These stocks may be regarded as a reservoir of unconsumed uses or services, from which withdrawals can be made for a time in excess of replacements. This makes it possible to postpone the production of durable goods for considerable periods without depriving the community of the services which these goods supply.

The effect of durability on the relation between production and consumption may be illustrated by the contrast between food and housing during the recent depression. Both are absolute necessities of life, yet it would be difficult to find two types of goods presenting greater differences in market behavior. The production of food showed a remarkable stability, while the construction of housing all but ceased. In the one case, because of the relatively insignificant magnitude of existing stocks, the maintenance of consumption required continuity of production on a comparable scale; in the other, the supply of houses was sufficient to support consumption with relatively little shrinkage, so that for some time production was virtually suspended. The community simply continued to make withdrawals from its enormous reservoir of unconsumed housing services with very little current replenishment of the supply.

The durable goods inventory

Durable goods may be defined for the purpose of this discussion as those having a normal useful life in excess of three years. The term covers producers' plant and equipment such as railroads, factories, and power plants; consumers' goods such as houses and passen-

Note.—Views expressed in signed articles published in the BULLETIN are those of the writers and not necessarily those of the Board of Governors of the Federal Reserve System.

ger automobiles; and public property such as highways and schools.

Embodying as it does the labor of decades, and in some instances of centuries, the stock of these goods in the hands of users is overwhelmingly the most important inventory in existence, comprising more than half of the national wealth as ordinarily reckoned, and more than three-quarters of the man-made wealth (wealth exclusive of land and natural resources). The magnitude of this inventory in relation to its rate of consumption is equally impressive. While accurate estimates of the latter are unobtainable, it appears likely that the unused services in the inventory are the equivalent of 10-15 years' consumption at the current rate. Contrast this with the inventory of goods undergoing production and distribution, which usually turns over in less than six months. If we measure the size of the two inventories *relative to consumption*, therefore, we must conclude that the former is 20-30 times as large as the latter.

Growth of the inventory

The available measures of the consumption of durable goods are so defective that estimates of changes in the size of the inventory derived from the comparison of production and consumption are no better than crude approximations. Nevertheless they enable us to get some idea of variations in the rate of growth of the inventory during different periods of time. Certainly a contrast as marked as we find between the estimates for the last two decades must be regarded as highly significant. They indicate a consistent excess of production over consumption during the period 1920-29, with a net expansion of about 40 per cent in the amount of unconsumed services in stock. During the decade 1930-39, on the other hand, there was a considerable period with an excess of consumption, so that despite a favorable balance for several recent years the decade as a whole shows an approximate offset, with little or no change in the amount of unused services.¹

Since the figures for the actual amount or degree of change in the inventory are so uncertain, it is perhaps advisable to state the conclusion in a conditional form. We may say that if the estimate of a 40 per cent expansion

¹ The estimates indicate a growth in the inventory of publicly-owned durable goods, balanced by an equivalent shrinkage in the privately-owned inventory.

in the decade 1920-30 is correct, the expansion in the following decade has probably been insignificant. We may be sure of the broad picture as to the relative standing of the two decades in the matter of inventory growth, but we cannot be sure of the absolute amount of growth in either of them.

Even if the estimate of inventory growth during the past decade were demonstrably correct this would not necessarily mean that there are no more durable goods in existence than in 1930. It is quite possible for the inventory to expand *extensively*, in terms of the amount or number of units in use, while at the same time failing to expand *intensively*, in terms of its content of unconsumed services. A count of units in the durable inventories for which data are available reveals in the majority of cases an increase since 1930. There are more houses, more automobiles, more tractors, more miles of paved highway, more filling stations, more oil wells, more kilowatts of electric generating capacity, more tons of steel capacity, etc. While there are numerous exceptions to this trend, railroad locomotives and freight cars for example, it is probable that a proper weighting of the innumerable categories of goods composing the durable inventory would indicate on balance a moderate expansion extensively. Even on this basis, however, the relative gain during the past decade appears small compared with that of the preceding one (perhaps a quarter or a third as much).

Change in age composition

Whatever may have been the growth of the inventory since 1930 in terms of its content of unconsumed services, it has been much less relatively than its extensive growth. This reflects a shift in its age composition during the decade. The period of heavy additions and rapid growth before the depression resulted in a relative overweighting of the inventory with young units having a large content of unused services. During the depression, there was a shift in the distribution toward the upper age brackets, with a corresponding reduction in the average amount of unconsumed services per unit in use.

The decline during the past decade in the proportion of younger units may be illustrated by a few figures showing for certain classes of durable goods the approximate percentage of the existing stock under 10 years of age in 1930 and 1940.

Present Position of the Durable Goods Inventory

	Approximate Percentage of Existing Stock Under 10 Years of Age	
	1930	1940
Housing units (non-farm).....	28	8
Railroad locomotives.....	20	6
Railroad freight cars.....	34	14
Electric generating capacity (privately owned)	65	25
Metal-working machinery.....	52	30

The backlog concept

It does not require the evidence of the more or less uncertain estimates of changes in the size of the durable goods inventory previously introduced to demonstrate that the past decade as a whole has been a period of relative stagnation in the renewal and expansion of this inventory. It is sufficiently indicated by the fact that the value of new goods annually added to the stock has averaged during the decade only two-thirds as much (after adjustment for price changes) as the average for the five years ending with 1929, and barely over half as much as it would have averaged if pre-depression growth rates had been maintained during the interval.

There can be no doubt that this curtailment of production has left us with severe deficiencies in the stock of durable goods in use, both quantitative and qualitative, relative to potential requirements. These deficiencies are often referred to as a "backlog," the term implying, of course, that they are something to be "made up" in the future as an addition to the "normal" durable goods requirements currently accruing in the interval during which this catching-up process occurs.

It is one thing to define the backlog, but another to *measure* it. As to the possibility of measurement, we may justifiably maintain an attitude of skepticism. In this connection it may be of interest, even at the risk of digressing, to comment on an assumption widely used in attempts to estimate the backlog, namely, that it is the difference between what has been and what might have been. To take an extreme example, it has sometimes been assumed that the durable goods production that would have occurred in the absence of the depression but that in fact did not occur is merely postponed in its entirety until a later occasion, pending which it constitutes a "deferred demand," in other words, a backlog. It is supposed that in time

the effects of the depression will have been completely erased.

Consider where this assumption takes us. If the durable goods production of the country had increased since 1929 at its pre-depression growth rate it would have exceeded the production actually forthcoming in the interim by 125-150 billions of dollars. Even if we allow for the fact that the consumption of durable goods may have been smaller by say 30 billions than it would have been on a projection of its pre-depression trend, we still have a supposed backlog of more than 100 billions to be "made up" in the future. If we adhere to the logic of the procedure, this backlog can be made up only when and if in the future the durable goods inventory rises *relative to the projection of its pre-depression growth line*. On this basis, it appears that it would now require a durable output 30-40 per cent above the present level merely to prevent the backlog computed in this way from increasing further, while ten years from now we should need an output roughly double the present one for the same purpose!

The mere mention of such requirements is enough to give one pause in assuming that the backlog is the difference between what has been and what presumably would have been in the complete absence of the depression. Even if we assume merely a partial absence of the depression, however, we are on no more solid ground. The backlog cannot be the difference between what has been and what might have been. There is an infinite number of might-have-beens, each of which yields a different result.

Granted that the backlog has no real existence except in so far as it will in fact be "made up" in the future, it can only be the difference between (1) what is going to be with things as they are, including the backlog, and (2) what would be with things as they are, except for the backlog. In a few instances where potential demand for a durable good is closely related to an independent factor like population growth, it is possible to make a stab at estimating the present backlog (housing is a case in point), but such instances are few; for the most part the idea of measurement is definitely out. Certainly it is out as applied to the durable goods inventory as a whole.

That we cannot measure the magnitude of present deficiencies in the inventory does not lessen their importance. They affect greatly the outlook for demand and produc-

tion in the durable goods field over the next few years. It is worth while, therefore, to consider the nature of these deficiencies more closely.

The nature of inventory deficiencies

The first thing to emphasize is the relative nature of deficiencies. They do not exist in an absolute sense, independent of economic conditions, but only in relation to these conditions. At the present time there are many types of durable goods of which the existing stocks in use are large relative to current utilization, and which even have no effective qualitative deficiency in these stocks, if by the latter we mean a deficiency that would be eliminated under a continuation of present conditions. So-called "present" deficiencies are largely *potential*, and will become actual only if and when conditions improve. The extent to which they are effectively *realized* will depend on the degree of this improvement. Thus, if economic activity were to climb to the level made possible by a full employment of our labor force, "present" deficiencies in the inventory would be realized, by the acid test of market demand for new durable goods, in a volume vastly greater than if activity were to continue at its current level.

Because of the stimulus of the defense program and other factors, it seems likely that we shall reach levels of economic activity in the next few years much higher than those recently attained. It is pertinent, therefore, in appraising the adequacy of our durable goods inventory, to do so with reference to these higher levels. It may even be desirable to measure it against the requirements of our full production potential, that is to say, the level of production we could attain with a practically complete employment of our labor force. With this touchstone, let us look at the inventory from the standpoint of its *qualitative* and *quantitative* adequacy.

Qualitative deficiency.—We have already pointed out that the curtailment of production during the depression has resulted in a shift in the age distribution of the durable goods inventory toward the upper end of the scale. In a great many cases present stocks are badly overweighted with aged units, with a correlative underweighting of units recently produced. The progress of invention and improvement has apparently continued unabated in recent years—indeed, there is

competent opinion that it has been accelerated—but the rate at which technological advance has been incorporated into the durable inventory has been on the whole much slower as the result of the low level of additions during the depression. The gap between the average quality and condition of durable goods in use and the best that current technology affords is therefore much wider than before the depression. It constitutes under favorable conditions an exceptionally potent incentive for modernization, both by the retirement and replacement of obsolete units and by the renovation of other units less definitely outmoded. The attainment of a full-employment level of economic activity would almost certainly develop a strong tendency to "freshen up" the durable inventory and to reduce the prevalence of obsolescence toward the standards reached in previous periods of prosperity.

Quantitative deficiency.—We noted earlier that while the durable inventory appears on balance to have undergone a moderate expansion *extensively* during the past decade, this growth has been small relative to earlier periods. In the meantime there has been an increase of 10-15 per cent in the number of families and employable workers.

It is at least arguable that the present stock of consumers' durable goods provides a smaller average per family—even apart from unfavorable changes in the age composition of the stock—than before the depression. Since there was in the Twenties a marked uptrend in the average holding of such goods per family, owing largely to the popularization of the automobile and of a large array of mechanical appliances for the household, we may justifiably anticipate that under conditions of full prosperity in the future there will appear a strong tendency to raise the average stock above the present level. To take a specific example, housing, it is estimated that under such conditions the present population of the United States would occupy 500,000 to 1,000,000 more dwelling units than it does currently. In another case, automobiles, there is little doubt that a return to work of most of the present unemployed would increase substantially the number of cars in use. The expectation is similar for other components of the inventory of consumers' durable goods. The transition to a full-employment level of economic activity would materialize an exceptional demand for these goods to eliminate the present de-

iciency relative to the requirements of full prosperity.

In the field of producers' goods the broad picture is similar. The national labor force is 10-15 per cent above 1929. Not since that year, however, has there been anything like full employment, which means that there has been no occasion to expand the capacity of our productive facilities to an extent comparable with the growth in the number of workers available. Recent experience appears to indicate that in large sectors of industry we now reach as full a utilization of mechanical capacity as prevailed in 1929, or other prosperous years of the Twenties, while we still have many millions of usable unemployed. It is demonstrable that in many cases large additions to present plant capacity would be absolutely necessary to meet a full-employment level of business. In other cases additions may be avoidable by the use of high-cost capacity, by running an uncustomary number of shifts, or by other means, but this does not signify that they would in fact be avoided if the higher level of activity were to materialize. It is more likely that facilities would tend to expand in these lines toward a more customary and economical relation to the volume of operations. With producers' goods as with consumers' goods, the transition to a full-employment level of production would almost certainly materialize a heavy demand to make good quantitative deficiencies now largely potential.

At this point a word may be in order as to the bearing of the present defense program on deficiencies in the inventory of producers' capital goods. The program involves a very considerable departure from the normal pattern of demand for industrial products. Numerous items are required for which there is little or no present capacity. In many cases whole new industries must be created, in many others the capacity of existing industries must be expanded beyond any normal requirements. There can be no doubt that our productive facilities as they now stand are even more imperfectly adapted to an

armament prosperity than to prosperity of the usual type. This suggests, at least, that the output of producers' capital goods will be greater if a full-employment level of production is approached in conjunction with the defense program than if it were approached under more normal conditions. Against this suggestion we must offset the possibility that the demand for new facilities outside the immediate orbit of the defense program may be smaller than otherwise because of doubts as to the duration of a prosperity based on armaments, and the further possibility that defense procurement may interfere to some degree with the delivery of capital goods to nonessential industries even when demand is present. It is difficult to appraise the ultimate effect of these factors, but for the near future at least it appears that the defense program will keep the output of producers' capital goods higher than it otherwise would be at like levels of general activity. As to the more remote future, we must suspend judgment.

Conclusion

The present condition of the durable goods inventory is one of serious deficiency relative to the standards and requirements of fully prosperous conditions. This creates for the durable goods industries what may be called a strong technical position; which incidentally is in marked contrast to the situation in 1929, when some important classes of durable output (most notably housing construction) were either declining or facing imminent declines regardless of the continuance of full or rising activity in the economy as a whole.

A strong technical position in durable goods does not in itself guarantee recovery and prosperity. It is, however, a fundamentally favorable factor of great importance. It augurs an early and vigorous reinforcement of recovery, however it may be initiated, and contributes greatly to the vitality and duration of prosperity when it is achieved.

From a Legal Standpoint

Administrative interpretations of banking laws, new regulations issued by the Board of Governors and other similar material of interest to bankers.

Assignment of Claims Against Government

The bill H. R. 10464, "To assist in the national defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts", referred to elsewhere in this issue, received final approval of both Houses of Congress on October 3. It is expected that it will go to the President for signature within a few days. Although the official print of the bill in its final form is not yet available, the text as finally agreed upon by Congress is as follows:

AN ACT

To assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 3477 and 3737 of the Revised Statutes be amended by adding at the end of each such section the following new paragraph:

"The provisions of the preceding paragraph shall not apply in any case in which the moneys due or to become due from the United States or from any agency or department thereof, under a contract providing for payments aggregating \$1,000 or more, are assigned to a bank, trust company, or other financing institution, including any Federal lending agency: *Provided,*

"1. That in the case of any contract entered into prior to the date of approval of the Assignment of Claims Act of 1940, no claim shall be assigned without the consent of the head of the department or agency concerned;

"2. That in the case of any contract entered into after the date of approval of the Assignment of Claims Act of 1940, no claim shall be assigned if it arises under a contract which forbids such assignment;

"3. That unless otherwise expressly permitted by such contract any such assignment shall cover all amounts payable under such contract and not already paid, shall not be made to more than one party, and shall not be subject to further assignment, except that any such assignment may be made to one party as agent or trustee for two or more parties participating in such financing;

"4. That in the event of any such assignment, the assignee thereof shall file written notice of the assignment together with a true copy of the instrument of assignment with—

- "(a) the General Accounting Office,
- "(b) the contracting officer or the head of his department or agency,
- "(c) the surety or sureties upon the bond or bonds, if any, in connection with such contract, and
- "(d) the disbursing officer, if any, designated in such contract to make payment.

Notwithstanding any law to the contrary governing the validity of assignments, any assignment pursuant to the Assignment of Claims Act of 1940 shall constitute a valid assignment for all purposes."

Any contract entered into by the War Department or the Navy Department may provide that payments to an assignee of any claim arising under such contract shall not be subject to reduction or set-off, and if it is so provided in such contract, such payments shall not be subject to reduction or set-off for any indebtedness of the assignor to the United States arising independently of such contract.

SEC. 2. This act may be cited as the "Assignment of Claims Act of 1940."

Investment Company and Investment Advisers Acts of 1940

On August 22, 1940, the President approved the Investment Company Act of 1940 and the Investment Advisers Act of 1940 (Public No. 768, 76th Cong.). These acts provide for the registration and regulation by the Securities and Exchange Commission of investment companies and investment advisers but specifically exclude banks, common trust funds administered by banks, and bank holding company affiliates subject to supervision by the Board of Governors of the Federal Reserve System. However, no registered investment company may have a majority of its directors consist of officers or directors of any one bank unless an affiliation of this kind existed on March 15, 1940.

General Licenses Issued by the Secretary of the Treasury

Since the publication of a General Ruling and General Licenses on pages 936-938 of the September 1940 Federal Reserve BULLETIN, the following General Licenses have been issued by the Secretary of the Treasury under authority of the Executive Order of April 10, 1940, as amended, and Regulations issued pursuant thereto relating to transactions in foreign exchange, etc.

From a Legal Standpoint

Treasury Department, Office of the Secretary,
August 28, 1940

*Revocation of General License No. 24 Under Executive Order No. 8389, April 10, 1940, as Amended, and Regulations Issued Pursuant Thereto, Relating to Transactions in Foreign Exchange, Etc.**

General License No. 24 is hereby revoked.
D. W. BELL,
Acting Secretary of the Treasury.

Treasury Department, Office of the Secretary,
August 28, 1940

*General License No. 31 Under Executive Order No. 8389, April 10, 1940, as Amended, and Regulations Issued Pursuant Thereto, Relating to Transactions in Foreign Exchange, Etc.**

A general license is hereby granted authorizing banking institutions within the United States to detach coupons from securities of the type referred to in section 13A (1) of Executive Order No. 8389, as amended, when such securities have been in the custody or possession of such banking institutions continuously since July 25, 1940; to present such coupons for collection; and to perform such other acts and to effect such other transactions as may be necessarily incident to such collection, notwithstanding the fact that Treasury Department Form TFEL-2 may not have been previously attached to the securities from which such coupons are detached.

This general license shall not be deemed to authorize any transaction prohibited by reason of any provision (or ruling or regulation thereunder) of such Order other than section 13A (1).

D. W. BELL,
Acting Secretary of the Treasury.

Treasury Department, Office of the Secretary,
August 30, 1940

*General License No. 32 Under Executive Order No. 8389, April 10, 1940, as Amended, and Regulations Issued Pursuant Thereto, Relating to Transactions in Foreign Exchange, Etc.**

A general license is hereby granted authorizing remittances by individuals resident in the United States to their relatives or dependents within any of the foreign countries designated in Executive Order No. 8389, as amended, through any bank, and any such bank is authorized to effect such remittances, providing the following terms and conditions are complied with:

* Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 45 Stat. 1; Public Resolution No. 69, 76th Congress; 12 U. S. C. 95a; Ex. Order 6560, Jan. 15, 1934; Ex. Order 8389, April 10, 1940; Ex. Order 8405, May 10, 1940; Ex. Order 8446, June 17, 1940; Ex. Order 8484, July 15, 1940; Ex. Order 8493, July 25, 1940; Regulations, April 10, 1940, as amended May 10, 1940, June 17, 1940 and July 15, 1940.

(1) Such remittances are made only by individuals who have continuously resided in the United States for one year or more immediately preceding the date hereof and who had been making similar remittances to the same payees for at least six months prior to April 8, 1940;

(2) Such remittances do not exceed \$50 per month to any payee except that additional sums not exceeding \$10 per month may be paid for each additional member of the payee's family, provided that in no case shall a sum in excess of \$100 per month be paid to any one family residing in any such foreign country;

(3) Such remittances are made only for the necessary living expenses of the payee and the payee's family;

(4) Such remittances are not made from funds in which a national of any of the foreign countries designated in Executive Order No. 8389, as amended, has any interest whatsoever, direct or indirect.

Any bank effecting any such remittance shall satisfy itself that the foregoing terms and conditions are complied with.

Banks are authorized to establish and maintain free dollar accounts if necessary, and only to the extent necessary, to obtain the foreign exchange required to effect such remittances. Foreign exchange acquired pursuant to this general license may not be used for any other purpose.

Banks through which any such remittances originate shall file promptly separate reports in triplicate on Form TFR-32 with the appropriate Federal Reserve Bank. In addition, the bank ultimately transmitting abroad (by cable or otherwise) the payment instructions for any such remittances shall file weekly reports with the appropriate Federal Reserve Bank setting forth in detail (1) the amounts of foreign exchange acquired in cover of such remittances and the price paid therefor, (2) the sources from which such foreign exchange was acquired, (3) the amount of free dollar credits, if any, established or maintained as a result of the acquisition of any such foreign exchange, and (4) the names and addresses of the institutions for whose account any such free dollar credits have been established or maintained.

As used in this general license the term "bank" shall mean any bank or trust company incorporated under the laws of the United States or of any state, territory or district of the United States, or any private bank subject to supervision and examination under the banking laws of any state, and also any other banking institution specifically authorized by the Treasury Department to be treated as a "bank" for the purpose of this general license.

D. W. BELL,
Acting Secretary of the Treasury.

From the Board's Correspondence

THE character and volume of inquiries addressed to the Board in recent years reflect the public's growing interest in problems related to money and banking. The inquiries cover a wide range of subjects representing many points of view, and it is believed that some of the Board's replies to the questions raised may be of interest to the readers of the BULLETIN. Selections for publication are made on the basis of frequency of inquiry, timeliness, and importance of subject matter.

The Rise in the Federal Reserve Index of Production

SINCE the publication by the Board of its new index of industrial production there has been a great deal of discussion of its characteristics in newspapers and other periodicals, and the Board has received a number of inquiries from correspondents. The majority of commentators have approved of the revision and have recognized that it has accomplished its purpose of providing a more comprehensive measure of present-day industrial production and one less subject to abrupt fluctuations caused by changes in a few industries producing raw or semi-finished goods.

Some commentators, however, have expressed doubts of the validity of the index because the long-term growth which it shows appears to them to be out of line with other measures of economic activity on which they have been accustomed to rely. A statement in *The Cleveland Trust Bulletin* for September may serve as a good illustration of the nature of such criticisms. To quote from that Bulletin:

"According to the new index our industrial production has been much greater in recent years than the old index led us to believe, and in part this change results from the inclusion of figures representing the outputs of rapidly growing industries that were not adequately represented in the old index. Nevertheless the recent increases are so large that they challenge our credulity, for they seem to indicate that in recent years our volume of production per capita of our population has been about as large as it was in the years of booming prosperity before

the depression, and this despite our huge unemployment and shrunken national income.

". . . This seems hard to reconcile with the fact that on a per capita basis our national income last year was only 82 per cent as large as it was in 1926. Freight loadings per capita were 58 per cent as large. Automobiles made were 67 per cent as many. Bank checks drawn were 57 per cent as much. All construction was 64 per cent as great in value. Industrial employment was 84 per cent as much. Department store sales were 75 per cent as great."

The criticisms of the index in this quotation and elsewhere may be summarized under the following three questions:

(1) Why does the new index show greater growth in the past ten or fifteen years than did the old index?

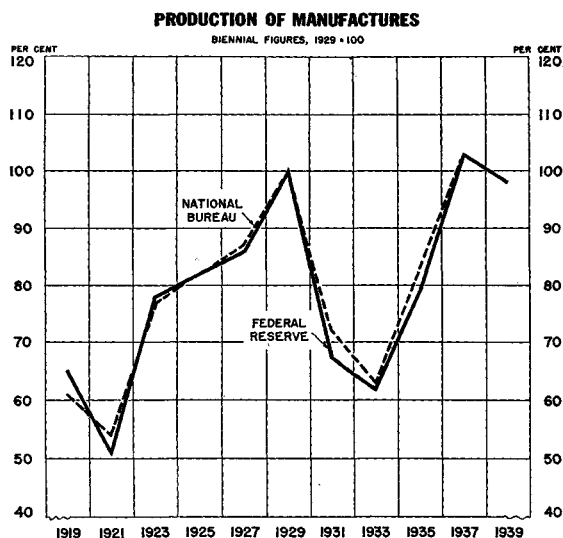
(2) How can it be possible that industrial production per capita is higher now than in the 1920's—when at that time we were prosperous, and there was practically no unemployment, while now we have not achieved full recovery and millions of people are out of work? Is it possible that we now produce more consumption goods per capita than we did in the prosperous 1920's?

(3) Specifically, how can the rise in the index of industrial production be reconciled with the decline in: (a) national income, (b) freight-car loadings, (c) building contracts, (d) department store sales, and (e) bank checks drawn.

These questions, in substance, all aim in the same direction, but perhaps they can best be discussed one by one.

(1) The greater growth in the new than in the old index is partly explained by the fact that the new index includes data for many industries, which were not so important in the past and were not included in the old index, but which have increased rapidly in recent years.¹ Among such industries are chemicals, rayon, alcoholic beverages, many manufactured foods, aircraft, and rubber products other than tires. Another important reason is that some of the figures for industries covered by both indexes were revised upward after detailed study; this was particularly important in the case of paper, which had been carried in the old index for several years at much too low a level, pending completion of revisions.

A fair test of the representativeness of the index of manufactures, comprising 85 per cent of the total, is a comparison with the most comprehensive data available at two-year intervals in the Census of Manufactures. A new and reliable index based on these census data, recently compiled by Solomon Fabricant of the National Bureau of Economic Research, is compared in the chart with the manufactures component of the Federal Reserve index. The Federal Reserve index is shown to indicate correctly changes in the



¹ These changes were discussed in the article describing the construction of the new index published in the August BULLETIN. Changes in weighting the various series were discussed in an article on "Measurement of Production", published in the September BULLETIN; the table on page 919 of that issue shows how the shift from 1923 to 1937 weights affected the relative importance of different series in the index and the text on pages 917 and 918 explains why the value data used offer the best basis available for determining weights in the market economy prevailing in this country.

physical output of manufacturing industries. And that is all the index professes to measure.

(2) The seeming paradox of the same per capita output of industrial products along with much more unemployment may be readily explained. In the first place output per person employed has increased, so that the same or a smaller number of persons produce more goods; at the same time the number of available workers has increased more rapidly than the population as a whole. On the consumption side, the fact is that the unemployed continue to live and, therefore, to consume (either out of savings, or out of public or private assistance) while the employed—owing to a rise in buying power, salaries and wages being relatively higher than prices—consume more goods in the aggregate than the same number consumed a decade ago.

In relating industrial output to consumption, it should be recognized that the index of industrial production does not attempt to measure the volume of economic activity as a whole—but merely the physical volume of output in manufacturing and mining. In certain particulars the index, and census production data as well, may indicate a greater growth than has occurred—thus, if more of food canning is done now at factories and less in the home, the increase in factory production of food does not necessarily indicate an increase in the food consumption. In the case of alcoholic beverages the increase in output shown is larger than actually occurred because the volume of illicit production before the repeal of the prohibition laws was not measurable. At the same time there have been innumerable actual gains in the output of goods, per capita as well as in total; witness, for example, the growth of the chemical industry with its multitude of new products, such as plastics, the increasing use of paper for a variety of purposes, and the further expansion of printing and publishing. Actually, the growth in output of new products may be understated in the index.

(3) As to specific comparisons with other measures of economic activity, the comparison with national income fails to take into account, for one thing, the fact that income is measured in dollars, while industrial production is measured in physical units. In 1939 national income was 12 per cent below its average for 1925-29, while the index of the cost of living was 20 per cent lower. No accurate adjustment of national income fig-

ures for price changes is possible,¹ but it is clear that, when the lower level of prices is taken into consideration, there is nothing inconsistent in a higher level of production with a lower level of dollar income.

Check payments and department store sales have both been influenced by the lower level of commodity prices. In addition, department store sales are not typical of all retail trade, as other lines have decreased less, and check payments have reflected the decline in security prices and the greatly reduced volume of speculative transactions in securities, which surely are not a measure of the physical volume of output in manufacturing and mining.

The comparison with freight-car loadings overlooks the fact that goods are moved now to a much larger extent than in the 1920's by other means than railroad trains and that in addition the railroads now haul more goods per car.

In relation to the building industry it is well known that construction has continued lower, relative to the 1920's, than most other activities. Production of building materials, which reflects this lower level, is included in the Board's index.

It is interesting to note, in this connection, that income from transportation, construction, and finance constitutes a smaller proportion of the total national income now than a decade or more ago, while income from the

¹ The relationship between national income and industrial production and the difficulties involved in adjusting value figures for price changes are discussed in an article on "Measurement of Production" published in the September BULLETIN.

electric power industry, service trades, and governmental activities represents a larger proportion of the total. Income from manufacturing and mining in recent years has been close to the same proportion of the total as before. National income figures thus show that the particular items selected for comparison, namely, building contracts, car loadings, and bank checks, represent fields of activity which have declined since the late 1920's in relation to manufacturing and mining, which are the activities covered by the index of production.

In conclusion, no evidence has been produced by the critics of the new production index that undermines confidence in its validity within the field which it undertakes to measure, namely, the physical volume of output in manufacturing and mining industries. The accuracy of the index depends primarily upon the correctness and comprehensiveness of the underlying data for individual products and industries. Practically all manufacturing and mining industries are covered directly or indirectly. While the data used are, on the whole, reasonably accurate, continuous work is being carried forward at the Board with a view to a gradual improvement of the underlying material. Cooperation in this work and specific criticisms and suggestions in regard to data, methods, and techniques used in the compilation of the index will be appreciated by the Board's staff and will be given careful consideration. It is only by constant work and careful study that the index can be improved and its representative character maintained.

Current Events

Resignations and Appointments

The Federal Reserve Bank of Cleveland on September 12 accepted the resignation tendered by W. H. Courtney, President of First National Bank and Trust Company, Lexington, Kentucky, as a director of the Cincinnati Branch. Mr. Courtney had served in the latter capacity since his appointment

on February 9, 1934. The vacancy thus created on the Cincinnati Branch board of directors was filled on the same date (September 12) when the Reserve Bank appointed Buckner Woodford, Vice President and Cashier of Bourbon Agricultural Bank and Trust Company, Paris, Kentucky, a director of the Branch for the unexpired portion of the term ending December 31, 1941.

Current Events

The Federal Reserve Bank of Dallas on September 14 announced the election of E. L. Kurth, Vice President and General Manager of the Angelina County Lumber Company, Keltys, Texas, as a Class B director of the Bank for the unexpired portion of the term ending December 31, 1941.

The Federal Reserve Bank of Atlanta on September 13 accepted the resignation tendered by Frank M. Moody, President of The First National Bank of Tuscaloosa, Tuscaloosa, Alabama, as a director of the Birmingham Branch. Mr. Moody had served as a director of the Branch since his appointment on April 13, 1934. On the same date that it accepted Mr. Moody's resignation, the Federal Reserve Bank of Atlanta appointed Gordon D. Palmer, Executive Vice President of The First National Bank of Tuscaloosa, a director of the Birmingham Branch for the unexpired portion of the term ending December 31, 1941.

Death of Branch Directors

John W. Neal, Chairman of The Second National Bank of Houston, Texas, who had served as a director of the Houston Branch of the Federal Reserve Bank of Dallas since his appointment by the Reserve Bank for the term beginning January 1, 1938, died on August 31, 1940.

C. M. Bartholomew, Vice President of The Austin National Bank, Austin, Texas, who had served as a director of the San Antonio Branch of the Federal Reserve Bank of Dallas since his appointment by the Reserve Bank for the term beginning January 1, 1938, died on September 25, 1940.

Federal Reserve Meetings in Washington

A Conference of the Presidents of the Federal Reserve Banks was held on September

27 and 28, and on September 27 the Federal Open Market Committee met for the third time this year.

The Federal Advisory Council held its third meeting of the year on October 6, 7 and 8.

Admissions of State Banks to Membership in the Federal Reserve System

The following State banks were admitted to membership in the Federal Reserve System during the period August 16, 1940 to September 15, 1940, inclusive.

Colorado

Grand Junction—United States Bank of Grand Junction

Illinois

Hillsdale—Old Farmers & Merchants State Bank

Indiana

Battle Ground—The Battle Ground State Bank
Greenfield—Greenfield Banking Company
Nappanee—State Bank of Nappanee

Louisiana

Arabi—St. Bernard Bank & Trust Co.

Missouri

Lebanon—State Bank of Lebanon

New Jersey

Bound Brook—Bound Brook Trust Company

Ohio

West Carrollton—The West Carrollton Bank

Texas

Bangs—First State Bank
Crosby—Crosby State Bank

Virginia

Blacksburg—Farmers & Merchants Bank of Blacksburg, Virginia
Woodstock—Shenandoah County Bank and Trust Company

Bank Credit Available for Defense Needs

On September 25, 1940, the National Defense Advisory Commission issued the following statement regarding the availability of bank credit for financing the defense program, based upon a test survey made by the Federal Reserve System for the Commission:

Commercial banks throughout the country stand ready to loan at least \$3,000,000,000 to

manufacturers for emergency defense plant construction, according to a test survey conducted by the Federal Reserve System for the National Defense Advisory Commission. The survey, covering a representative portion of banks in each of the country's twelve Federal Reserve districts, indicates that these institutions have available and are willing to loan an amount several times that which at pres-

ent is believed required for building emergency production capacity.

Borrowings from the banks would be made by defense manufacturers in connection with a new form of contract developed by the National Defense Advisory Commission, after consultation with the War and Navy Departments and the Comptroller General.

Legislation now pending in Congress to permit the assignment of claims against the Government would allow manufacturers to assign the contract as security for borrowings needed for defense plant construction. Because of the security thus afforded, interest rates should be lower than on the usual type of commercial loans.

Mr. William S. Knudsen, of the National Defense Advisory Commission, commented on the survey as follows:

"This forty-eight hour test mobilization of bank credit available for defense plant construction loans shows that the commercial banks of the country are eager to do their part in the national defense program. Not only are they eager, but they stand ready with funds far in excess of the amount needed for this purpose. As soon as the pending legislation has been passed which will allow the form of contract developed by the National Defense Advisory Commission to be assigned as security for such loans, I believe that manufacturers needing to expand their plants on account of the defense program should have no trouble in obtaining funds for construction promptly and at low rates of interest through their usual banking connections.

"We are grateful to the Board of Governors of the Federal Reserve System and to the Federal Reserve Banks and branches for their cooperation in making this very timely and useful survey."

Federal Reserve authorities emphasized that in the brief period (two days) during which the survey was made only a portion, although a representative one, of the nation's banks could be reached. The Board of Governors of the Federal Reserve System, working in cooperation with representatives of the National Defense Advisory Commission, described the plan by telegraphed messages to each of the twelve Federal Reserve Banks and their twenty-four branches. Each was asked to explain the plan to representative banks in its territory. In the interest of time the survey was made over the past week-end in order to ascertain quickly the extent to which

these banks would stand ready to finance the needs of the manufacturers, together with an indication of the rates at which such advances might be made. The banks were not asked to make firm or binding commitments, but merely to indicate the availability of their own funds at the present time and under present conditions, without reference to funds which might be obtained from correspondent banks or Federal Reserve Banks on advances or discounts. It is expected that returns from other banks which were not included in the initial survey will add substantially to the total amount indicated as being available.

Specifically, the new contract has two purposes: To expedite signing of supplies contracts by the Army and Navy through assuring the contractor against loss on construction undertaken for military purposes; To safeguard the Government's interest in such facilities on termination or completion of the contract.

The plan provides that the Government reimburse the contractor, not in additions to the unit price of the product purchased as heretofore, but in five equal annual installments covering the amount of his capital expansion costs. Thus, cost of supplies and amortization of construction cost by the Government would be separated. Prices are thereby held at a minimum and, while the manufacturer is relieved of the risk involved in building fixed assets for the emergency, he still absorbs all the ordinary risks involved in production.

In other words, adoption of this plan assures that neither the private manufacturer nor the Government would assume in advance all the risk, nor subsequently reap as a profit the residual value. The contract contains provisions whereby the contractor may, by purchase or lease from the Government, acquire use of the facilities for himself after they have served their purpose in connection with emergency defense needs.

It is expected that the plan will conserve government funds and stimulate investment of private capital in the defense construction program. At the same time, private manufacturers would provide management and operation and assume all the ordinary risks of the business. Government participation would be limited to actual expansion costs.

Revision in Bulletin Table on Treasury Operations

IN the regular BULLETIN table on Treasury Operations appearing on page 1122 of this issue several changes have been made in the classification of expenditures under general and special accounts, a new column has been added for receipts, and the detail on trust accounts, etc., has been expanded somewhat. The occasion for these revisions was the change on July 1, 1940, of the method of appropriating funds to the Federal old-age and survivors insurance trust fund and the discontinuance by the Treasury of the former classification of budget expenditures into "general" and "recovery and relief." Furthermore, it is believed that the new grouping of budget expenditures may be of greater current interest.

Comparison with cash requirements

The figures shown in the table are a summary of data for the regular budget, trust, and other Treasury accounts published largely on pages 2 and 3 of the daily statement of the United States Treasury; they do not indicate the actual cash requirements met by open-market borrowing or through the Treasury's working balance. Receipts, expenditures, and the deficit appearing under general and special accounts in the upper half of the table are shown as recorded for the purpose of budget records. Included in budget accounts are items which do not represent immediate cash outlays, such as, for example, transfers to trust accounts on the basis of appropriations by Congress and interest paid on special Government obligations held in social security and other trust fund accounts.

The column "trust accounts, etc.," details for which are shown in the lower half of the table, also includes non-cash expenditures items, such as investments of social security receipts in special debt issues. These investments are reflected in the gross debt but do not affect the general fund balance, the working balance, or the open-market debt. The last two columns at the top of the table show how the net bookkeeping deficits for budget and trust accounts have been met. When part of these requirements are met from a reduction in the general fund balance the increase in debt is less than the bookkeeping requirements; when, in addition to requirements, the general fund balance is increased the debt shows an increase in excess of the

net deficit for budget and other accounts.

The summary below represents an adjustment of the bookkeeping records in order to show the cash requirements of the Treasury, i.e., the amounts expended from the working balance or raised by sales of direct obligations to the public in excess of securities paid off. In recent fiscal years the actual cash requirements of the Treasury have been considerably below the bookkeeping requirements, largely because the investments of social security receipts in special debt issues appear in the Treasury statement as expenditures although no cash outlays are involved.

COMPARISON OF BOOKKEEPING AND CASH REQUIREMENTS, FISCAL YEARS, 1938-1940

(In millions of dollars)

	1938	1939	1940
Bookkeeping requirements:			
General and special accounts, deficit.....	1,384	3,542	3,612
Trust accounts, etc., excess of receipts.....	306	890	137
Total.....	1,078	2,652	3,475
Adjustment for net non-cash items (principally investments of social security and certain other trust funds in special security issues).....	920	932	970
Cash requirements.....	158	1,720	2,505
Change in working balance.....	¹ -429	+532	-997
Change in publicly-offered direct debt ...	-271	+2,252	+1,508

¹ In computing this change, the working balance for June 30, 1937 was adjusted to include gold held in an inactive account by the Treasury.

Explanation of classifications shown in table

The groups of receipts and expenditures shown in the BULLETIN table can be readily worked from the current end-of-month daily Treasury statements. The items, or combination of items, from the daily Treasury statement included in the classifications are described and illustrated below. Figures shown in the table for years prior to 1938 are based upon the historical table published on pages 401-408 of the Annual Report of the Secretary of the Treasury for 1938. Adjustments made in some of these figures to take account of recent bookkeeping changes made by the Treasury also are discussed below.

General and special accounts, receipts.—The items from the Treasury statement included in the classification of receipts are illustrated for the month of August 1940 in the following table:

Revision in Bulletin Table on Treasury Operations

RECEIPTS, GENERAL AND SPECIAL ACCOUNTS

[In millions of dollars]

	Items combined for BULLETIN table	Totals shown in BULLETIN table
Income taxes.....		37.6
Miscellaneous internal revenue.....		346.2
Social security taxes:		
Employment taxes.....	123.8	
Tax on employers of 8 or more.....	8.1	
Taxes on carriers and their employees.....	7.1	
Railroad unemployment insurance contributions.....	0.1	139.1
All other:		
Customs.....	23.6	
Miscellaneous receipts.....	19.8	43.4
Total receipts.....		566.4
Deduct net appropriation to Federal old-age and survivors insurance trust fund.....		119.2
Net receipts.....		447.2

The adjustment shown at the end of the above table reflects the change in method of making appropriations to the old-age insurance trust fund as provided by the 1939 amendments to the Social Security Act. Beginning with July 1, 1940, collections from social security employment taxes less administrative expenses are appropriated directly to the trust fund and are deducted from total receipts. Formerly appropriations to this account were voted by Congress each year and the transfers from these appropriations appeared under expenditures in the Treasury statements. In order to facilitate comparison of previously published figures of receipts for the fiscal years 1937-40 with those for later periods, transfers to the old-age insurance account have been deducted from total receipts. This adjustment is not entirely satisfactory since old-age insurance tax collections and the transfers to the account differed both as to amounts and timing. The column "net receipts" in the regular BULLETIN table represents total receipts after this adjustment.

Income tax receipts as now shown on the Treasury statement include the unjust enrichment tax which formerly was listed as a separate item. Figures for back years were adjusted to include this tax. "All other" receipts for the fiscal years 1934-1936 include, in addition to customs and miscellaneous receipts, processing taxes on farm products which were invalidated by a decision of the Supreme Court in January 1936.

General and special accounts, expenditures.—A summary of the items from the Treas-

ury statement included in the classifications of expenditures for August 1940 follows:

EXPENDITURES, GENERAL AND SPECIAL ACCOUNTS

[In millions of dollars]

	Items combined for BULLETIN table	Totals shown in BULLETIN table
Interest on debt.....		19.6
National defense:		
Navy Department.....	107.8	
War Department, military.....	91.5	
National defense fund for the President.....	0.3	199.5
Agricultural Adjustment program.....		76.4
Unemployment relief:		
Work Projects Administration.....	108.9	
Civilian Conservation Corps.....	22.8	
National Youth Administration.....	5.6	
Farm Security Administration, grants.....	4.5	141.8
Transfers to trust accounts:		
Railroad retirement account.....	26.0	
Government employees retirement funds.....	*0.8	25.2
All other:		
Departmental.....	74.1	
Post Office Department (deficiency).....	10.0	
War Department, river and harbor work and flood control.....	22.7	
Social Security Board.....	31.9	
Public Buildings Administration.....	8.9	
Public Roads Administration.....	19.6	
Public Works Administration.....	14.8	
Veterans Administration.....	45.9	
Revolving funds.....	*13.0	
All other.....	28.4	243.3
Total expenditures, excluding debt retirements.....		705.8

* Excess of credits.

National defense expenditures as published currently on the Treasury statement include public works for national defense, some of which formerly were shown under recovery and relief. Figures for back years have been adjusted to include these expenditures. The Agricultural Adjustment program includes outlays for soil conservation and the earlier benefit programs, parity payments, crop insurance, disposal of surplus commodities, and benefit payments under the Sugar Act of 1937.

Unemployment relief expenditures are shown as published currently in a table in the Treasury Bulletin. The items included in this classification are now available in the daily Treasury statement. Prior to the current fiscal year, expenditures for the Farm Security Administration shown on the Treasury statement included both grants and loans. Expenditures for unemployment relief in earlier fiscal years included outlays under the Civil Works Administration, the Federal Emergency Relief Administration, drought

Revision in Bulletin Table on Treasury Operations

relief expenditures in 1935, and advances to States and municipalities by the Reconstruction Finance Corporation for relief purposes in 1933.

Transfers to trust accounts in the fiscal years 1933-1937 included transfers to the adjusted service certificate fund, which were large in the fiscal years 1936 and 1937 in connection with the payment of the bonus. As already mentioned, these expenditures do not represent immediate cash outlays. These transfers, except for the adjusted service certificate fund, are included in trust account receipts, and investments and benefit payments chargeable against them are shown under trust account expenditures. Because of the recent change in appropriating funds to the old-age insurance account, which has already been discussed, transfers to this account for the fiscal years 1937-1940 have been deducted from previously published figures for transfers to trust accounts and also from total expenditures.

Trust accounts, etc.—The net total of the items included in this classification is shown in the upper section of the BULLETIN table and the details are given in the lower part.

Net receipts of the old-age insurance trust fund and railroad retirement accounts include transfers to these accounts and interest on the special debt issues which they hold. As already mentioned, these items are reflected in budget accounts in the column "net receipts", in "interest on debt", and in "transfers to trust accounts." As shown in the table, the greater part of these net receipts have been invested in special debt issues which do not involve cash outlays. Benefit payments represent cash outlays.

Receipts of the unemployment trust fund consist largely of deposits by States, deposits by the Railroad Retirement Board to the railroad unemployment insurance account, and interest on investments. For this account also, investments represent the issuance of special debt obligations to the fund and not cash expenditures, while "other expenditures", which include withdrawals by States and benefit payments from the railroad unemployment insurance account, are largely cash outlays.

Net expenditures in checking accounts of Government agencies represent the net financial transactions of agencies maintaining checking accounts with the Treasury and include the effect of sales and redemptions of guaranteed obligations in the open market,

of lending operations, and of most other receipts and expenditures of these agencies.

"All other" trust account receipts include, in addition to other trust accounts, the increment resulting from reduction in the weight of the gold dollar and seigniorage on silver purchases. The expenditures include those in other trust accounts, expenditures chargeable against increment on gold other than for retirement of national bank notes, and expenditures of the Public Works Administration revolving fund. The table below shows for August 1940, the items included under "Trust Accounts, etc.," in the BULLETIN table:

TRUST ACCOUNTS, ETC.
(In millions of dollars)

	Items combined for BULLETIN table	Totals shown in BULLETIN table	Excess of receipts shown in BULLETIN table
Old-age insurance trust fund and railroad retirement account:			
Receipts:			
Old-age insurance trust fund (net).....	119.2		
Railroad retirement account.....	26.0	145.2	
Investments:			
Old-age insurance trust fund.....	*5.0		
Railroad retirement account.....	6.0	1.0	
Benefit payments:			
Old-age insurance trust fund.....	3.6		
Railroad retirement account.....	9.9	13.5	130.7
Unemployment trust fund:			
Receipts:			
Deposits by States.....	141.6		
Deposits in railroad unemployment insurance account.....	1.1		
Other receipts.....		142.7	
Investments.....		85.0	
Other expenditures:			
Withdrawals by States.....	51.7		
Benefit payments, railroad unemployment insurance account.....	0.9	52.6	5.1
Net expenditures in checking accounts of Government agencies:			
Reconstruction Finance Corporation.....			0.4
Commodity Credit Corporation.....			*143.6
United States Housing Authority.....			*5.8
All other:			
Export-Import Bank.....	*0.1		
Federal Housing Administration.....	0.4		
Home Owners' Loan Corporation.....	*24.2		
Rural Electrification Administration.....	*0.7		
Other.....	*7.6	*32.2	181.2
All other:			
Receipts:			
Other trust accounts.....	15.1		
Increment from reduction in weight of gold dollar.....	(1)		
Seigniorage.....	2.4	17.5	
Expenditures:			
Other trust accounts.....	15.0		
P. W. A. revolving fund.....	*0.4		
Chargeable against increment on gold.....	(1)	14.6	2.9
			319.8

¹ Less than \$50,000.

² Includes receipts from sales of \$239,000,000 of guaranteed notes in the open market and expenditures of \$146,000,000.

* Excess of credits.

The Financial Problem of Small Business

ON September 9, 1940, Senator Joseph C. O'Mahoney, Chairman of the Temporary National Economic Committee, released a statement describing and summarizing a study on "The Financial Problem of Small Business" that had been prepared for the use of that Committee. The report of this study, consisting of some 211 pages, is being sent to the Government Printing Office for immediate printing but printed copies will not be available for some time. The report contains the results of more than a year's study in Washington and throughout the country by the staff of the Securities and Exchange Commission under instructions from the Temporary National Economic Committee. It is divided into two parts—Part 1 consists of a general analysis of the economic and financial aspects of small business and Part 2 consists of statistical data, field studies, and certain special studies dealing with some of the newer types of finance institutions which have been specializing in the financing of small business.

Two possibilities of meeting the difficulty experienced by small business men in seeking venture capital are described in the report. The first is the suggestion that local banks, which under present conditions find it difficult if not impossible to make the sort of loans small business needs, should be encouraged to do so by some legislation under which loans of this character might be placed upon an insured basis. This device would be designed to promote the extension of needed credit which cannot now be secured because the assets which small business can offer are not as marketable as necessary to justify the ordinary commercial bank in accepting them as the basis for loans.

The second possibility, which is discussed from the point of view of providing a new source of venture capital, is the establishment of regional finance corporations under legislation which would enable the government to cooperate in the establishment of such institutions by the purchase of preferred stock while allowing private capital to supply, through the common stock, the real venture capital and to direct the management. According to the statement of the Committee, this proposal would, like the guarantee of loans, have the effect of providing government aid in a field which is not now served, without imposing any degree of government control upon the private enterprise to be fostered.

The following is a brief summary of the report prepared and released by the Temporary National Economic Committee:

Formerly local wealthy individuals were almost the sole source of equity capital for local enterprise, but the report shows that today group efforts appear to be replacing individual efforts in the supply of venture money. The growing practice by individuals of placing their savings with savings banks, life insurance companies, building and loan associations, or the purchase of stock in the great corporations, has tended to syphon off money which would otherwise be used for investment in local enterprise. The integration of a considerable part of local business into national organizations, which themselves finance their various dealers has made considerably more difficult the financing of the remaining independent local enterprises.

Investment banking appears to have played virtually no part in the financing of small business since the underwriting and marketing of securities—the traditional business of the investment bank—is geared almost exclusively to the requirements of large enterprise. The overwhelming preponderance of small business is unincorporated, consequently only a small sector at best can avail itself of investment banking machinery.

While the investment trust presents important possibilities as a mechanism for providing equity capital to intermediate-sized business, it has seldom been used for that purpose. As now constituted the investment trust offers little promise as a financing medium to the small enterprise.

Traditionally, the commercial bank has been a major source of credit to local enterprise. The local bank was completely integrated into the life of its community; its management and ownership were in local hands; the business potentialities of its borrowers were known intimately. Frequently, the directors and principal stockholders were also themselves financially interested in local ventures. But with the advent of the depression of the 30's and the resulting credit strain upon the local banking system, the procedures for extending credits broke down.

Much of the small business enterprise on which local commercial and individual activity depends is not in a position to meet the existing lending standards of commercial banks. Commercial banks which are under direct public supervision, do not act without justification in restricting credit to small business. The position adopted by the commercial banker, that the funds at his disposal belong not to him but to his depositors, and, therefore, can be loaned only to individuals and enterprises whose assets and future prospects make repayment certain, is fundamental to sound banking practice, the report states. Under

this responsibility, the business prospects of a considerable proportion of the smaller enterprises at any given time is not such as to warrant bank credit. The heart of the credit problem has been and continues to be that large group of small businessmen whose enterprises are not so firmly established and whose personal resources are not so great as to be able to satisfy the existing standards of commercial banking. The report traces the experience of the Federal Housing Administration, the Federal Reserve Banks and the Reconstruction Finance Corporation in endeavoring to fill up the void. It also deals with the newer financing agencies which have become the bankers for small business—the accounts finance companies, the factors, the personal loan companies and the trade creditor.

The report makes no specific recommendations. But evidence indicates that of the existing financial institutions, the investment trust or company appears to be the instrumentality the form of which is most suitable for providing equity capital to the incorporated sector of small business.

With respect to the provision of long and short-term credit, the report points out that credit is being successfully extended to small business, witness the phenomenal and profitable growth of the "retailers" of credit—the accounts finance company, the factor, the personal loan companies, etc. The successful experience of these lenders is due largely to their having developed such techniques and methods as "(a) pooling of risks; (b) routine procedures for appraisal, accounting, and servicing; and (c) establishment of schedules of charges appropriate to each class of risk as well as to individual risks. In other words, these 'retailers' of credit have been successful in financing small business because they have devised 'mortality tables' expressly designed for the financing of small business."

It is suggested that encouragement be given to the organization of additional finance and factoring companies "by encouraging the organization of additional finance and factoring companies of moderate size and a wider extension of the field of activity of the existing companies, coupled with some machinery for the coordination of their functions and activities in such a way as to reduce costs and to improve terms, the deficiency in credit facilities for small business might in part be remedied. Consideration should also be given to the desirability of providing insurance against losses sustained by such intermediary institutions either by an agency of government or by a corporation privately financed and expressly organized for that purpose."

While recognizing that the making of "capital" loans by commercial banks is open to serious question the report states that "the practice nevertheless,

merits further thought in considering the entire problem of financing small business. If it is deemed advisable for the commercial bank to further extend its aid to small business in this direction, it must be recognized that facilities will have to be provided to protect the banks against the non-liquid and non-marketable character of the assets which they will be required to hold, as well as against the added risks involved. Consideration should be given to the advisability under suitable safeguards for the Federal Reserve Banks or the Reconstruction Finance Corporation assuming the role of guarantor on such loans. The basic principle for such an 'insurance' arrangement has already been embodied in a legislative proposal."

The report reviews certain of the measures which have already been proposed to Congress for the provision of more adequate long-term and intermediate credits for small business, such as Senator Mead's Bill which provides for the creation of an industrial loan corporation, which would utilize the existing machinery of the Federal Reserve System. Reference is also made to other proposals to overcome the deficiencies of the existing commercial bank system in supplying credits to small business such as the creation of a capital-credit banking system as a supplement to the existing banking structure. Commenting on this proposal, the report states, "those who have urged such proposals, believe that such a banking system is required not only for small and intermediate size businesses but for business as a whole since only through such banks can equity financing be provided."

The report also contains a discussion of the recent proposal by Chairman Jerome N. Frank of the Securities and Exchange Commission for the establishment of a system of regional finance companies. In conclusion the report states that "it cannot, however, be emphasized too strongly that merely to reduce the cost of credit or to make its supply more abundant will not solve all of the small business man's problems. Nor can we afford to overlook that, in addition to adequate capital and credit facilities, small business also requires that its operating efficiency and technical equipment be improved. Small business must, in order to survive, match the operating and developmental efficiencies which large business enjoys through its expert accounting, managerial, and operating techniques.

"Just as the credit and marketing problems of the farmer have been dealt with successfully because they have been delimited and special solutions developed for particular needs, so, too, the capital and credit problem of small business requires to be broken down into its component parts and special solutions found for its peculiar requirements."

Foreign Banking Laws and Reports

Annual Report of the Bank for International Settlements

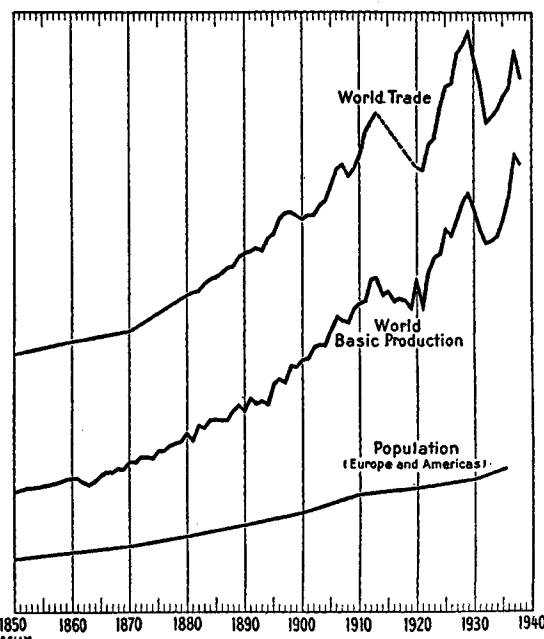
The tenth annual report of the Bank for International Settlements, covering the year ending March 31, 1940, was presented by Mr. Thomas H. McKittrick, president of the Bank, at its annual general meeting at Basle on May 27, 1940. Selections from the report are given herewith:

The war of 1914-18 interrupted a long upward movement in world production and trade that had gathered momentum from the middle of the nineteenth century when, in addition to technical improvements in production, transport on a large scale over land and by sea was made possible by rapidly expanding railway facilities and steamship services. The value and volume of international trade increased about five times between 1850 and 1914. The average annual increase of about 3 per cent in the world output of goods and services is borne out by more careful investigations of statistical material of the period up to 1914, including recent estimates of the long-term trend in national income. As during the same time world population increased at the rate of 0.8 to 1 per cent per annum, there was over the period a margin for a steady improvement in the standard of living. In some countries real wages were trebled between 1850 and 1914. This improvement was built on the basis of the international gold standard, the relative freedom of trade and the intensification of international lending both at short and at long term.

NOTE: The material republished above, with a minimum of textual changes, includes about one-third of the full report. The complete report is available in English. Sections omitted for reasons of space include the chapter on production and movements of gold together with the greater part of the discussion dealing with the United States, under the heads of foreign exchange, foreign trade, prices, capital movements, interest rates, etc., data on which are readily available in United States sources. The chapter on current activities of the Bank is also omitted. In some cases the report extends to a period later than March, 1940. For earlier reports see BULLETIN for September 1939, and June 1938, 1937, etc.

Despite all efforts to maintain output during 1914-18, world production declined markedly in those years, as may be seen from the graph. The greater scarcity of goods produced together with the large requirements for the pursuit of the war caused a substantial reduction in the standard of living of the average citizen, obscured to some extent by higher income in terms of money.

WORLD TRADE AND BASIC PRODUCTION FROM 1850



SOURCES: Trade—Prof. E. Wagemann
Production—Carl Snyder
Population—B. I. S. estimates

When the war was over the natural tendency was to revert as far as possible to pre-war conditions and reconstruction became the goal of economic and monetary policy. In a fair measure this objective was realized:

budgets were balanced; the international gold standard was restored; foreign trade was largely freed from prohibitions and quantitative restrictions; and international lending soon attained a considerable volume (although under different forms and in new directions). To all outward appearance the basis was created for a further advance in prosperity. Indeed, the national income of the world—even after making allowance for an increase in commodity prices—soon surpassed the 1913 figures and the volume of world trade in 1929 was about 30 per cent above the pre-war level.

World income and trade		1913	1929	1937
World income ¹	In billions of current dollars ²	100-110	205-215	200-210
Value of world exports and imports	In billions of current dollars ²	40.6	68.3	53.8
Volume of world exports and imports	Index numbers: 1913=100	100	130	126

¹ Estimate made at the B. I. S.

² In 1913 and 1929 one ounce fine gold equivalent to \$20.67 and in 1937 to \$35.00.

The progress which had thus been achieved was impressive, but it was not to last. The decline in the autumn of 1929 was probably at first merely an example of an ordinary downward turn in the business cycle, but it released depressing forces which soon became overwhelming and brought upon the world a financial crisis and a series of monetary convulsions such as had never before been known in times of peace. Regarded historically the consequent setback in material progress was of crucial importance, and it is to be hoped that further attempts will be made to analyze the causes of the great depression of 1930-33. In some respects this depression led to even greater disturbance in international financial relations than the war of 1914-18 had done. The losses sustained by bankers and investors on their foreign holdings were greater after 1930 than after 1918. As a result the international credit system was largely put out of action—there has been an almost complete cessation of long-term foreign investment and a gradual liquidation of a great mass of short-term credits often at considerable loss. Foreign trade has been hampered by a formidable network of restrictions and the economic and financial policies pursued by the various governments have conformed less and less to a coherent international pattern. The result has been a diversity of the economic development in different countries, which

stands in sharp contrast to the more uniform tendencies in the 'twenties.

The United States, with about 40 per cent of the world's industrial production, 40 per cent of the consumption of industrial raw materials and 40 per cent of the world's national income, was harder hit by the 1930-33 depression than almost any other country and also experienced the greatest difficulties in restoring the balance necessary for a new advance in prosperity. On the other hand, there were countries which within a few years managed to increase their industrial production well above the previous record of 1929 through having attained at an early date an equilibrium in their domestic cost and price structure and in their relation to other countries. In the United Kingdom the combined effect of the depreciation of sterling (whatever its consequences may have been in other ways), of the balanced budget and of the decrease in interest rates through the great conversion of War Loan in 1932 provided a firm basis for recovery; and the stability of exchange rates within the sterling area greatly assisted the recovery of foreign trade of the countries concerned. State intervention designed to stimulate business activity, to increase national production, and to absorb unemployment was the characteristic policy of several governments, particularly in Germany and Italy. By the end of 1936, after the devaluation of the gold bloc (France, Holland, Italy and Switzerland) and the simultaneous conclusion of the Tripartite Agreement, a new equilibrium in the world's monetary conditions seemed within reach and a rapid improvement in trade set in over a wide area, only to be interrupted by the abrupt setback emanating from the United States in the autumn of 1937. Nevertheless the volume of world production had made great progress from 1933, as may be seen from the graph of basic production on page 1057.

The increase in output was, however, only partly available for an improvement in the standard of living: a rapid rise in the outlay for armaments absorbed particularly from 1936 onwards an ever-increasing share of the national income; but precisely because of the greater volume of production the mounting requirements could generally be met without an actual reduction in the goods and services available for ordinary consumption.

Total world expenditure on armaments is estimated to have been at the annual rate of

some \$20,000,000,000 in the first half of 1939. To this must be added the unknown amounts expended by the various governments on stocks of essential commodities. It is in many respects surprising that so much public spending, when current gold production was at a record level and interest rates lower than at any time since the 'nineties of the last century, did not bring about any appreciable rise in commodity prices.

Including the United States world industrial production in the first half of 1939 had barely recovered to the 1929 level; excluding the United States it was about 12 per cent higher. In the United States the business curve receded slightly up to the summer of 1939, but from then on an unmistakable increase in activity was noticeable. American imports of raw materials, although somewhat higher than in 1938, remained in the first half of 1939 well below the level of the 1936-37 boom, and this failure to stage a real recovery had its repercussions on the fortunes of primary producers, who were gradually forced to intensify the curtailment of their own purchases from industrial countries. In this and other ways the recession on the world markets reacted on the economies of individual countries in Europe, an interesting example being that of Sweden because of the marked difference in the rate of domestic and export activities in 1938.

The combination of expanding domestic industries and contracting export activity had the effect one would expect, an increase in the import surplus, as shown by the second table following.

SWEDEN—INDEXES OF INDUSTRIAL PRODUCTION *
[1935=100]

Year	Domestic industries		Export industries	Other (unclassified) industries	All industries
	Consumption industries	Capital goods industries			
1933.....	84	64	76	78	74
1935.....	100	100	100	100	100
1936.....	106	110	111	107	109
1937.....	115	125	128	123	122
1938.....	119	131	113	125	123

* Annual figures of the Swedish Board of Trade.

The Swedish development was notable in that the upward trend of the country's economy had gone on almost uninterruptedly since 1933, i.e., for five years, when in 1938 the recession came on the world markets.

SWEDEN—FOREIGN TRADE

[In millions of kronor]

Year	Exports	Imports	Balance
1936.....	1,514	1,633	-119
1937.....	2,000	2,123	-123
1938.....	1,843	2,082	-239

Although a setback of domestic activity had been anticipated, even the adverse effects from abroad did not retard progress—and in this connection it should be remembered that the increase in Swedish armament expenditure was at a lower rate than in most other countries. It would seem as if Sweden had been able to maintain a proper balance in its cost and price structure, including the cost of wages and of capital, with the result that investment in housing and other capital assets remained at a high level.

Elsewhere in Europe, with few exceptions, armament expenditure increased at a progressive rate. It is remarkable to note the extent to which an intensification of armament production in many countries proved compatible with higher private investments, for instance in housing.

The outbreak of war came at a time when business in most countries was on the upturn with a rise in consumption, production and investment; and business sentiment—apart from the fear of war—was certainly tending towards a more hopeful mood. Psychologically the fear of war had exerted a depressing influence not so much on industry and trade as on the stock exchanges, where quotations in many countries tended to fall until August 1939.

At the beginning of the war the attitude of investors suddenly changed; there was, particularly in New York, an upward movement in share quotations during the first half of September, to be followed by a weakening as hopes of a war boom in the United States based on large foreign orders gave way to a more cautious outlook.

The transition from a peace to a war economy, which in 1914-15 had been gradual, was speeded up in the autumn of 1939 through the immediate introduction of far-reaching measures mostly prepared in advance. Thus it was unnecessary to issue emergency decrees instituting general debt moratoria as had been the case on the outbreak of war in 1914. But in many countries exchange restrictions, as well as extensive export and import prohibitions, were at once put into force with im-

portant effects not only on foreign trade but also on the various domestic economies.

The essential features of war economy so closely studied during and after the last war and now again brought to the fore are simple enough. The fundamental problem arises from the fact that the needs of the state increase twofold or more at a time when the real output of goods and services is reduced by the withdrawal of men through mobilization and by the obstacles placed in the way of foreign trade. Some compensation can no doubt be achieved through more intensive work by those behind the front, taking up unemployed factors, enlisting more women in occupations outside the home, further utilization of available men and machines, and through a postponement of the maintenance and replacement of assets not directly needed for war purposes. Moreover, foreign assets—whether gold, foreign exchange or investments—may be drawn upon to offset a decline in exports and other deficiencies arising in the balance of payments. As, however, no country wants to eat into its accumulated capital more than is indispensable, great efforts are made to maintain exports at the highest possible level. Production for export purposes presupposes, however, in most cases permission to obtain the necessary allocation of workers and raw materials and thus becomes an element in the general war organization, subject to the discretionary decisions of the authorities. In terms of real economy the problem consists in the most useful disposal of limited resources for one major goal, the attainment of which necessarily involves a reduction in the standard of living. From a financial point of view different methods are available to the government for obtaining command of the necessary resources—higher taxation, borrowing of genuine savings, mobilization of foreign resources, other forms of requisitioning and finally inflation. Anxiety to avoid inflation is, of course, universal.

In individual countries—including European neutrals as well as belligerents—the volume of government expenditure rose rapidly from the autumn of 1939, creating pressing problems of financing the resulting deficits by new taxation and by borrowing. In Switzerland, for example, it is expected that the mobilization and national defense expenditure from September 1939 to the end of June 1940 will amount to 2,500,000,000 Swiss francs, or about the same sum as the total

mobilization expenditure of the four years 1914-18. Present engines of war are much more costly than those in use in 1914-18; and, even if the industrial output behind the front has increased by perhaps 25 to 50 per cent through an advance in technical efficiency and a greater degree of industrialization, the effort demanded to finance war and mobilization is on a formidable scale. In the various countries very much the same problems are being discussed: how is it possible to restrain private consumption in order to set resources free for the immense needs of the government?

The present war started before the debts incurred in 1914-18 had been repaid, with the result that certain countries entered the war with a heavy public indebtedness amounting in some cases to a year's national income or even more. Rates of taxation have been raised to heights never known before, but few countries in Europe were, even so, able to cover by taxation more than one-half of their total expenditure in the first half-year of war. The need for borrowing is great; and capital which formerly went into private investments is now required by the governments. This is of greatest importance for the building industry, which in some countries has provided an outlet for as much as one-half of the annual increment in the formation of capital assets. In 1914-18 the activity of the building industry was reduced in Great Britain by about 40 per cent and it is expected that the reduction will be at least as large in the present emergency. The stoppage of so much building to some extent cancels the expansionist influence of the government's deficit spending, most noticeable in its effect on the armament industries. Financially, the diversion to the Treasuries of resources previously available for building presents few problems, but, economically, the transfer of workers from the building trades, which usually allow relatively high rates of remuneration, to other trades with generally lower rates of pay is no easy matter. The case of the building trade is a good example of the interplay between financial and economic adjustments; it also illustrates the difference between the war economies in Europe and the peace economy of the United States, as there can be little doubt that the American business trend will depend in a large measure upon the behavior of the building industry.

It is true, of course, that increased orders from Europe will affect the armament and

some other industries in the United States, such as the manufacturers of tools and machinery, and that a variety of goods will be exported to a great number of countries, among which those of Latin America may assume special importance. But, even so, the economy of the United States with a national income of over \$70,000,000,000 can hardly be dominated by the magnitude of the rise in exports, total exports amounting to around \$2,000,000,000 in the six months to February 1940 as compared with \$1,500,000,000 in the corresponding six months of 1938-39. That the peak of the first upswing after the outbreak of war was reached as early as December 1939 would seem to indicate that the influence of war orders is limited and that the American economy is still essentially a peace economy.

The outlay for national defense by the United States Government itself increased from \$1,140,000,000 in 1938-39 to an estimated amount of \$1,359,000,000 in 1939-40 and \$1,539,000,000 was originally proposed in the budget for 1940-41 to which supplementary credits of more than \$1,000,000,000 have been added—all these increases affecting very much the same industries as those stimulated by European orders and thus liable to intensify a specific lack of balance in the American economy. As a reduction in the current relief expenditure in the United States budget for 1940-41 was planned, the net amount of deficit spending should not be higher on balance by the full increase in defense expenditure. Experience has proved however that monetary measures such as the depreciation of the dollar, cheap money and deficit spending have not been sufficient by themselves to achieve or even to support effectively a sustained recovery. Such measures can be of lasting effect only in so far as they (among other factors of an economic character) influence the continuing flow of private funds into durable producers' goods and into housing.

The reduction in new capital formation from the 'twenties to the 'thirties has been attributed in much recent discussion to greater maturity of the American economy and the argument runs that, with the growing measure in which natural resources have been exploited (disappearance of the "frontier") and with a reduced rate of increase in population through the virtual stoppage of immigration, a less rapid expansion of capital assets by private initiative is only to be ex-

pected. The total of existing structures, buildings and machinery more nearly meets requirements than formerly, it is said, and the pressure to expansion is, therefore, less. Another view of the situation is obtained, however, if comparison be made with some of the "older" countries of Europe where the "frontier" vanished long ago. In the United Kingdom, Sweden and Switzerland—as referred to above—one-half of the gross capital formation consists of housing while such investments in the United States amount to barely one-quarter of the corresponding total even at the low rate of total American investments in recent years. When current savings are used less for developing the railroad, power and automobile industries or for constructing a network of motor roads, they may, as in many European countries, be more largely used to provide improved dwellings. Great attention is being given in the United States to the possibilities of increased building activity, notably in the field of moderately-priced houses for which costs of production and terms of financing are, of course, of particular importance. In general the upswing in the autumn of 1939 was characterized by little increase in wage costs, in that respect contrasting sharply with the tendencies during the short-lived boom of 1936-37.

One problem which necessarily arises in connection with current discussions of the competition between relatively free economies and those which are extending control of production, prices, etc., is the extent to which the ordinary system of providing an inducement to activity by a rise in prices and wages can be replaced by a more direct organization of production. In 1914-18 the familiar price mechanism was allowed to work, with its incentive to economic exertion and its restrictive effects on consumption—but the result was inflation. In practice some compromise will very likely have to be found between reliance on direct control and provision of stimulus by higher remuneration, but the compromise need not be the same in different countries. As far as imported goods are concerned the "economic price" will as a rule have to be paid, although in several instances governments grant subsidies (with or without rationing) to reduce prices of imported commodities, to the immediate advantage of the consumers.

The system of direct control has also been applied on the money and capital markets.

The war of 1914-18 came after a long period of growing demand for capital and rising interest rates—and during the war rates continued to rise. The present war has come after years of cheap money and, so far at least, cheap money has generally been maintained despite the war. The reservation of current savings for the needs of the government is largely effected by direct restriction of lending for other purposes instead of by higher rates and, at the same time, the rationing of commodities, which involves reduced opportunities for spending, probably helps to further the flow of private savings to the public coffers. At the end of April 1940 only four countries had increased their official discount rates above the level of the summer of 1939—Sweden, the Netherlands, Norway and Denmark. (See page 1090.) In these four countries, as in most others, the note circulation had risen as a result of the demand for cash on the part of the public, to be held in readiness for emergency. A more real demand for credit facilities—apart from the pressing needs of the government—has also made itself felt in connection with increased cash payments for imported commodities, the holding of reserve stocks and the financing of an extension of plant and equipment, especially in war industries.

Foreign trade is being more and more paid for on a cash basis. The cash principle of the United States "cash and carry" legislation corresponds in fact to a general tendency intensified by the widespread introduction of clearings and, of course, by the general state of uncertainty. Gold as the accepted medium for settling international balances has naturally acquired increased importance, and this development in the methods of effecting international payments is to some extent reflected in the activity of the Bank for International Settlements. Normal credit relations naturally persist between countries politically connected as, for instance, colonies and mother countries, as well as between foreign subsidiaries and the parent firms at home. Mention should also be made of the credits granted on the basis of special arrangements as, e. g., by the Export-Import Bank of the United States, which is able to lend on extended terms funds obtained from public sources. On a smaller scale the Bank for International Settlements has continued to arrange for certain self-liquidating credits of a commercial character, through the intermediary of Central Banks, a service

which is mentioned in the recent Annual Report of the Swiss National Bank.

The outbreak of hostilities has brought to an end business between countries at war with each other. Trading with the Enemy Acts and the various other measures for waging economic warfare as announced by the belligerent nations have curtailed or stopped business in many other directions. The policy of the Bank for International Settlements has been and is to confine its activities strictly to transactions whereby no question can possibly arise of conferring economic or financial advantages on any belligerent nation. A letter setting out the principles which the Bank felt itself under obligation to observe was directed to all clients in December and has received general approval as giving expression to a policy of scrupulous neutrality.

EXCHANGE RATES, FOREIGN TRADE AND PRICE MOVEMENTS

Exchange rates.—In the foreign exchange markets as in other fields the increasing international tension and finally the outbreak of hostilities in September divide the year 1939 into two distinct periods. The first seven and a half months were characterized by a remarkable stability of exchange rates; at no time since 1931 have the principal currencies of the world and the other currencies attached to them shown less fluctuation. The few exceptions—as in China and Peru—did not affect the general rule which was observed despite vast movements of funds due in particular to the repatriation of capital to France and the continued transfer of liquid resources to the United States. In those countries not then subject to exchange control a high degree of international liquidity in the face of adverse circumstances was ensured by the intervention of central banks and exchange funds. But in August the strain became too great and in the course of a few days the whole aspect of the exchange markets was reversed. The support was withdrawn from sterling and the rate depreciated by 14 per cent against the dollar, followed by a number of the associated currencies. Exchange control was introduced in September 1939 both in the United Kingdom and in France; and in the following months by other countries. By the end of March 1940 only four of the world's principal exchanges were free from official regulations—the dollar, belga, florin and Swiss franc.

The stability of sterling, maintained from near the beginning of 1939 to the last week in August, was directly due to intervention by the Exchange Equalization Account: for the first time since 1931 the pound was rigidly held—until the morning of August 25 the dollar rate was maintained at \$4.68 $\frac{1}{4}$ - $\frac{1}{2}$. But the pound was not free from pressure, being, in fact, exposed to the drain from an adverse balance of payments (burdened by additional imports for armaments), continued depression in the raw-material-producing areas of the sterling group, the movement of central bank reserves from London, repatriation of capital to France and the transfer of refugee funds to New York. One of the objectives in pegging the pound was to eliminate the encouragement to outside speculation given by a gradually depreciating currency. The authorities were aided in their policy by the ban on foreign security issues re-introduced in December 1938 and by measures taken in January 1939 placing unofficial restrictions on speculation in gold and foreign exchange, particularly in the sphere of forward transactions. Further, the international assets of the Exchange Equalization Account were replenished by a transfer of £350,000,000 gold (at the current price) from the Bank of England.

Thus armed, the Account met demands for foreign currencies in the spot market and was reported to have operated in the forward market for dollars in order to maintain the discount on forward sterling as near as possible to the difference in short-term interest rates in London and New York. In the spring the liquidation of maturing forward gold contracts, which under the unofficial restrictions could not be renewed, helped to support the pound to the extent to which gold positions were not replaced by positions in other currencies or new gold contracts in Amsterdam. In addition, the flow of short-term funds turned against the dollar at the end of June and for the first few days of July, when the U. S. Senate temporarily refused to extend the duration of the American Stabilization Fund. Over the period as a whole, however, the pressure against sterling was persistent. The return flow of capital from the London market to France, which began in November 1938 and continued, after a slight interruption at the outbreak of war, until the end of the year, was accentuated during periods of political crisis, and the same applied to the flight of refugee funds to New York. As the

political tension increased after the middle of August, the demand for foreign exchange made upon Exchange Account increased to amounts estimated at over £10,000,000 a day. On August 24 bank rate was raised from 2 to 4 per cent and the next day the Exchange Equalization Account withdrew from the market and allowed sterling to find its own level. From \$4.68 the dollar rate moved in one day to \$4.40 and reached \$4.27 by the end of the month. An official ban on foreign security dealings was put into effect on August 26. Following England's declaration of war on Sunday, September 3, foreign exchange control was established on Monday, under the provisions of the Defence (Finance) Regulations.

The foreign exchange control limited dealings to authorized banks and bankers, set out the conditions under which foreign exchange could be purchased, specified conditions for trading in gold and authorized the Bank of England to establish official rates for foreign currencies. Against the dollar the Bank originally fixed a buying rate of \$4.06 and a selling rate of \$4.02; in the middle of September the buying rate was changed to \$4.04, and early in January 1940 the buying rate was increased to \$4.03 $\frac{1}{2}$ and the selling rate lowered to \$4.02 $\frac{1}{2}$. On the free markets in other countries rates for sterling were, however, quoted on the basis of the daily supply and demand. The supply in these markets was derived from two sources: (i) balances in the United Kingdom, which non-resident holders were permitted to transfer freely to residents or other non-residents; practically the whole of such balances dated from before the war; (ii) balances arising from payments to non-residents in sterling for imports into the United Kingdom. The demand came from non-residents who had sterling payments to make and who were not debarred by clearings and other arrangements between their own countries and the United Kingdom from payments in "free" sterling. When exports from the United Kingdom are paid for with sterling bought in the free market no foreign assets accrue to the British exchange control. To reduce the consequent indirect drain steps have been taken to extend the area of clearing agreements and to limit the sale of British goods against sterling acquired in free markets. By an amendment to the exchange regulations in March 1940 it was made compulsory for exporters from the controlled sterling area of certain com-

modities (whisky, furs, tin, rubber, jute and jute manufactures) to any of a number of countries (Belgium, Holland and Switzerland, North and South America excluding Canada, the Argentine and Uruguay) to insist on being paid either in foreign currency or in sterling bought at the official rate. Australia and Canada took similar measures, applying however to all exports to non-sterling countries.

The free sterling markets have been characterized by sizeable fluctuations, the rate declining rapidly in March 1940 to around \$3.50 in April and again falling abruptly in May. But these markets provide only a small fraction of the total turnover of sterling, being estimated at 10 per cent towards the end of 1939. As the accompanying chart illustrates, the turnover of sterling in the

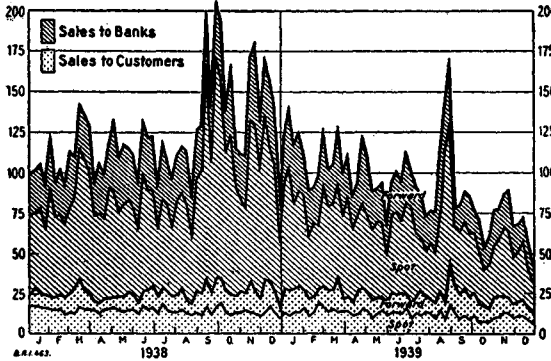
blocking foreign balances held in the British market, while not permitting their transfer at official rates. Foreign holders of sterling balances have thus been entitled to leave the market but only at an unfavorable exchange rate. Comparison between the position of London in 1914 and in 1939 shows that in 1914 the foreign liquid assets of Great Britain consisted of £38,000,000 gold in the Bank of England, about £120,000,000 gold coins in circulation and short-term sterling acceptance claims on the rest of the world believed to have been at least equal to the short-term liabilities on foreign account. At the outbreak of war in 1939 the combined gold reserves of the Bank of England and the Exchange Equalization Account were broadly estimated (in the Federal Reserve BULLETIN for December 1939) at about £500,000,000, i.e. substantially more than in 1914; moreover, the massive transfer of funds in 1938 and the first seven months of 1939 had no doubt greatly reduced the total amount of foreign volatile funds in London, but the effect of this reduction on the net balance of London's foreign short-term assets and liabilities cannot, in the absence of more complete information, be indicated. In September 1939 practically all the gold held by the Bank of England was transferred to the Exchange Equalization Account and thus made directly available for use.

Since short-term funds in New York continued to earn practically no interest during the past year, the forward discount on sterling (premium on the dollar) may be compared with a London interest rate. For this purpose the bankers' three-month deposit rate, which generally rules higher than the bill rate, would be more suitable, but a series of quotations is not available. The discrepancy between forward and interest rates went from under 1/2 per cent in March to nearly one per cent in April 1939 when the pound was under accentuated pressure, despite reported forward operations by the British control. In London, permitted transactions were put through at a fixed charge; in New York, speculative anticipations dominated the narrow free market, and the discount during the November weakness of the spot free rate produced a much wider reaction in the forward market than the greater decline of March 1940.

As long as the sterling-dollar rate was kept stable by the intervention of the Exchange Equalization Account the various

SALES OF STERLING SPOT AND FORWARD TO U. S. BANKS AND OTHERS

[In millions of dollars]



United States (largely the New York market), as indicated by sales made by banks and bankers, declined from a level averaging more than \$100,000,000 weekly in the first eight months of 1939 to roughly \$60,000,000 weekly after the introduction of restrictions. Sales from one bank to another were particularly affected, while sales to non-banking customers, who for the most part represent the ultimate users of the exchange, even increased during the period of sterling depreciation at the end of August and during the decline in the free rate in mid-September. The figures include, however, not only sales at free rates but also sales made to customers by American banks where official exchange had to be obtained.

Through the working of the free market the London control has been able to avoid

Foreign Banking Laws and Reports

currencies in the sterling area remained stable also in terms of gold. There was consequently a fixed relationship between the sterling area currencies, linked in a fixed ratio to the pound because of ties of Empire,

(i) The link with sterling was maintained by the Empire adherents of the sterling area, and also by France, Egypt and Greece. In the Empire, including all Dominions, Crown colonies, dependencies, mandated states and

PERCENTAGE CHANGES IN VALUE OF STERLING-AREA CURRENCIES

Country	London rate against £			New York rate against \$ in \$ per unit			
	Units of currency per £ unless otherwise indicated	Aug. 24, 1939	Dec. 30, 1939	Per-centage change	Aug. 24, 1939	Dec. 30, 1939	Per-centage change
British Empire:							
Australia.....	100 A. £	125.0.0	125.0.0	—	3.74½	3.16½	-15.5
British India.....	per Rupee	17½/16 d.	18 d.	+ 0.3	0.3502	0.3020	-13.8
Eire.....	100 £	100.0.0	100.0.0	—	4.68½	3.95¼	-15.5
New Zealand.....	100 N. Z. £	124.7.6	124.7.6	—	3.77¼	3.19	-15.4
Straits Settlements.....	per S. S. \$	28½ d.	28½/16 d.	+0.2	0.5497	0.4656	-15.3
Union of South Africa.....	100 S. A. £	100.5.0	100.5.0	—	4.67½	3.94¼	-15.6
Non-sterling area:							
Canada (and Newfoundland).....	Can. \$	4.68½	4.45 ¹	+ 5.3	0.99 ⁸ /16	0.88¼	-10.6
Hong Kong.....	per H. K. \$	14½ d.	15 d.	+ 2.6	0.2847	0.2472	-13.2
Other sterling area:							
France.....	Fr. franc.	176 ²³ /32	176½	+ 0.1	0.0264½/16	0.0224½	-15.2
Egypt.....	100 E. £	97½	97½	—	4.80½	4.05½	-15.5
Denmark.....	D. Kr.	22.40	20.38	+ 9.9	0.2090	0.1933	- 7.5
Norway.....	N. Kr.	19.90	17.70 ¹	+12.4	0.2351½	0.2273	- 3.3
Sweden.....	S. Kr.	19.40	16.90 ¹	+14.8	0.2413½	0.2353	- 1.3
Finland.....	Markka	226½	210	+ 7.9	0.02065	0.02	- 3.1
Estonia.....	E. Kr.	17¼	16½	+10.1	0.2574	0.2381	- 7.5
Latvia.....	Lat.	24¼	20½	+17.1	0.1891	0.1930	+ 2.1
Portugal.....	Escudo.	110 ⁸ /16	108	+ 2.0	0.0428	0.0370	-13.6
Greece.....	Drachma	540	535	+ 0.9	0.0085½	0.0073	-15.0
Turkey.....	T. £	5.83	5.10	+14.3	0.8029	0.7760	- 3.4
Yugoslavia.....	Dinar	205	200 ²	+ 2.5	0.0231	0.0235	+ 1.7
Japan.....	per Yen	14 d.	14½/16 d.	+ 2.2	0.2731	0.2349	-14.0
Argentina.....	free Peso	20	17.75 ¹	+12.7	0.2350	0.2275	- 3.2
Uruguay.....	per free Peso	18½ d.	22 d.	+18.9	0.3775	0.3750	- 0.7
Bolivia.....	controlled Boliviano	142 ² /16	143¼	- 0.7	0.0329	0.0276	-16.1

¹ Official rates (middle).

² Trade payment rate.

NOTE.—An attempt has been made to find comparable quotations for the various currencies associated with the sterling area but, while it has been possible to do so within a single market for the two dates indicated, quotations for an individual currency as between New York and London on the same date are not always comparable.

Rates in terms of sterling are London quotations. Except for the currencies of the sterling-area Dominions, middle rates have been chosen whenever possible; where a nominal sellers' rate only was available for one date, sellers' rates have been taken throughout. In the case of the Argentine peso, the free rate on August 24 has been compared with the official London rate of December 30.

Dollar quotations are New York closing cable rates, where such were available. The Estonian crown rate is derived from dollar quotations of the Estonian National Bank; in the case of the Egyptian and Turkish pounds and the lat, rates were computed from London cross rates.

Owing to incomparability of London and New York rates, the percentage appreciation in London and depreciation in New York for certain currencies are not always consistent with the depreciation of the pound over the indicated period either in New York (15.5 per cent) or in London (14 per cent).

trade or finance, and the gold currencies headed by the dollar. When sterling depreciated in August 1939 the currencies of the sterling area did not all follow the same course; in some instances their sterling rate was kept unchanged; in others allegiance was shifted to the dollar; and there were other changes. An attempt is made in the table on the preceding page to set out as clearly as possible the diversity of movements in relation to the exchange value of sterling and the dollar; it is necessary to underline, however, that owing to the quotation of different rates for sterling in the official and free markets and also the quotation of multiple rates for some other currencies the situation is one of great complexity.

The developments may be summarized as follows:

protectorates (with the exception of Canada, Newfoundland and Hong Kong), a currency free inside the area was in fact created, surrounded by foreign exchange restrictions. In Egypt foreign exchange restrictions similar to those in the United Kingdom were put into effect. Moreover the monetary agreement with France provided for a fixed rate between the pound and the franc.

(ii) Canada, Newfoundland and Hong Kong, which though belonging to the British Empire have not been members of the sterling area because of their close trading and financial relations with other countries, allowed appreciations of their currencies against sterling by 5.3 per cent in the case of the first two, and 2.6 per cent for the last-named. In the free market in New York the Canadian and Hong Kong dollars fluctuated

with the pound sterling, but within a narrower range of depreciation. Canada and Newfoundland established a complete system of foreign exchange regulations, and certain restrictions were also introduced in Hong Kong.

(iii) Japan permitted the yen to follow the depreciation of sterling in the London market, but after some hesitation in September established a link to the dollar of $\$0.23\frac{7}{16}$ in order that the currency should not fluctuate against gold currencies with the free pound.

(iv) Portugal similarly permitted the escudo at first to follow the pound sterling in the official market, but formed a link with the dollar at Esc. 27.50 during the November weakness of the free pound in the New York market.

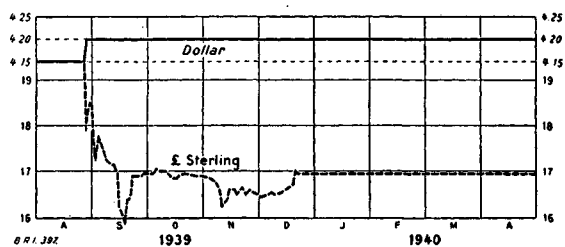
(v) Among the Scandinavian and Baltic countries diverse movements occurred. The Swedish crown remained practically stable in terms of the dollar, being depreciated by only 1.3 per cent, while the Norwegian and Finnish currencies were lowered by about 3 per cent and the Danish and Estonian by $7\frac{1}{2}$ per cent. In September the Estonian and Latvian currencies were linked to the Swedish crown. In all these countries fixed dollar rates were quoted, and as regards Sweden and Norway fixed rates were also quoted for "special pounds" after the introduction of clearing arrangements with the United Kingdom. In Denmark a fixed ster-

countries by complete exchange control in the course of the winter. It may be mentioned that by special provisions the Bank for International Settlements was exempted from the Swedish restrictions on gold and exchange transactions.

(vi) Turkey permitted some depreciation of the Turkish pound against the dollar, but the Yugoslavian currency link to sterling was broken at the end of August in favor of a dollar rate of Dinars 55.

(vii) Uruguay, after breaking with sterling in mid-September, more than restored the dollar value of her currency, while the Argentine, also shifting the peso to a dollar basis, permitted a slight depreciation against the latter currency, amounting, in the case of officially determined rates, to 2.7 per cent. Thus the Argentine has maintained (from September 22, 1939) four different rates: an official buying rate at 3.36 pesos per dollar, an official selling rate of 3.73 for goods essential as regards popular consumption and industrial activity; another official selling rate of 4.23 pesos for certain other goods and services; and a free market rate of 4.39 pesos (quotation in December 1939). Corresponding sterling rates were calculated on the basis of the official London rate of $\$4.02$ to the pound. In Bolivia the sterling peg was abandoned in favor of the dollar at the lowest point of the November decline of free sterling in New York, with the result that at the end of the year, after free sterling had recovered, the controlled rate had depreciated in terms of both currencies.

QUOTATIONS OF SWEDISH CROWN IN NEW YORK AND IN LONDON



ling rate was quoted by the exchange control although no trade agreement was concluded with the United Kingdom. In Finland the outbreak of hostilities created a special position. The Finnish mark depreciated from approximately 50 to the dollar to 57 in early January and to 62 in February. Finland and Sweden applied certain limited and unofficial exchange restrictions from the outbreak of the war, to be followed in both

From May 1938 to the outbreak of the war the French franc was maintained within a narrow range in terms of sterling, but the French authorities permitted certain fluctuations, particularly when the pound was under pressure in times of political crises. In contrast to London there have for several years been virtually no foreign funds held in the Paris market; and the French people have repatriated substantial amounts from abroad, especially in periods of political tension when the pound was weak because of a flow of funds from London. During December 1938 the exchange value of the franc improved from 178.90 to 176.83 and thereafter fluctuated for the most part between 176 and 177 until the depreciation of the pound, beginning August 25, 1939, when the franc reached its highest value in terms of sterling at $175\frac{3}{16}$. With the outbreak of war the franc was subjected to exchange restrictions

and pegged in terms of sterling at a middle rate of 176 $\frac{5}{8}$. The maintenance of this level involved a depreciation of the franc against the dollar between August 24 and mid-September from 37.75 francs per dollar to 43.80, or by 14 per cent, in the official market, while quotations in the free market in New York tended to remain lower.

The French foreign exchange control, established by decree of September 9, provided for the general prohibition of the export of capital from France, the authorization of a list of banks to purchase foreign exchange, the restriction of sales to the Bank of France (later the Control Office), the control of all dealings in gold by the Bank of France, and the repatriation or declaration of foreign assets owned by residents in France prior to November 15 (later January 15, 1940). Gradually the exchange regulations in France and in Great Britain were eased as between the two countries, sterling being made more freely available in Paris, and francs in London, with care being taken to see that transfers could not be made from one market to the other in order to circumvent the regulations existing in the former. In London, steps were taken to prevent sales of gold held by French nationals there against other currencies than sterling or francs. Finally, on December 4, an Anglo-French monetary and economic agreement provided for the maintenance of the existing franc-sterling rate unchanged for the duration of the war and for six months after the conclusion of the peace treaty, for the free use of the currency of the other country and its acquisition against the domestic currency without recourse to gold. Sterling held by the Bank of France could be used for purchases of raw materials in the British Empire, and further sterling requirements of France would be fulfilled against French francs supplied to the United Kingdom for the use of the British Expeditionary Force and other expenditure in the French Empire. In addition, the two governments agreed to divide equitably their expenditure in gold and dollars and to refrain from contracting credits or floating a loan abroad without preliminary agreement with each other. Finally each party undertook to refrain from imposing new restrictions on imports from the other country in order to protect its own market or for any monetary reason.

The repatriation of capital to the French market, which had begun on a large scale in

November 1938, continued during 1939 with the exception of a few days at the outbreak of war in early September. In consequence the French monetary authorities were able to increase their gold holdings; in order to aid in providing the Stabilization Fund with the francs needed to purchase incoming gold two transfers of gold of Frs. 5,000,000,000 each were made from the Fund to the Bank of France (on April 20 and July 28, 1939).

In a speech on December 13, 1939, the Finance Minister stated that in the ten months prior to the war (i.e. November 1938 to August 1939) the repatriation of capital resulted in a gain of gold by the French authorities amounting to 26,000,000,000 French francs. From this figure it may be estimated that the aggregate holdings of the Bank of France and the Stabilization Fund had risen probably to \$3,300,000,000 at the end of August, which would mean that the inflow of gold in June, July and August had averaged about \$85,000,000 per month. During the political crisis of the summer, as well as during the tension of March 1939, the flow of capital to Paris was accelerated rather than reversed.

Shortly after the outbreak of the war, the return flow of capital was resumed, although a part of the gain in foreign assets was offset by heavily increased purchases of supplies from abroad. In the speech of December 13 the Finance Minister made known that transfers of gold and exchange to France had amounted to 10,000,000,000 French francs since the beginning of the war. Further, in execution of the decree of September 9, 1939, regarding the declaration of holdings abroad, an additional 24,000,000,000 French francs of capital, consisting of securities and instruments denominated in foreign currencies, had been repatriated either by deposit with banks in France or by actual importation, without involving a foreign exchange transaction.

In the same speech it was further stated that the return flow of capital to France had come to an end. With the expiry on January 15, 1940, of the period during which assets abroad had to be declared, if they had not been repatriated, the support for the franc arising from voluntary repatriations of funds from abroad ceased to be a factor of importance.

On September 11, 1939, the Secretary of the United States Treasury explained that the monetary agreement established by the

Tripartite Declaration made by France, the United Kingdom and the United States in 1936 remained in operation; and, in particular, that the new exchange rates applied by France and the United Kingdom did not constitute "competitive depreciation."

Quotations for the Reichsmark continued steady in terms of gold throughout the year with occasional erratic quotations as, for instance, in the New York market during the last weeks before the opening of hostilities in September. Since the outbreak of war no rates have been quoted for the Reichsmark or for any other types of mark in London and Paris or, because of the difficulties of communication, in New York. The so-called registered mark, the valuation of which abroad depends upon the possibilities in various countries for using this type of funds, declined considerably during the course of the year. On the London market, for example, the discount of the registered mark from the free Reichsmark increased from 56½ per cent at the end of 1938 to 67¾ on August 30, 1939. In Switzerland, 100 registered marks cost on the same dates 76.25 Swiss francs and 56.50 Swiss francs, corresponding to discounts of about 57 and 68 per cent, respectively. By April 1940 the rate stood at about 36 Swiss francs.

The transfer of the allegiance of the Japanese yen from sterling to the dollar in September 1939, involving a depreciation of about 14 per cent in gold value, applied indirectly to the various currencies linked to the yen, including the Manchukuo yuan and the Tientsin yuan. The latter was subject to heavy fluctuations in value in terms of the depreciating Chungking dollar, going from a 30 per cent discount in March 1939 to a premium in the autumn of the year and finally, in December 1939, again to a discount. Moreover, on May 16, 1939, the Huah-Hsing Commercial Bank opened in Shanghai under a charter from the Nanking "Reformed" Government and the notes of this Bank are acceptable as legal tender for payments under the jurisdiction of the Nanking Government. This currency was created to facilitate export and import financing and was to be linked at par with the Chungking dollar. Several months after its establishment, however, it was stabilized at the rate of 6d. because of the fluctuations of the National currency. The development of note circulation in the Far East is illustrated in the following table:

NOTE CIRCULATION IN THE FAR EAST

[In millions of yen or yuan respectively]

	1934	1935	1936	1937	1938	1939
Bank of Japan	1, 627	1, 727	1, 866	2, 305	2, 755	3, 818
Bank of Chosen.....	192	221	211	280	322	451
Bank of Taiwan.....	63	70	79	112	140	173
Central Bank of Manchukuo.....	168	179	254	307	426	670
Federal Reserve Bank of China.....					140	380
Bank of Inner Mongolia..					35	60
Huah-Hsing Commercial Bank.....						2 5
Four leading Chinese Banks.....	396	668	1, 242	1, 639	11, 727	1 2, 627

¹ End of June.

² End of January 1940.

The currencies of the countries of Latin America during the first seven months of the year were under the influence of the raw-material depression which set in in the autumn of 1937, and during the last few months of the year were affected by the European war. In a number of instances—particularly in Mexico and Cuba—the currencies fluctuated in response to special circumstances. In general, however, the South American countries producing raw materials experienced some improvement in their balance-of-payments position as a result of the war, while Central America was adversely affected.

Since 1931 one of the greatest difficulties in the exchange markets has been the erratic movements of large amounts of highly volatile funds. In this respect a decisive change occurred in the autumn of 1939. Capital movements were made more difficult through the imposition of exchange restrictions; furthermore the amounts of foreign capital held in various European markets had been heavily reduced by the massive outflow of recent years.

On the other hand, disposal of exchange to pay for necessary imports has gained in importance and long-term investments are being mobilized to provide liquid funds for commercial needs. Movements of gold and capital will be more closely related to currents of goods and services and in that way have a greater effect on the distribution of active purchasing power and thus also on cost and price relations. For the time being the exchange markets are largely dominated by controlled rates which most likely will remain in force for the duration of hostilities. The adjustments necessary when peace returns will, however, have to take account of

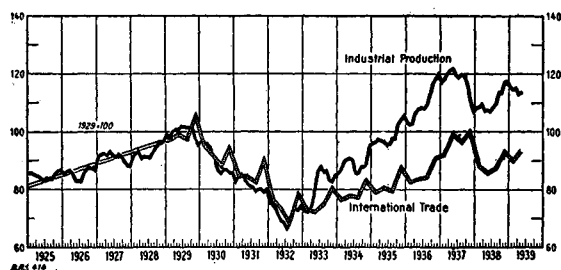
the fundamental changes in relative cost and price structures, which have already begun to be noticeable as a result of domestic and foreign influences in various countries.

Foreign trade.—The improvement in international trade, which continued from the depths of the depression in 1932 up to the boom of 1937, suffered a setback in 1938 when the volume of goods exchanged dropped by about 8 per cent. Data for the first eight months of 1939 show a certain advance in the volume compared with the corresponding months of the previous year. The advance became of importance in the spring and summer of 1939 under the influence of better business in the United States (reflected in higher imports) and increased purchases by European governments for the constitution of reserve stocks. After the outbreak of war in September the interruption of commercial relations caused a decline in the aggregate volume even though in certain directions the exchange of goods was intensified. During the war of 1914-18 the volume of international trade declined in sympathy with the decrease in world production, as may be seen from the graph on page 1057, and a similar contraction may again be experienced.

There is, in general, a high degree of correspondence between the indexes of world production and of international trade—two indexes which, of course, are calculated on the basis of wholly independent sets of data. Indeed, from 1850 to 1929 the growth of world trade (as well as the decline during the war period 1914-18) was very much at the same rate as that of world industrial production; and the decline from 1929 to 1932 was also in the same proportion for the two indexes. Compare the graph on page 1057, to which reference has just been made, with the following graph, for the years since 1929:

WORLD INDUSTRIAL PRODUCTION AND INTERNATIONAL TRADE

[Indexes on base 1929 = 100]



Since 1932 the recovery in world industrial production has been at a higher rate than the improvement in international trade, which means that the advance in the domestic activity of the various economies has been greater than in the exchange of goods between them. The failure of foreign trade to keep pace with domestic production is no doubt mainly the result of increased protection, autarchic tendencies, monetary difficulties especially affecting international transactions and a virtual cessation of foreign lending; but it may also be connected with a natural increase in the ability of many individual countries to meet their requirements in a higher degree from domestic production. It is, however, unlikely that such tendencies even if intensified by the present war will actually diminish world trade in the long run. The volume of international trade in 1938-39—despite the setback from the previous boom year—was still some 15 per cent higher than in 1913, and everything points to the conclusion that international trade will continue to advance whenever there is an increase in production and general well-being.

For most countries on the continent of Europe the development of German trade in recent years has been of outstanding importance. For the first time since 1934 Germany had an import surplus in 1938, amounting to RM 192,400,000, which led to an increase in the debt due by Germany to other countries. In 1939, however, an export surplus was again achieved. Trade with southeastern Europe more than doubled between 1929 and 1938, amounting in the latter year to about 10 per cent of Germany's foreign trade. For the Danubian and Balkan countries Germany has become the main field for imports and exports.

For France information regarding the trade balance is available only for the first seven months of the year, during which the import surplus was 5,627,000,000 French francs as compared with 7,977,000,000 French francs in the corresponding months of 1938. Imports increased in value by 6 per cent (as a result of the depreciation of the franc) but fell in volume by 12 per cent, less raw material being imported owing mainly to an increase in the output of French mines. On the other hand, exports rose in value by 28 per cent and in volume by 5 per cent. The exchange of goods between the mother country and the colonies showed a distinct advance both in value and in volume.

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The import surplus of the United Kingdom increased by only £14,000,000 from 1938 to 1939, despite the sharp decrease of exports in the four months of war in the latter year. of Canadian goods reached the highest level since November 1936 and the highest December figure since 1929. Imports were quickly affected by the rise in income level in Canada

UNITED KINGDOM FOREIGN TRADE IN 1938 AND 1939

[In millions of £ sterling]

	January-August			September-December			Whole year		
	1938	1939	Change	1938	1939	Change	1938	1939	Change
Retained imports.....	571	567	- 4	287	273	-14	858	840	-18
Exports.....	307	314	+ 7	164	125	-39	471	439	-32
Import surplus.....	264	253	-11	123	148	+25	387	401	+14

Actual purchases from abroad in the last four months of the year were far larger than the import figures reveal. In the first four months of 1940, the import surplus rose to £237,000,000 compared with £116,000,000 in 1939. Exports rose by 9 per cent in value, but the increase in imports amounted to 45 per cent.

Among the remaining European countries, Denmark, Norway, the Netherlands, Sweden and Switzerland all had higher import surpluses in 1939 than in 1938, the main reason being increased imports in the last quarter of the year.

For the countries which were neutral in the winter of 1939-40 the conclusion of trade agreements with the belligerents on both sides were important means of maintaining as much of their foreign trade as possible. This network of agreements tended, however, to be one-sided in effect: special attention was naturally paid to the sinews of war—iron, steel and oil—and to basic foodstuffs, while consumers' articles, especially those of a luxury character, had to assume a secondary place. In some instances new clearing agreements were made between belligerents and countries outside Europe, e. g. between the United Kingdom and the Argentine; and in addition ad hoc arrangements were made with the governments of some extra-European countries for the supply of special war materials, etc.

Canadian exports from the spring of 1939 attained a level above that of the previous year and were further stimulated from September onwards by large war orders and an increase in sales of wood and pulp, as Scandinavian shipments of these products were sharply reduced. In December 1939 exports

as well as the rise in world prices, but the export surplus was maintained or even slightly increased.

The war had an effect too on Latin American trade. Although industrialization in most Latin American countries has made some progress since 1914-18, these countries are still essentially dependent upon overseas trade for the sale of their surplus output of crude products and for the satisfaction of their requirements in manufactured articles. The immediate effects of the war were, on the one hand, the loss of the important trade with Germany, and, on the other hand, increased exports of industrial raw materials and basic foodstuffs to other countries. The impact was not the same, however, on all countries in the area. After the first few weeks in September the increase in demand did not extend to the higher types of foodstuffs—coffee, tropical fruits and sugar; as a result several of these countries, particularly those of Central America, suffered from the increase in import prices without benefiting from a sustained improvement in their exports.

In the Far East Japan's foreign trade benefited to some extent from an increase in demand associated with the war, but not in the same degree as in 1914-18, one reason being the reduced surplus of goods available for foreign consumption. The export surplus of all Japan (including Korea and Formosa) rose from Yen 58,000,000 in 1938 to Yen 802,000,000 in 1939, but the improvement in the trade balance in relation to countries outside the yen area (i.e. to other countries than Manchukuo and Northern China) amounted only to Yen 190,000,000, as shown by the following table:

FOREIGN TRADE BALANCE—ALL JAPAN

[In millions of yen]

Export (+) or import (-) surplus	1937	1938	1939
Yen area	+326	+598	+1,152
Non-yen area	-963	-540	-350
Total.....	-637	+58	+802

In September an attempt was made to reduce exports to the yen area since they are not productive of foreign exchange, but the restrictions imposed have not been fully effective. As regards the trade with countries outside the yen area, the deficit in relation to the United States was reduced by Yen 130,000,000, larger imports being more than counterbalanced by an increase of Yen 250,000,000 in exports, due mainly to higher prices for raw silk. Exports to Latin America, British India and the Netherlands East Indies also increased, while sales to Europe fell.

The foreign trade of Australia and New Zealand was also affected by the war, but the reactions were somewhat different in the two countries, owing to a divergence in local conditions. Australian exports of merchandise (as distinct from newly-produced gold) rose sharply above the figures for the previous year, beginning with the monthly returns for October. Sales of raw materials and foodstuffs, principally to Great Britain, accounted for the greater part of the increase in the volume of goods shipped. In addition substantial sales were made against which funds were placed to Australian account in London, but the goods in question did not enter into the export figures as they were stored in Australia pending shipment. Goods were also bought from New Zealand by the British Government and payments in advance of delivery were made into the country's account in London, but reported exports failed to expand substantially during the final quarter of the year. The total volume of exports in 1939 as well as in 1938 (adjusted for price changes) was lower than the average for the five years 1933-37, the decline being due to increased domestic spending on public works and development of local industries, which diverted men and materials from the export trades.

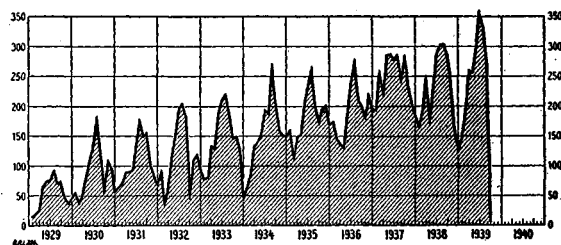
Advance purchases by the United Kingdom in Australia and New Zealand are examples of the exceptional measures taken after the outbreak of the war constituting a departure from the normal practices of international

trade. Perhaps the most noticeable of these departures from custom have been the changes in trade routes, in which certain ports, e.g. Genoa and Bordeaux, have gained in importance, while the traffic through Hamburg, Rotterdam and Antwerp, for example, fell abruptly in the last four months of 1939.

An even more striking example is provided by traffic through the port of Basle, which since 1929 has been developed to serve as the main import channel for bulky goods into Switzerland. At the beginning of September 1939 all activity in the port of Basle was abruptly terminated and Swiss merchants had to make arrangements for the import of oil, coal, iron, steel, rubber, etc., over land. The general tendency as a result of the war has been an increased importance in traffic by rail reflected in an improvement of the earning capacity of various railway systems. The consequence is, however, that transport costs account for more in the value of finished articles, and in the final analysis it is the consumer, whether an individual or a public body, who has to pay for the extra charges.

MERCHANDISE TRAFFIC IN THE RHINE PORT OF BASLE

[Monthly, in thousands of tons]



Price movements.—In the realm of prices the war did not cast its shadow before it. After the collapse of the short-lived boom of 1936-37 prices of commodities in general, and of raw materials in particular, showed on the whole a tendency to decline and continued to do so up to August 1939. It may be that in Europe mounting armament expenditure, government purchases of reserve stocks and sustained private investment exerted a stimulus towards higher prices, but any upward movement would appear to have been checked by the low level of industrial activity and poor demand for materials in the United States. As soon as war broke out prices rose outside of Europe on the expectation of a high rate of consumption of raw materials and finished products for military purposes and of dislocations in the normal

trade channels. In Europe itself the whole structure of costs and prices was even more affected by renewed currency depreciations, higher transport costs, increased taxation and the introduction of price control in countries which had previously maintained relatively free markets.

The movement of prices in those countries outside Europe which are primarily raw-material-producing areas showed very much the same tendencies as in the United States but prices of finished articles have been subject to a more pronounced rise, these articles being in larger measure imported and therefore affected by the sharp increase in transport costs. Basic foodstuffs—grain and meat—rose in price immediately after the outbreak of war and maintained their gains. Higher-grade foodstuffs—coffee, cocoa, tropical fruits and sugar—also rose in price at first but did not hold the level attained. Textile raw materials were markedly influenced by the strong demand for war purposes: Indian and Egyptian cotton were sold in large quantities at advancing prices; Great Britain bought the entire wool output of the Empire at higher prices than those previously prevailing; silk prices also rose, as already mentioned; and partly under the influence of speculative demand the price of jute—the basic product for the making of sandbags—rose 150 per cent between August 1939 and mid-February 1940 but later suffered a setback. Among the industrial raw materials, non-ferrous metals (tin, copper, zinc and lead) all moved sharply upward in price at the outbreak of war, except where official control came into operation. Rubber was regulated in output and recorded a net gain in price up to the end of April 1940. There were also increases in oil prices, which were largest in producing areas with easy access to consumption outlets.

Price developments in Europe also reflect, of course, changes in supply and demand, but the ordinary conditions of the markets have been overshadowed by a series of dislocating factors, the most important of which may be summarized as follows:

(i) Sharp increase in transport costs, particularly in shipping freight rates but also in rail charges, higher premiums for marine and war risk insurance, heavy expenses occasioned by the delays in port, by reshipping and by the necessity of following circuitous routes;

(ii) Dislocation in peace-time trade

channels due to Trading with the Enemy Acts, blockades, wartime trade agreements, government pre-emption of supply, official diversion of imports and the imposition of export and import prohibitions in order to conserve stocks or to reduce the outlay of foreign exchange;

(iii) Changes in currency relationships in the form of fresh depreciations and the introduction of exchange control, the quotation of dual rates and the fixing of altered rates under clearing and payments agreements;

(iv) Changes in taxation, including customs duties, excise, sales and turnover taxes;

(v) Direct official interference in the mechanism of prices and of demand and supply through rationing and requisitioning, systems of permits and licenses to buy and sell, the imposition of maximum and minimum prices as well as more thorough-going types of price control.

The disparities between developments of prices in "free" areas and in Europe may be illustrated by a comparison of indexes of roughly the same basic commodities in the United States and the United Kingdom. Already in September American prices rose sharply when British prices were increasing considerably less, despite the depreciation of sterling, which in ordinary circumstances would have instantly affected prices of primary commodities entering predominantly into international trade. By the time American basic commodity prices had suffered a setback the rise in British quotations finally took hold and carried the British indexes far above the American. The initial slowness with which British indexes rose was no doubt in a large measure due to the official price control, while later on some commodity prices, and in particular those for cotton and silver, tended to fluctuate in response not to the official rate for dollars in London but to changes in the value of sterling as quoted in the free market in New York.

Other British prices than those of primary products also tended to rise under the influence of increased costs of production (as regards both materials and labor) and the general dislocation in industry and trade produced by the war effort, including the partial evacuation of certain closely-settled areas. Wages were increased in many industries, partly as a result of the scarcity of skilled

workers and partly in sympathy with the increase in the cost of living, which under a number of trade union agreements called for a compensatory increase in wages. The cost of living was, of course, affected by the country's dependence on imported foodstuffs, but measures were taken to control prices and to ration such commodities as butter, bacon, ham and sugar. At the beginning of December 1939 the retail food index had risen 14 per cent above September 1, but then became steady under the influence of subsidies applied to an "iron" ration comprising a limited number of foodstuffs and costing the government an average of £1,000,000 weekly.

In France the publication of official price indexes was discontinued after the outbreak of war, but it is clear from the character of the measures taken to control price increases that a rise occurred between September 1939 and March 1940. In the summer of 1939 French prices were still on the whole below the general level of world prices calculated over the exchange and there was thus a margin of adjustment still in hand. When increased pay has been granted to workers in respect of overtime, contributions have been imposed to ensure at the same time an increase in revenue for the State and a contraction in monetary purchasing power. In Italy the regular publication of price indexes has also been discontinued, but at the meeting of the Central Committee for Corporations on March 9, 1940, it was stated that the cost of industrial production had risen markedly by reason of increases in costs of foreign products, among which coal had risen as much as 69 per cent since August 1939. It was established that the cost-of-living index had increased 17 to 18 per cent over the year to March and, at the same meeting, wage increases of 10 to 15 per cent were agreed upon. The point was also made that the index numbers of prices in current use were not truly representative of the state of affairs and would be recalculated. The rise in prices which occurred reflected in particular extraordinary influences such as increased costs of transport of imported commodities and especially domestic influences such as the measures taken to protect and develop agriculture and generally to promote autarchic production and to improve the social position of the working class. Increased taxation also played a part, especially when in February 1940 the 2 per cent sales tax levied only once on each commodity was replaced by a

turnover tax at the same rate applicable to each wholesale and retail transaction.

In contrast to these developments, price indexes in Germany have shown a marked stability prior to and following the outbreak of war, no doubt under the influence of the thorough German price control, which had been established, basically in its present form, in 1936 but was modified in a number of respects upon the outbreak of war. Thus the scope of the system was enlarged since prices outside the control tended to advance. Rationing was introduced on a wide basis, including, in addition to foodstuffs, restrictions on the purchase of clothing and shoes. At the beginning of the war extra pay for overtime and night work was suspended and profits resulting from lower labor costs were either to be paid over as taxes or to be used in the reduction of prices paid by the government. Later, however, this order was in part rescinded and extra pay for overtime was granted anew, beginning with the eleventh instead of the ninth working hour per day. In the field of agricultural prices, which, because of the scattered and individual character of the producing units, are in general less amenable to control than prices of industrial products, the German price control has, nevertheless, been successful in keeping down most prices. Bread, flour, meat, sausages, sugar and potatoes have remained unchanged in price. Some upward adjustment has, however, been made in the price of milk and butter in order to ensure continuity of supplies.

In the Balkan countries prices have generally tended to rise in response to a keen demand for their exportable products, recently coupled with bad prospects for the 1940 harvest. A severe winter, together with the overflowing of the Danube, reduced the acreage from which average grain yields may be expected, and several of the countries involved have already been forced to reduce exports of agricultural products in order to conserve adequate supplies for domestic use.

The greatest price increases have occurred in the Far East. In Japan prices have been rising since the war in China began in 1937 and for a number of reasons the rise was accentuated with the outbreak of hostilities in Europe. The yen followed the decline of sterling and thus depreciated in relation to a large number of currencies; as import costs rose, some speculative activity made its appearance in the export markets and there

was a failure of the rice crop in Formosa. In Shanghai the spiral increase in prices is largely attributable to the depreciation of the Chungking yuan, combined with the increased cost of many goods on world markets.

The sudden changes in relative prices which have occurred since the outbreak of war have produced widely different effects on the fortunes of different countries. The relation of import to export prices—or the terms of trade—constitutes, so to say, a measure of the benefits which a country derives from its foreign trade at one time as compared with another. When a country's export prices rise in relation to its import prices, it is able to obtain a larger volume of imported commodities for a given volume of exports; and, vice versa, when its import prices rise more than its export prices a greater amount of exports is needed to obtain the same volume of imports.

The following graphs of monthly export and import prices reveal the considerable changes which have occurred in the terms of trade of different national economies since the middle of 1939. In some instances apparent changes are no doubt due to the construction of available indexes; the figures for the United States, for example, are derived from the value of all American foreign trade and show much less fluctuation than indexes based on the quoted prices of a limited selection of outstanding exports and imports (generally raw materials and agricultural products traded in active markets).

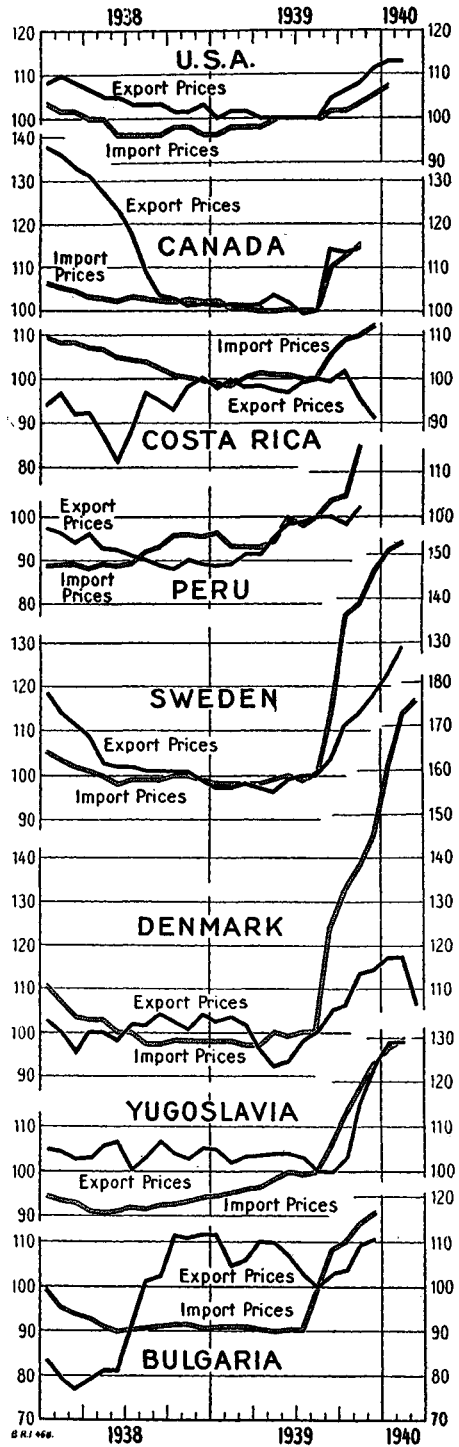
Both import and export prices have risen since August 1939 in every country included in the graph, with the exception of the export prices in Costa Rica, but four-fifths of the export trade of this country consists of coffee and bananas. For Europe the rise in import prices greatly exceeds that of exports, while for the United States and in the raw-material-producing areas outside Europe the terms of trade have moved in the opposite direction.

Even within Europe broad differences in the development stand out. In the Balkan region the adverse movements of the terms of trade have been much less severe than in Scandinavia, partly because of the intense demand for Balkan exports and partly because of the relatively more moderate deterioration in transport conditions in this region. Differences are also noticeable within the same geographical area, as, for instance, between Denmark and Sweden.

An important cause of changes in the

EXPORT AND IMPORT PRICES FOR SOME COUNTRIES

[Monthly indexes—August 1939 = 100]



terms of trade was the disparate movement of freight rates in different parts of the world. Freight rates have risen generally, but not through an increase in the total volume of world trade; as a result of blockades and other wartime measures the actual volume of goods exchanged between nations has fallen, as was the case in 1914-18. But losses at sea reduce the number of cargo boats available and delays, often serious, diminish the carrying capacity per ship. These factors do not act with the same intensity all over the world; while rates between the United States and the eastern ports of South America have increased only 10 per cent, rates for shipment from the United States to Scandinavia had risen by the beginning of 1940 by over 100 per cent. Often the increase is even greater.

Lloyd's List for the United Kingdom indicates a total rise of 400 per cent between August 1939 and March 1940, with component continental increases ranging from 5½ fold, for freights between the United Kingdom and South America, to 3½ times, for freights to ports in the Pacific Ocean and Australia.

A rise in costs affecting producers in general must as a rule be followed by a rise in prices, for the possibility of granting subsidies—open or veiled—is, after all, necessarily limited. Systems of price control, introduced since the outbreak of the war in a number of countries which previously adhered to the principles of free economies, can therefore either limit themselves to ensuring that prices are not raised more than changes in costs justify, or can be extended to regulate the cost of different factors of production. In the former case the simple aim of the price control (and this applies to most of the systems initiated since the war) is usually to prevent speculation, hoarding and profiteering in goods affecting the general standard of living and to keep prices and profits from rising unduly on supplies bought by the government. Such simple systems are found especially in neutral countries and in those far from the theatre of war, as in the Argentine, Australia, British India, Bulgaria, Estonia, Greece, etc.

In the more far-reaching systems of control, when the objective may be to prevent almost every rise in prices, the powers of the controlling body are necessarily extensive and include control over wage rates, over the allocation of workers between different plants

and industries, over the right of firms to remain in or enter specific branches of production, and generally over the marketing of agricultural products. The most important element in this more extensive control is necessarily the fixing of wages and the distribution of the labor force. In this connection it is of interest to mention the German Price Commissioner, who is in possession of very wide powers but does not exercise supervision over salaries (as distinct from wages) nor over interest rates—these being practically the only limitations to his sphere of action. The technical measures adopted to enforce the control of prices are, of course, inextricably associated with the vast maze of export and import prohibitions, the granting of subsidies, the levying of special taxes and the application of direct restrictions on consumption. Rationing is generally applied in the first place to foodstuffs, but may also be extended to industrial raw materials when scarcity of supplies necessitates a planned allocation between different firms and industries. The different systems of rationing of consumers' goods may be as elaborate as in Germany or may be applied only to a limited number of foodstuffs and, for instance, to petrol for the private use of motor cars.

One of the most usual forms of control is the "price stop," which forbids the increase of prices above the level prevailing on a fixed date except under certain conditions. Germany adopted this system by a law in 1936 and the base date still in effect is October 17, 1936; in England, the base date is August 1, 1939; in France, September 1, 1939 (decree of September 9 supplemented by that of February 29, 1940), and in Japan, September 18, 1939. Under this type of control the exceptions may, of course, become extremely important. In Germany, no price can be changed without preliminary approval by the Price Commissioner, while in England prices may be adjusted above the August 1 level when such adjustment is necessitated by the increased cost of materials (domestic or imported) or higher costs of selling or production, including wages, salaries, manufacturing expenses, insurance premium charges and advertising expenses. In France authority to increase prices could at first be granted, by way of exception, when such increases were "justified by the de facto conditions in which commercial concerns were carrying on business or by fluctuations in prices of imported raw materials"; but in a decree of

April 9, 1940, it was laid down that, since prices in France had become adjusted to world prices, which in turn had levelled off in February, there should, from May 1, 1940 onwards, be no further increases, apart from exceptional cases in which authorization might be granted, subject to certain conditions specified in the decree, "when the increase in cost price is the result of a rise in the price of imported raw materials and exceeds a minimum percentage, to be fixed according to the circumstances by the National Committee for Price Control."

The same result is achieved in a somewhat different fashion by the promulgation of maximum prices, which can be fixed more freely according to the conditions of production and the available supply than when reference is made to a given date in the past. Attempts are often made to fix "just" or normal, "fair" or natural prices on this basis. Finally, the experiment has been made, in a limited number of cases, of basing the selling price on the "average cost" of an industry, taking into consideration that different firms produce at different costs per unit of output, and that the "fair" return for the lower-cost producer may not be sufficient to cover the costs of another firm, which by reason of locality, size, etc., cannot produce as cheaply. This type of scheme is said to be operative with regard to a number of German industries and also under the iron and steel control in the United Kingdom.

The position is very different under the strain of war when the supply of goods becomes progressively smaller while demand is increased by extraordinary requirements representing the needs of the state; for the monetary purchasing power in the hands of the public is abnormally expanded. Then it is difficult to stop at some "half-way house." Generally one measure leads to another: decrees are issued forbidding holders of goods to keep them off the market, to refuse the satisfaction of normal demands, or to raise prices indirectly through changes in the terms of sale customary in the trade or through a deterioration in the quality of the goods delivered. The authorities often find themselves compelled to step in and take over the total supply available, in which case the distribution is wholly in the hands of official bodies. In these circumstances the prices that are fixed have much less relation to the conditions of supply and demand than those which would obtain in a free market;

and the normal functions of the price mechanism (increased prices acting as a stimulus to production and a check on consumption) are no longer fulfilled. Rising prices in wartime often present a real dilemma. On the one hand, price control is deemed essential to ensure that the necessities of life are kept within reach of the lower-income groups of the people; on the other hand, rising prices are not always a sign of speculation, hoarding or profiteering, but may reveal deeper maladjustments between production and consumption under the new conditions; and, as long as the price control concentrates wholly on the price phenomena themselves, it may be merely dealing with symptoms. This danger is, of course, generally realized: as far as monetary conditions are concerned, the obvious objective of official measures must be the prevention of an inflationary expansion of purchasing power in the hands of the public, which would render the effective control of the price level more difficult or indeed impossible.

INTERNATIONAL CAPITAL MOVEMENTS

The movement of capital to the United States reached its climax in 1939 when some \$2,000,000,000 was transferred from abroad, a movement generally as unwelcome to the recipient as to the countries losing the funds. The only other national economy experiencing an appreciable afflux of capital in 1939 was France, but this movement, essentially a repatriation of French funds, did much to strengthen the country's financial position, weakened in the past by capital flight.

The war has led to a further dislocation of foreign trade financing, although pre-payment for imports has benefited the raw-material-producing countries, as is shown in a striking way by the growth of the sterling reserves of the raw-material-producing members of the British Empire. Quotations of foreign bonds fell heavily in the first three quarters of the year but the securities of overseas primary-producing countries in particular staged a sharp recovery. In present conditions foreign lending has practically ceased but it is evident from statements made in authoritative quarters that the question of possible foreign credits in the reconstruction period after the war is already being considered.

In the six years 1934-39 the increase in the United States gold stock from imports amounted to some \$10,000,000,000, of which

at least four-fifths represented a capital movement of a nature and volume such as has never before been experienced. True, the liquidation of earlier short-term foreign credits plays some rôle in this movement, but to an insignificant extent compared with the "international liquidity crisis" of 1931-32. Estimates made at the Bank for International Settlements at that time indicated a reduction of the total outstanding international short-term credit volume from around \$14,000,000,000 in 1930 to \$8,000,000,000 at the end of 1932. This vast liquidation fell primarily on the reserves of central banks and was one of the immediate causes of the currency depreciations and the introduction of exchange restrictions in those years. But of the \$10,000,000,000 gold shipped to the United States \$6,000,000,000 has come from new production and a further \$1,000,000,000 from the hoards of the East. The remaining \$3,000,000,000 came largely from those central banks which, at any rate in recent years, held such substantial reserves that the loss produced little deflationary effect in the countries from which the capital flowed.

Although the records of the movement of capital to the United States probably covered little more than half of the total influx in 1939, these statistics are the most perfected that are published. For other countries the fragmentary data that exist must be arranged as a mosaic to form a more or less imperfect pattern. The influx of capital from abroad to France was very dissimilar in composition and motivation from that to the United States. The French recovery dating from November 1938 was accompanied and sustained by a repatriation of French capital exported in previous years. As there is reason to believe that the current balance of payments was approximately in equilibrium (until the special imports made since the beginning of the war), the monthly additions to the gold stock in this period give some indication of the volume of incoming capital.

In the ten months up to the outbreak of war the gold holdings of the Bank of France and of the Exchange Stabilization Fund increased by 26,000,000,000 French francs, while a further 10,000,000,000 French francs came in in the three and a half months to mid-December. Except for the unusually high influx in December 1938, probably due to a large extent to the closing of exchange and gold positions, the repatriation of capital tended to be heaviest when the international

position deteriorated. In addition to the increase of the gold holding due to incoming liquid capital, some 24,000,000,000 French francs of securities previously held abroad have been registered in France or physically repatriated following the introduction of exchange restrictions and of the obligation to declare assets held abroad.

A net increase of about \$100,000,000 of French dollar assets reported in the United States during 1939 doubtless represented a concentration of funds in official hands as private holdings were sold (partly over London). But a great part of the repatriated French funds came from England, where private gold holdings and balances on French account had been very large. The Exchange Equalization Account came under fire from several points during the first eight months of 1939: there was an outflow of capital particularly towards France and the United States, certain central banks converted sterling resources into gold, the English balance of current payments was passive while the London funds of the Empire were drawn down to meet the needs of international payments.

It is not possible to give precise figures from which a complete picture could be obtained. In the twelve months to March 1939 the total gold reserve of the Bank of England and the Exchange Equalization Account was reduced on an average by about £24,000,000 a month and an outflow continued until August 24, when the exchange control temporarily withdrew from the market.

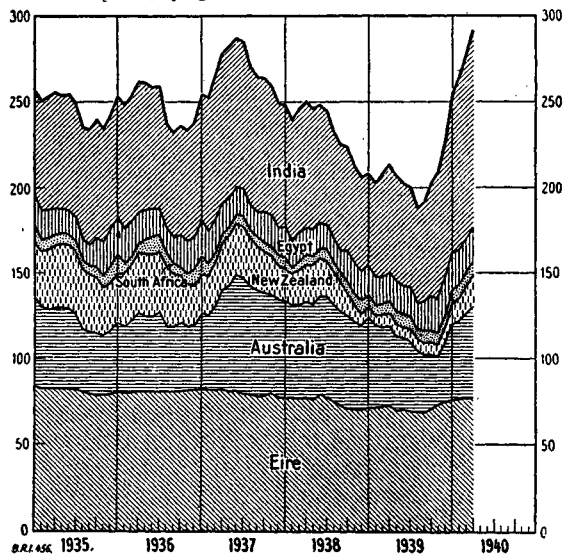
The merchandise import surplus for the first eight months of 1939 was £253,000,000 against £264,000,000 in the same period of 1938 and the current balance of payments in 1939 was probably not very different from 1938, i. e. passive at the rate of about £1,000,000 a week. It is difficult to disentangle the capital movements to the United States and to France as a large part of the repatriation to France from the United States passed through London: the capital flow to the United States from England, reported at \$200,000,000 (according to the U. S. Treasury Statistics), say £43,000,000, from the beginning of January up to August 23, 1939, is thus a net amount. Moreover, a large proportion of the £150,000,000 repatriated to France in the ten months to August 1939 came directly from England. But in so far as this French capital was previously held in private gold hoards in London it did not,

of course, reduce the English reserves. In addition, certain central banks which had held sterling balances and bills as part of their reserves converted them partially or wholly into gold to the extent of perhaps £35,000,000. Further, the London funds of the Empire were drawn down by at least £20,000,000 to meet payments largely outside England. London is the reserve center for a group of countries mainly producers of primary commodities whose holdings of sterling balances and bills fluctuate widely with the good and bad seasons.

The graph shows how the normal rhythms of exporting and importing seasons in 1935 and 1936 were followed by exceptionally good conditions for primary producers in the first half of 1937. But the United States, the chief importer of raw materials, suffered a sharp setback in the autumn and export prices for these countries fell, while the stimulus given their internal economies in 1937 led to heavy imports in 1938 and 1939. In the case of New Zealand these conditions

LONDON FUNDS OF THE BRITISH EMPIRE

[Monthly figures in millions of £ sterling]



were aggravated by the expansionist policy of the government and by a flight of capital. The sterling reserves of the six countries shown in the graph fell by £100,000,000 in little over two years. In addition, sterling funds were used to support the Shanghai dollar; and the various Currency Boards of the Empire also drew on their London funds:

sterling reserves of the West African Currency Board, for example, fell from £20,000,000 to £12,000,000 in the two years to June 1939. Altogether there resulted a drain of over £1,000,000 a week on the English gold reserves throughout the two years—one reason for the undertone of weakness in the sterling-dollar rate during the period, obscured until the middle of 1938 by the considerable reduction of foreign dollar balances in the United States, already mentioned. For England, the strain resulting from the drawing-down of the Empire's sterling reserves is, of course, offset to some extent by the fact that imports of primary commodities are cheaper at these times.

The downward trend of London funds was sharply reversed from August 1939—in the eight months to March 1940 the whole of the ground lost by the Empire countries in the previous two years was recovered and the sterling reserves of the six countries shown in the graph are now above the highest point of 1937. Large-scale purchases of primary products (cotton, jute, wool, dairy products, copper, etc.) by the British Government throughout the Empire have brought this dramatic change in the picture. Over £A 100,000,000 has been spent in Australia alone. And while prices have been satisfactory for the exporters payment has been made in cash for wool on appraisal and for many other commodities on shipment, so that the seasonal increase in London funds began earlier than usual. These conditions apply not only to the countries shown in the graph but over the extent of the Empire.

A safety valve against the accumulation of too bulky sterling reserves is provided by the past indebtedness of these countries to London. In 1938 England had £1,000,000,000 invested in the bonds of Empire governments (in addition to local government bonds and commercial and industrial securities) and lending continued in the first part of 1939.

In some cases gifts to the British Government have been made out of sterling funds such, for example, as the £1,000,000 from the Straits Settlements in April 1940. In the case of countries outside the British Empire other arrangements have been made, e. g. the sterling received by the Argentine for its exports is placed in a special account at the Bank of England, any surplus on which above £1,000,000 may be converted into gold (and reconverted into sterling whenever required).

After England the countries most con-

cerned on account of capital outflows in 1939 were Belgium, Holland, Switzerland and Sweden: in general these countries were little affected by the repatriation of French capital and more by the widespread movement towards New York, but each case had its individual features. The efflux from Belgium was temporary but rather violent. In Holland the Nederlandsche Bank lost gold intermittently throughout the year. During the first four months of 1939 there was some flight of capital, particularly of foreign funds, from Switzerland and the National Bank lost over 400,000,000 Swiss francs in gold and foreign exchange. The rest of the year was comparatively calm.

At the time of the Munich crisis there was an afflux of foreign capital to Sweden mostly from neighboring countries, deposits of foreign banks and bankers with Swedish commercial banks increasing in the month of September 1938 by nearly 100,000,000 Swedish kronor, to a total of 250,000,000 Swedish kronor. As since early 1937 it had been the policy of Swedish banks to carry liabilities to foreigners in excess of their foreign assets, this movement was accompanied by an increase in the reserves of the Riksbank. During the following twelve months up to the outbreak of war there was a reflux of foreign bank deposits and a mild decline of the Riksbank's reserves. An abrupt change took place on the outbreak of war in Europe, accentuated by the Russian-Finnish war. In the seven months to the end of March 1940 the Riksbank lost some 700,000,000 Swedish kronor in gold and foreign exchange, i.e., over one-third of its reserves, the losses being particularly high in October and December 1939. There were a number of reasons for this efflux. Swedish assistance to Finland in the form of gifts and credits opened has been estimated to have been not less than 400,000,000 Swedish kronor, a considerable part of which led to increased Swedish imports or direct losses of foreign exchange to cover Finnish imports from other countries. In addition, there was some efflux of foreign funds, impeded, however, by the restrictions imposed on foreign selling of Swedish securities. Further, the current balance of payments was estimated to be passive to the extent of 250-350,000,000 Swedish kronor in 1939 (against an active balance of 48,000,000 Swedish kronor in 1938), owing in part to the formation of reserve stocks: the merchandise import sur-

plus was particularly high in the three months November 1939 to January 1940. As imports had generally to be paid cash or even in advance instead of on the usual credit terms, a further extraordinary but temporary demand for foreign exchange, estimated at some 50-150,000,000 Swedish kronor, arose on this account.

Indeed, foreign credits granted for trade financing throughout the world have become shorter during the year, or, more usually, have been replaced by cash terms and even payment in advance, as stipulated by the United States Neutrality Law. "Cash and carry" terms were thus applied by law to belligerents and "carry" terms to a large number of non-belligerents.

In any case "cash" terms were gradually being applied to most European countries by American exporters before the war began. But the effect of the Neutrality Law was further to tighten up conditions and to impede normal trade financing.

The introduction of foreign exchange restrictions in England and France and the calling of foreign trade credits had similar effects. Being forced to pay cash or even in advance for imports from the United States, these countries in turn tended to export also for cash only, especially to Europe. Some countries, such as Norway and Denmark which imported generally on a three or four-months' credit basis, found themselves obliged to pay for four or five months' imports, including the laying-in of reserve stocks, in a comparatively short space of time. Foreign trade contracts are generally made out in the currency of the importer or exporter (the importer being desirous of paying in a "weak" and the exporter of receiving a "strong" currency) or in some international currency such as the dollar. But under the British regulations, for example, imports to England from countries other than the United States may not be paid for in dollars.

With the lapsing of such a large proportion of the world's foreign credits on trade account the banking systems in many countries have been called upon to finance their own foreign trade, particularly their imports, and this is one of many reasons for the increase of the internal credit volume in most countries on the outbreak of war. To some extent the inability or reluctance of exporters to give the usual credit terms has been made good by official or semi-official bodies, such as the Export-Import Bank of the

United States formed in 1934 specifically to aid in financing and to facilitate exports and imports between the United States and foreign countries, particularly through intermediate and longer-term credits (up to five years).

Foreign trade credits granted in Europe directly by the governments or by governmental bodies have generally been of a political nature and often to cover supplies of war materials. The British and French credits to Poland, to Greece, Roumania and Turkey, and German credits to Russia are of this nature. More normal assistance has been given to exporters in some cases by the guaranteeing of exchange rates, as in Italy, or by forward dealing in exchange rates for longer than the usual periods, as has been undertaken by the Sveriges Riksbank and the Reserve Bank of India, while some form of insurance against war risks has usually been made available.

On clearing accounts also the general tendency appears to have been toward a repayment of the outstanding balances or "Spitzen." The excess of German exports in the last months of 1939 toward Holland, Italy, Switzerland, Yugoslavia and other contiguous countries brought a considerable repayment of Germany's clearing debts to exporters in these countries. Hungary appears to have played a leading part in various arrangements for settling clearing balances by triangular arrangements. For example, Hungary, by ceding lira claims equivalent to about 25,000,000 dinars, was able to reduce its debt to Yugoslavia, which country was indebted to Italy in respect of industrial deliveries. Arrears owing to Great Britain on its clearings with Spain and Turkey were loosened by credits granted by the British Government. The fall of sterling brought some disturbance into the working of clearings between foreign countries denominated in that currency but, whereas the clearing between Norway and Spain, for example, was changed from sterling to Norwegian crowns, it was decided to retain sterling settlements as the basis for the Lithuanian clearings with Hungary and Greece.

At long term new foreign lending has dried up except for a few favored borrowers. From England the chief overseas borrowers were South Africa, Australia and New Zealand; there were no foreign issues. Public offerings in the United States were virtually confined to three Canadian issues, made in

the first eight months of the year, of which only \$35,000,000 out of \$85,000,000 was for new money. In May 1939 the French Government placed Fl. 155,000,000 4 per cent 6-year bonds with a group of Dutch banks and Fl. 100,000,000 3½ per cent 6-year bonds (later issued to the public at 97½) with a Dutch-Swiss group. These operations permitted the consolidation of a number of short-term loans made by the French Treasury and French railways. A substantial part of the total Fl. 255,000,000 was placed outside Holland and Switzerland, the latter country, in fact, receiving some 75,000,000 Swiss francs in October 1939 in connection with the repayment of earlier loans.

A further development has been the extensive declarations and mobilizations of foreign securities undertaken by certain governments. Formerly such operations were confined in general to the so-called debtor countries. They have now been undertaken by important creditor countries, such as England and France. As regards France, the obligation to declare assets held abroad has already been mentioned. In England the registration of certain securities held by residents and payable in foreign currencies was called for in September 1939, while restrictions were placed upon their transfer. In so far as sales to non-residents were permitted the foreign exchange proceeds had to be surrendered against sterling under the foreign exchange regulations. After registration two batches of specified dollar securities were requisitioned, the first of 60 stocks in February and the second of 117 stocks in April 1940. These securities were purchased by the U. K. Treasury through the Exchange Equalization Account, which at the outbreak of war was empowered to hold foreign securities as well as gold and foreign balances, and paid for in cash in sterling (which the Account raised by issues of Treasury bills). The total of the two requisitionings has been estimated at £75-100,000,000, giving an equivalent of dollar purchasing power to the British Government while new investment funds were released in the British market. Of a somewhat different nature was the requisitioning in October 1939 of the 3½ per cent Canadian 1930-50 stock denominated in sterling, of which £28,000,000 was outstanding. English holders were repaid in sterling for the securities which were transferred by the British Government to the Canadian Government for Canadian dollars (obtained from

part of an internal Canadian issue). In this way Canadian exchange was placed at the disposal of the British Government, whose purchases in Canada during the first year of war will amount, it is estimated, to the equivalent of £89,000,000. Towards the end of 1939 registrations or mobilizations of foreign securities were also made in Spain and in the early part of 1940 in Sweden, Denmark and Australia.

Although for the time being conditions are likely to remain unfavorable for foreign issues, it is not too early to consider under what circumstances and conditions foreign loans for reconstruction after the war may be floated. In this connection should be mentioned the report of the League of Nations Committee for the Study of International Loan Contracts published last year. The Committee, which was set up in 1935, had as its object the examination of the means for improving contracts relating to international loans which might be issued in the future. At the time when the Report was published in May 1939 it was estimated that, of the total amount of outstanding external issues made on the London market, the amount in default did not exceed 30 per cent and that a corresponding figure for dollar issues on the New York market was 40 per cent. There were times in the past when the percentage of default on loans issued was at least as high, although the absolute amount at that time was doubtless not so large. In the vast majority of cases the reason for the default is to be found in economic conditions and defaults have increased concurrently with attempts made to restrict the movements of men and the flow of goods, the very basis of the exchange of capital. Defaults have resulted in many cases from unilateral action by the debtor countries without consultation with the creditors.

With regard to the future, the Committee suggested that to prevent a recurrence of these unfortunate results steps should be taken to secure a more coordinated examination of the economic possibilities of borrowing countries before new loans are granted, and that such coordination might be achieved through the cooperation of some recognized international financial authority working through small standing committees of financial experts.

THE TREND OF INTEREST RATES

The diverse movements of market rates in 1939 are both interesting and significant. In

Europe long-term yields and with them short-term rates generally rose in the first eight months of the year, the movement becoming accentuated in the summer concurrently with the increase of international tension and reaching its climax at the outbreak of war. From this point extremely divergent trends are apparent. In the principal belligerent countries, Germany, France and the United Kingdom, the shock to the markets soon passed and by the spring of 1940 the long-term yields on government securities were as low as or lower than they had been a year before. In Italy rates remained comparatively stable all through 1939, while in Switzerland, Belgium, Holland and Scandinavia the rise of long-term rates in the summer continued in general until the end of the year and even beyond, so that the yields on government securities, for example, were some one to two per cent higher on the year. Outside Europe the United States markets, under the influence of incoming gold movements, present a picture of liquidity such as has rarely or never been seen before.

"Cheap money" posed problems for the banks in other countries besides the United States, but never in the same degree. The huge increase of deposits has raised expenses with little or no corresponding income, while it decreases the ratio of capital funds to total liabilities and thus increases the banks' vulnerability to capital losses (although, on the other hand, the risk of loss is reduced by reason of the proportionately large holdings of cash). Cash reserves earn nothing and money employed in the market next to nothing—with little demand for business loans even at present low interest rates, the banks have been virtually forced into the government bond market and questions of budget finance become of first importance to them.

Apart from the United States, France was the country where internal credit conditions in 1939 were most influenced by incoming capital movements. The financial and economic recovery dating from November 1938 and the repatriation of capital which continued without serious interruption throughout 1939 were reflected in the condition of the money and capital markets, particularly in the first half of the year. The discount rate of the Bank of France was reduced from 2½ to 2 per cent in January 1939, at which level it has since remained unchanged. The average rate for fortnightly loans against first-

class securities on the stock exchange (the "reports au parquet" or "contango" rate) was only one per cent in the first half of the year, while in the same period the yield on the 4 per cent rente of 1918 remained under 5 per cent. The market was liquid, deposits in the commercial banks increased and some 4,000,000,000 French francs of discounts and advances were repaid to the Bank of France. Government expenditure was covered by taxation and market borrowing: an issue of 5 per cent 40-year rentes at 98 brought in 10,000,000,000 French francs (cash and conversion) in May, June and July (with no gold or exchange guarantee) and no recourse was had to advances from the Bank of France.

This picture was abruptly changed in the middle of August, when the growth of political tension and the outbreak of war led to heavy demands on the Bank of France, as the following table shows:

BANK OF FRANCE—TOTAL CREDIT GRANTED
[In billions of French francs]

	1938	1939			1940
	Dec. 29	Aug. 17	Sept. 7	Dec. 28	Mar. 28
Private credit:					
Discounts.....	9.7	6.0	20.1	7.5	6.9
Advances.....	4.1	3.8	6.2	3.7	3.7
Total.....	13.8	9.8	26.3	11.2	10.6
Public credit:					
Advances to govt.....	30.6	30.6	30.6	44.7	*47.8
Total.....	44.4	40.4	56.8	55.9	58.4
Open market purchases.....	1.9	2.9	4.3	5.8	7.2
Total of above items.....	46.3	43.3	61.2	61.7	65.6
Note circulation.....	110.9	123.1	146.1	151.3	156.0

* Including 17,300,000,000 French francs from the gold revaluation profit in March 1940.

From the middle of August the commercial banks, in order to meet the demand for notes, were obliged to apply for discounts and advances at the Bank of France; but from September 7 already some reflux occurred, the banks were in a position to begin repayment of the accommodation thus obtained and at the end of the year the total volume of private credit outstanding was less than at the end of 1938. On the other hand the government, from the middle of September, drew on its advance account at the Bank of France in roughly the same rhythm as that assumed by the repayment of private credit. In 1939 the note circulation rose by about 40,000,000,000 French francs, of which 15,000,000,-

000 French francs corresponded to an extension of the credit volume (public and private) of the Bank of France while the remainder was generally a counterpart to the return of capital funds from abroad acquired by the French monetary authorities. Deposits in the four large Paris banks, which hold some half to two-thirds of the deposits of all the commercial banks, increased by some 9,000,000,000 French francs on the year, notably from August, and continued to rise in the new year, from 42,400,000,000 French francs in December, to the record figure of 46,600,000,000 French francs at the end of March 1940. The turnover of accounts is, however, sluggish judging by the volume of bank clearings in Paris, which from September to the end of the year was barely half that of the previous year.

The pressure of August-September was thus temporary—the money market soon became easier and bank deposits increased; the contango rate on the stock exchange again fell below one per cent. War financing, as in other countries, was met in the first place by short-term borrowing.

The rente market recovered in September without help from the Rente Fund (originally formed to support the prices of government securities) and early in 1940 the yield of the 4 per cent rente of 1918 again fell to around 5 per cent, but no long-term government issue has yet been made on the market. The volume of borrowing envisaged is considerable, representing an annual rate of some 220,000,000,000 French francs, compared with a total public debt before the present war of 450,000,000,000 French francs. Owing to the depreciation of the franc, however, the gold value of the public debt in 1939 was not higher than it was in 1914.

Contrary, and to some extent complementary, to the situation in France, there was a further outflow of funds from England in the first eight months of 1939. Although the operations of the Exchange Equilization Account tended to protect the short-term market, the scarcity of "outside money" (i. e. money lent to the discount market by other than clearing banks) made itself felt. The liquid funds of foreign banks, already reduced in volume, when not simply transferred abroad were more profitably employed in dollar swaps and gold arbitrage than on the money market. The Treasury-bill rate, however, remained at little over 1/2 per cent until the middle of March, from which time,

under the influence of the international situation (and with the possibility that the 2 per cent bank rate would become effective or even be increased), the rate rose to 1½ per cent in the middle of April, falling again to ¾ per cent early in May.

By and large, long-term interest rates in these first eight months of 1939 continued the upward trend which was taking government bond yields from under 3 per cent in 1935-36 towards 4 per cent.

Although these conditions were not very propitious for the new capital market, almost all issues during the year were made in the first eight months: new domestic industrial issues according to the Bank of England's compilation totalled only £39,000,000, about one-half of the figure for 1938 and less than a quarter of that for 1936.

In August 1939, as the international situation became more threatening, the efflux of capital increased in intensity. On the 24th, the day before sterling fell on the exchanges, bank rate was raised from 2 to 4 per cent, thus abruptly terminating the unbroken period of seven years during which 2 per cent had been in force. The new rate was immediately effective, the clearing banks' lending and deposit rates, Treasury-bill and other market rates all falling into line. The slump in prices of gilt-edged securities was checked by the introduction of minimum prices (corresponding approximately to the lowest prices on August 23), below which it was prohibited to deal—the price of 88½ was fixed for 3½ per cent War Loan. Fortnightly settlements on the stock exchange were abolished, and all dealing was made strictly for cash.

On the outbreak of war in September a number of emergency measures were taken: foreign exchange regulations, capital market and other controls were imposed. Exceptional discount facilities at the Bank of England (at 2 per cent above bank rate) were made available for market acceptors whose clients, on account of war conditions, failed to remit amounts due. Although the problem presented to acceptors by the war was slight compared with that in August 1914, it was complicated by the existence of about £37,000,000 German standstill credits still outstanding (some 60 per cent of which had, however, been taken off the market well before the outbreak of war).

With the market protected against an outflow of domestic capital, the strained condi-

tions of early September soon passed. Bank rate was reduced to 3 per cent on September 28 and again to 2 per cent on October 26. Market rates tended to anticipate and precede bank rate on the downward tack. A notable exception was the clearing banks' rate for loans to the market, which maintained its traditional relationship of one per cent below bank rate and thus reached its low level of one percent in October (compared with ½ per cent, i. e. 1½ per cent below bank rate, which had ruled in the exceptional period from the end of 1934 to August 1939). As short loans at this rate from the clearing banks constitute the principal resources of the discount market, the Treasury-bill rate returned to a level slightly over one per cent. With the growth of the Empire countries' sterling reserves, "outside money" became more plentiful. Aided by the reduction of bank rate and the increasing liquidity of the market, gilt-edged stocks floated clear of the minimum prices early in October and dealing, which had been very difficult, became more normal.

Increased government expenditure, due to the war, was financed, as in other countries, by short-term issues in the first place and the Treasury bills offered for tender mounted from the usual £30-40,000,000 to £55-65,000,000 weekly. In November an attempt was made to attract small savings with the issue of 5 to 10-year savings certificates and 7-year savings bonds, each giving a yield of about 3½ per cent. (Up to the end of March 1940, £120,000,000 of these savings issues had been subscribed, an average of about £1,000,000 per working day.)

The market remained liquid over the end of the year, no recourse being had to the Bank of England. A new technique of open-market operations was developed during the year, first in April 1939 and on a larger scale in December. The Bank of England made an important departure from precedent in buying considerable amounts of shortly-maturing Treasury bills direct from the clearing banks, which replenished their portfolios by purchasing longer bills from the market. The liquidity of the original ten clearing banks at the end of 1939 is shown by the fact that the increase of aggregate deposits by £163,000,000 to £2,350,000,000 during the year was covered as to over 80 per cent by an increase of liquid assets (cash, call money and bills discounted). Almost the whole of the increase of deposits and liquid assets took place

during the last four months of the year and reflects the rise of government expenditure covered by Treasury bills; the volume of "tender" bills outstanding rose from £500,000,000 in the middle of September to over £800,000,000 in January 1940. The increase of deposits at the ten clearing banks was greater in 1939 than in any year since 1932.

The growing volume of money accumulating in savings banks, insurance companies and certain extra-budgetary funds exerted its influence on the stock exchange in the almost total absence of new capital issues, and gilt-edged prices rose in a lively market. In the second half of January 1940 the conversion of 4½ per cent Conversion Loan 1940-44 (of which a large part was held by banks and market houses) into a 2 per cent 3 to 5-year loan was announced and £250,000,000 of the £350,000,000 outstanding was converted. But no "new money" was called for. On the contrary, towards the end of January a temporary ban was placed on municipal conversion offers "involving cash borrowing." Further, a series of U. S. dollar securities were mobilized, payment being made to holders in sterling early in March. By this time the weight of money had pushed long-term 3½ per cent stocks nearly to par and middle-term issues were yielding around 3 per cent.

On March 5, 1940, a £300,000,000 3 per cent 15 to 19-year War Loan was announced—to be issued at par on March 12. The £300,000,000 new long-term money received corresponded approximately to the increase in the issue of "tender" Treasury bills since the outbreak of war and was sufficient to cover requirements for three or four months at the current rate of spending.

Total government expenditures in England increased from an average of £250,000,000 a quarter in 1938 to £625,000,000 in the first quarter of 1940, that is from £2,750,000 to nearly £7,000,000 a day.

After the issue of the 3 per cent War Loan, the Chancellor of the Exchequer stated that "the policy of the Government is to aim at stability of interest rates and to secure that the yields offered on future loans, whatever their type, shall . . . be in agreement with the level of interest rates established by the terms of the recent 2 per cent Conversion Loan and of the 3 per cent Loan just issued." On March 18, 1940, a new list of minimum prices for gilt-edged stocks was published. The minimum for the new 3 per cent loan was fixed at 98, giving a maximum yield of 3.14

per cent (or under 2 per cent to the investor after deduction of income tax).

Being protected by stringent exchange regulations, the German money and capital markets are unaffected by international movements of funds but reflect the changing conditions of the domestic situation, especially changes in the volume and methods of government financing and in the business demand for capital.

Until March 1938 German Government expenditure was met partly by the issue of "special" bills which did not bear the name of the Reich and were excluded from the official statistics. As no further "special" bills were issued after April 1, 1938, the monthly statements of the public debt, summarized below, may be taken to give a picture of the current receipts from government borrowing (certain issues which produce no cash receipts, such as those made to compensate German holders of Austrian and Czecho-Slovakian government securities being omitted.)

The Finance Plan of March 1938 aimed at covering Reich expenditure in excess of current tax revenue by means of long-term loans; but some elasticity was given to the system by the issue of six-months' "delivery" bills in so far as they might be repaid on maturity. Long-term loans comprise the market issues of Treasury bonds and the so-called "liquidity" loans, 27-year bonds on tap directly to savings banks, insurance companies and social funds for the employment of their liquid resources. The monthly increase of these loans reflects the growth of savings accumulating in savings deposits, payments of life assurance premiums, etc.

"Delivery" bills were issued from April 1938 at an average of RM 500,000,000 a month and by October the total outstanding amounted to about RM 3,000,000,000 (held principally by the banks). The first bills matured and were repaid in November 1938 but further bills were issued until April 1939. The circulation of "delivery" bills was reduced month by month on maturity until in October 1939 the issue had been entirely repaid. Treasury-bill issues began to be of importance from the end of 1938.

In the fiscal year ending March 1939 long-term market loans were issued to a total of RM 5,400,000,000, while a further RM 1,900,000,000 was obtained from the "liquidity" loans, so that long-term borrowing (less amortizations of RM 800,000,000) gave a net

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amount of RM 6,500,000,000, being about 60 per cent of the RM 10,700,000,000 new money raised by government borrowing in the period. But the certificates proved difficult to digest in large amounts, for, although quoted on the bourse, they were not rediscountable and might not serve as cover for bank loans.

REICH INTERNAL DEBT—MONTHLY INCREASES OR DECREASES (—)*

[In millions of Reichsmarks]

Year and month	Short-term				Long-term				Tax certificates	Grand total
	Reichsbank (1)	Treasury bills etc. (2)	Sundry short-term loans (3)	Total (4)	Rentenbank (5)	Market issues (6)	"Liquidity" loans (7)	Net total (8)		
1938:										
April.....	—60	246	—	186	—	1,337	210	1,528	—	1,714
May.....	5	483	—	488	—	262	148	376	—	864
June.....	—19	502	—	483	—	367	37	289	—	772
July.....	18	468	—	486	—	—	10	—4	—	482
August.....	18	506	—	524	—	—	299	299	—	823
September.....	—	240	—	240	—	—	96	—173	—	67
October.....	—49	186	—	137	—	1,840	55	1,784	—	1,921
November.....	37	—213	—	—176	—	—	7	157	—	—12
December.....	53	236	10	299	—	1,171	153	1,223	—	1,522
1939:										
January.....	—	242	20	262	—	330	362	687	—	949
February.....	—	650	—10	640	—	2	328	330	—	970
March.....	—73	714	—20	621	—	100	58	2	—	623
April.....	73	994	240	1,307	—	—	10	—25	—	1,282
May.....	—	189	365	554	—	—	144	136	669	1,359
June.....	—	—92	—325	—417	—	—	811	676	829	1,088
July.....	454	—215	—281	—42	—	—	11	11	781	750
August.....	126	1,023	—	1,149	—	—	13	13	845	2,007
September.....	—461	1,320	—	859	400	—	229	528	905	2,292
October.....	324	784	—	1,108	161	—	320	481	803	2,392
November.....	—243	1,791	—	1,548	58	—	404	462	—	2,010
December.....	486	1,053	—	1,539	55	—	358	312	—161	1,690

* Only the "new" internal debt is taken into account, i. e. that contracted since 1924.

¹ Working credit, the RM 100,000,000 limit of which was removed in June 1939.

² Including certain other short-term financing, in particular the six-months "delivery" bills issued from April 1938 to April 1939 and completely repaid by October 1939.

³ In April and May 1939 a special "over-bridging" credit from the banks.

⁴ Loan to Reich corresponding to issue of Rentenmark notes to supplement the coin circulation.

⁵ No market issues were made in 1939, the amounts shown in the first quarter being delayed subscriptions to the loan of December 1938.

⁶ Issues made directly to employ the liquid resources of savings banks, insurance companies, social funds, etc.—given net, i. e. with current amortizations deducted.

⁷ Total of long-term loans less sundry amortizations.

⁸ Utilized for payments in accordance with the New Finance Plan of March 1939—not, therefore, wholly cash receipts but supplementing general revenue.

The Finance Plan of March 1939 provided that up to 40 per cent of the amount of official contracts might be paid in equal proportions of 7 and 37-months' "tax certificates" which to a limited extent had the status of legal tender and, on maturity, could, with varying advantages for individual firms, be utilized for the payment of taxes or could be held for longer periods as an investment. Expenditure was to be met in this manner and not by long-term market loans. The capital market, which for years had been reserved for Reich loans, was opened particularly for industrial bond issues.

"Tax certificates" were issued from May 1939 at an average of RM 800,000,000 a month and by the end of October the total outstanding amounted to RM 4,800,000,000.

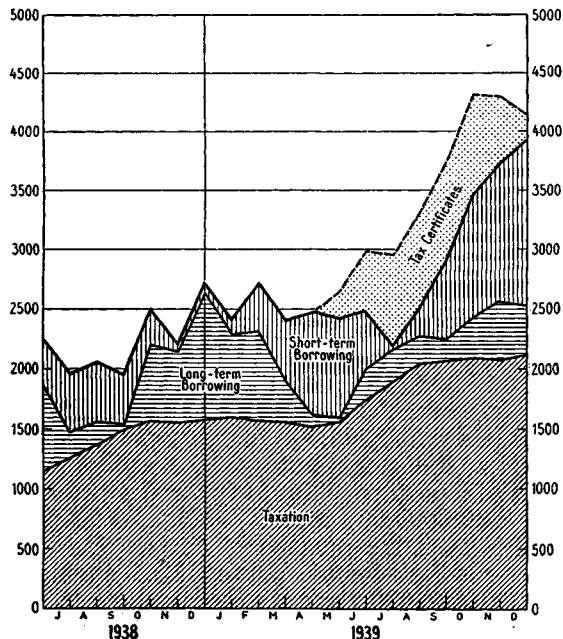
Their issue was discontinued in November and about half of the 7-months' issue of May was presented for payment of taxes in December 1939. From April 1, 1940, "tax certificates" were deprived of their qualities as means of payment.

In the nine months April to December 1939 the total borrowing of the Reich was RM 14,900,000,000 (including a net issue of RM 4,700,000,000 tax certificates) compared with RM 8,200,000,000 in the same period of 1938: no long-term market issues were made, but the long-term "liquidity" loans produced RM 2,300,000,000 against RM 1,200,000,000 in the last nine months of 1938. Net long and medium-term borrowing, including RM 670,000,000 from the Rentenbank to supplement the coinage and RM 2,400,000,000

three-year tax certificates, amounted to RM 5,000,000,000 in the last nine months of 1939, i. e. slightly over one-third of the new money raised by Reich borrowing. The higher proportion of short-term borrowing in the period is mainly due to the expansion of the Treasury-bill issue between August and November 1939 when total borrowing exceeded RM 2,000,000,000 a month. Mention should also be made of an "over-bridging" credit of RM 600,000,000 obtained from the banks and utilized in April and May 1939. This credit was repaid in June and July, when the removal of the previous limit of RM 100,000,000 on direct advances from the Reichsbank enabled fuller recourse to be had to ways and means advances. By December 1939 the total of these advances was RM 785,000,000.

It is probable that the rise in monthly expenditure was roughly parallel to the total receipts from borrowing and from taxation. To give a broader picture the following graph has been drawn up, based on a three-months' moving average of the monthly data (the quarterly figures for taxation published in the last half of 1939 being first placed on a monthly basis in the light of experience of the movement of the monthly statistics in recent years).

REICH INCOME FROM TAXATION AND BORROWING MONTHLY
[In millions of RM]



From an average of RM 2,700,000,000 a month in the first half of 1939 the actual monthly figures of total receipts rose to RM 3,750,000,000 in August and RM 5,000,000,000 in September, declining in the following months. In the five months of heavy borrowing from August to December 1939 total expenditure would appear to have been covered as to 50 per cent from taxation.

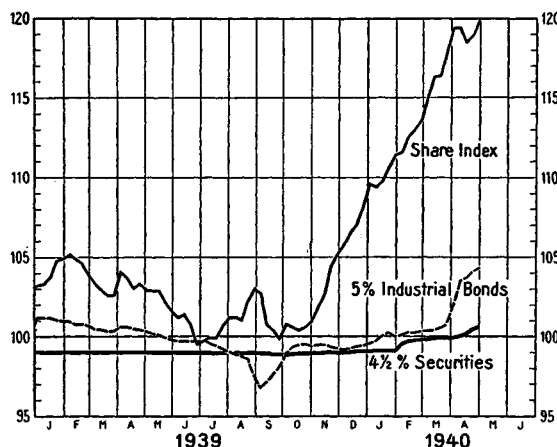
The issue of rediscountable Treasury bills in the early months of 1939 again loosened up the market and on May 2 the private discount rate was reduced by $\frac{1}{8}$ to $2\frac{3}{4}$ per cent. The new financing by tax certificates from May onwards, however, had the effect of shifting the provision of funds for government orders on to industrial concerns, thus inciting a further demand for bank advances while checking an increase of deposits. Further, the demand for bank-notes on the outbreak of war, which provoked an increase in the Reichsbank circulation from RM 8,710,000,000 to RM 10,970,000,000 in the two weeks to September 7, added to the stringency. These conditions, which continued into October, also affected the bond and share markets.

Prices of industrial bonds fell to their lowest point early in September, while to maintain quotations of government securities the Reichsbank bought RM 100,000,000 in August, RM 400,000,000 in September and a further RM 100,000,000 in October. Reich $4\frac{1}{2}$ per cent Treasury bonds were rigidly held slightly below par, but the three-year tax certificates fell to a point where the effective yield rose above 6 per cent. Conditions changed rapidly in November, when a policy of credit expansion was adopted. On the bond market the Reichsbank, to meet the growing demand, sold RM 440,000,000 of the securities it had previously bought. The issue of Treasury bills became the principal method of government financing and increasingly liquid conditions have characterized the market up to date. Deposits in the banks rose rapidly and two further reductions of the private discount rate to $2\frac{3}{8}$ per cent were made. By January the Reichsbank had sold in all over RM 1,000,000,000 securities since the last week of October, in February the market quotations of Reich bonds advanced to par and in March 1940 a new series of 4 per cent Reich Treasury certificates of about 5 years' maturity were put on the market at 99 to meet the intense demand for investment material. In May, quotations reached par.

Although it was the declared policy to open the capital market for industrial bonds in 1939, conditions in the first ten months of the year were not propitious for new loans. But from November industrial issues became possible in favorable conditions. The first loan of importance was the issue of RM 500,000,000 4½ per cent certificates (1945-49) by the German Railway Company, of which RM 300,000,000 were offered to the public at 98¾ early in November 1939. In the last quarter of 1939 issues of industrial bonds

GERMAN STOCK EXCHANGE INDEXES

[In percentage of nominal value for shares: quotation 1924-26]



Source: German Institute for Business Research.

totalled RM 130,000,000 (in addition to the railway loan), while further issues in January, February and March 1940 brought the total to over RM 900,000,000 in the twelve months since April 1939. By comparison it may be recalled that the total industrial bond issues in 1938 barely exceeded RM 100,000,000. In May 1940 RM 500,000,000 4 per cent bonds were issued by the Prussian State, of which RM 250,000,000 represented new money.

The liquidity of the money market continued in the spring of 1940 and on April 9 the Reichsbank lowered its official discount rate from 4 to 3½ per cent—the first change for eight years. Commenting on this reduction of rate, the President of the Reichsbank at the Annual General Meeting said that it was to be looked upon as only the first step towards a systematic cheap-money policy to lighten the burden of war financing, in the first place for the Reich and in due course for

the general economy of the country. Later in the month the Central Credit Committee representing the Reich groups of credit institutions announced general reductions of interest rates as from May 1, 1940. On the one hand the rate for advances was lowered from 5 to 4½ per cent, while on the other hand interest on ordinary savings deposits was reduced by ½ to 2½ per cent and on longer-term savings deposits by ¾ to 3¼ per cent.

In 1939 there was in fact very little movement in short-term rates in Switzerland: bank rate, at 1½ per cent since November 1936, remained unchanged throughout the year, while the private discount rate was adjusted only from 1 to 1¼ per cent in September. The money market, indeed, remained fairly liquid, especially after the turn of the year when a considerable reflux of notes took place.

The change of conditions in 1939 was reflected more in the long than in the short-term market. The average yield of the twelve Confederation and Railway bonds rose from 3 to 3½ per cent in the spring of 1939 and, after touching 4½ per cent in the autumn, finished the year at 4¼. The costs of mobilization and other extraordinary military outlay have been estimated at about 2,500,000,000 Swiss francs from the outbreak of war to June 1940, partly covered by the imposition of new taxes and an increase in the rate of some old extraordinary taxes.

The increase in the long-term rate is of particular importance in Switzerland, in the first place because an appreciable part of the banks' resources are obtained by the issue of 3 to 5-year bonds in the nature of fixed time deposits. Secondly, the high volume of mortgage indebtedness in the country makes the interest rate on this form of borrowing an important factor in the Swiss economy. During the year this rate also rose from about 3 to around 3¾ per cent.

Long and short-term interest rates in Holland fell with few interruptions from 1932, the cheap money movement being intensified after the devaluation of the florin in 1936 and reaching, as in Switzerland, its climax in 1938, when the total deposits at the Nederlandsche Bank, a good indication of the liquidity of the market, reached Fl. 1,000,000,000 and exceeded the volume of the note issue. Bank rate at 2 per cent was applied from the

end of 1936, but the private discount rate continued to fall to an average of only 0.2 per cent in 1938, at which time the "prolongatie" rate (for one-month loans on the stock exchange) was 0.5 per cent and the yield of the irredeemable government rente was just 3 per cent. This period of extremely cheap money was utilized by the government to reduce the interest paid on the funded debt. While in 1929 sixty per cent of the funded debt bore interest at 4.4 per cent or more, nearly the whole of this debt had been converted to a 3 per cent basis by the end of 1938.

The money market was quiet in the first seven months of 1939, except for some mild tension in March and April, which momentarily brought the private discount rate at $1\frac{3}{4}$ per cent within range of bank rate. But there was some efflux of capital, which had its clearest expression in the gradual fall of the "other" deposits at the Nederlandsche Bank (comprising principally the cash reserves of the commercial banks) from over Fl. 600,000,000 early in the year to around Fl. 350,000,000 in July, while the yield of the irredeemable rente rose quietly to $3\frac{1}{2}$ per cent.

On August 11 the failure of the Mendelssohn Bank with wide connections in Holland and other countries came as a shock to the markets. In response to a tightening of money the Nederlandsche Bank raised its rate from 2 to 3 per cent on August 29. The Mendelssohn failure and the outbreak of war put a certain pressure on the central bank, evidenced by expansion of the note issue to its highest point at Fl. 1,200,000,000 on September 4, and increases in discounts and advances. The following weeks brought some relaxation of the strain.

Meanwhile the position of the Treasury had been growing tighter. The Treasury started to issue Treasury bills on the market in May, but by August had fully utilized its deposit and was forced to borrow from the Nederlandsche Bank.

Costs of mobilization, estimated at Fl. 1,700,000 a day, and other exceptional charges abruptly raised total government expenditure—which would appear to have been covered to the extent of about 50 per cent by the proceeds of taxation. The deficit was met largely by Treasury-bill issues which found a ready market with the banks, particularly after September, owing partly to the liquidation of sterling balances. In December a 4 per cent 40-year loan for Fl. 300,000,000 was

issued in order to consolidate part of the floating debt. The amount subscribed by the public was less than Fl. 100,000,000.

In February 1940 a further 4 per cent 40-year loan for Fl. 300,000,000 was issued. These bonds could not be utilized at par for tax payments, but, in conformity with the methods used during the war of 1914-18 for the raising of government loans, the Bill authorizing the issue provided for a compulsory loan at 3 per cent if the voluntary loan were not subscribed. This loan was fully successful, being entirely taken up by the public.

The revaluation of the Nederlandsche Bank's gold holding at the end of March 1940 gave the government a profit of Fl. 132,000,000 to be credited to the Loan Fund, from which part of the costs of mobilization were defrayed.

The Belgian money and capital markets experienced somewhat disturbed conditions in 1939—the efflux of capital in the spring, the continued losses of deposits by the commercial banks and the failures in the autumn, the emergency government financing and the heavy decline of the government rente.

The failure of the Mendelssohn Bank in Amsterdam precipitated the closing of the Caisse Générale de Reports et des Dépôts of Brussels in November and of the Crédit Anversois early in December. The former was reorganized without loss to the depositors by a banking consortium, but the latter had to liquidate with payments at various rates to its depositors.

For the Northern countries the transition from peace to war conditions in Europe led to more abrupt changes on the money and capital markets than almost anywhere else. The central bank in Sweden came under pressure from three directions, from the banks as a consequence of demands for liquidity by the public, from the Treasury to meet extraordinary expenditure, and on foreign account reflecting an efflux of capital, an increased import surplus and changed conditions of foreign trade involving higher cash payments in foreign currencies.

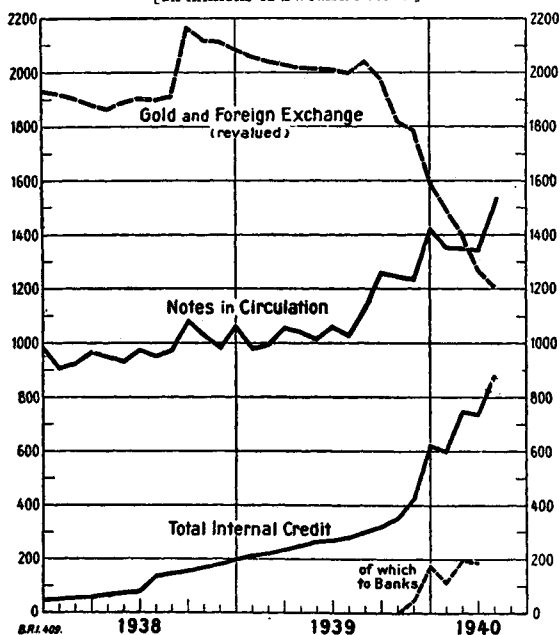
The pressure on the Riksbank may be measured by the loss of external resources plus the expansion of the note circulation. The chart on the following page shows graphically the abruptness in the change of the Riksbank's position from the summer of 1939.

On the conclusion of the civil war in Spain a period of reconstruction was inaugurated. The 5 per cent bank rate, in force without

change since 1899, had been lowered to 4 per cent in Burgos on November 27, 1938 and a similar reduction was made in Madrid on October 14, 1939. Two 3 per cent three-year reconstruction loans have been issued, for Pesetas 2,000,000,000 in October 1939 and for Pesetas 2,500,000,000 in April 1940.

SVERIGES RIKSBANK RETURN

[In millions of Swedish kronor]



In the British Empire the common factor has been the necessity for increased government borrowing to meet war expenditure, generally facilitated, since the introduction of foreign exchange restrictions in September 1939, by some decline of long-term interest rates.

The South African budget has given surpluses in recent years but the outbreak of war caused an expansion of expenditure. Although no war loan has yet been issued advantage was taken of the low level of ruling interest rates to convert on February 1, 1940, the first option date, the £14,000,000 5 per cent 1940-50 loan to a ten-year loan on a 3¾ per cent basis. The Finance Minister requested the co-operation of financial institutions in maintaining a cheap-money policy. Since the outbreak of war the cash balance of the Treasury has been high and no recourse has been had to the Reserve Bank for advances or loans.

In October 1939 the Canadian Government issued \$200,000,000 2 per cent 2-year notes to the chartered banks, of which \$90,000,000 was for the purpose of taking up and retiring Canadian issues in the United Kingdom. The first public war loan of \$200,000,000 3¼ per cent 12-year bonds was issued in February 1940 and oversubscribed by fifty per cent. The fall of bond prices on the outbreak of war had only partially been recovered by December and yields on long-term government bonds were about ¼ per cent higher on the year.

For a year and more before the war the liquidity of the trading banks in Australia declined as primary producers made additional calls on bank credit, and interest rates had been rising in spite of intervention by the Commonwealth Bank, which acquired considerable amounts of government securities. Capital-market regulations have been in force since the outbreak of war and in its Directors' Report in December 1939 the Board of the Commonwealth Bank expressed the belief that "it is desirable to keep rates of interest as low as possible," adding "The maintenance of low rates of interest, however, depends on a number of factors of which central bank action is only one. An excessive rise in prices, for example, might make it impossible to keep interest rates low." So far no such rise had taken place in Australia.

The direct advances of the Reserve Bank to the government which had risen to £N.Z. 17,500,000 at the end of 1938 (against £N.Z. 7,100,000 at the end of 1937) continued to rise in 1939 to £N.Z. 20,000,000 in March. But, with the export of capital prohibited, the market became easier and long-term rates declined partly under the influence of purchases of government securities by the trading banks.

Persistent monthly issues of government bonds for rising amounts have, after two and a half years, produced some fatigue on the market in Japan, and recently assimilation of the bonds has proved more difficult. In round figures the monthly issues since the beginning of hostilities in China in the middle of 1937 have been as shown on the table on the following page.

While the external debt has remained practically unchanged—falling slightly with the regular amortization to its booked amount of Yen 1,267,000,000 at the end of 1939—the internal bonded debt has more than doubled from Yen 9,270,000,000 in July 1937 to Yen

Foreign Banking Laws and Reports

JAPANESE GOVERNMENT BOND ISSUES

[In millions of yen]

Month	1937	1938	1939
January.....		300	400
February.....		300	300
March.....	185	330	430
April.....		200	300
May.....		300	400
June.....		400	400
July.....		300	400
August.....	200	400	500
September.....		400	500
October.....	300	700	600
November.....	200		400
December.....	600	700	660
Total issues for year.....	1,485	4,330	5,290

Japan has, however, had to take up increasing amounts of the bonds issued; the three-years' increase in its government bond holding, Yen 1,588,000,000, is paralleled by the increase of the note issue in the same period by Yen 1,813,000,000 to Yen 3,679,000,000. The sharply increasing price level is doubtless one of the causes of the rising cost of the war. The total budget expenditure has more than doubled and is now over Yen 10,000,000,000 a year, *i.e.* greater than the total internal debt in the summer of 1937.

Notwithstanding the increase in the government debt, the yield of government bonds has fallen over the past three years from 4.0 to 3.8 per cent and at the same time the market has been open to other issues.

20,250,000,000 at the end of 1939 in spite of increases of taxation in each fiscal year.

Government issues are made through the Bank of Japan, which has been able to place the greater part of the issues with other banks and institutional investors. At the end of 1939 these banks, savings banks, trust and insurance companies held over three-quarters of the total internal bonded debt. The Bank of

Perhaps the most striking feature of the experience of the past year on the world's credit and capital markets as a whole has been the extraordinarily efficient working of the internal liquidity mechanism in the face of most difficult conditions. In August 1914 the mechanism temporarily broke down

**OFFICIAL DISCOUNT RATES OF CERTAIN CENTRAL BANKS
1914-15 AND 1939-40.**

1914-15	Belgium	England	France	Germany	Holland	Italy	Sweden	Switzerland	U. S. A.
Rates prevailing 1914, July 28.....	4	3	3½	4	3½	5	4½	3½	
Changes made 1914:									
July 29.....					4½				
July 30.....	5	4	4½					4½	
July 31.....	6	8		5			5½	5½	
Aug. 1.....		10	6	6	6	6			
Aug. 3.....	7						6½	6	
Aug. 6.....		6							
Aug. 8.....		5							
Aug. 17.....	6								
Aug. 20.....			5		5				
Aug. 27.....	5								
Aug. 28.....									
Sept. 10.....							6		
Nov. 9.....						5½		5	
Nov. 16.....				5					*6
Dec. 22.....									5
Changes made 1915:									
Jan. 1.....								4½	
Jan. 7.....							5½		
Feb. 3.....									4½
Feb. 18.....									4
Rates in effect 1915, March 31.....	5	5	5	5	5	5½	5½	4½	4
1939-40									
Rates prevailing 1939, Aug. 23.....	2½	2	2	4	2	4½	2½	1½	1
Changes made 1939:									
Aug. 24.....		4							
Aug. 29.....					3				
Sept. 28.....		3							
Oct. 26.....		2							
Dec. 15.....							3		
Changes made 1940:									
Jan. 25.....	2								
April 9.....				3½					
Rates in effect 1940, April 30.....	2	2	2	3½	3	4½	3	1½	1

* Rate quoted on opening of Federal Reserve Bank of New York for 60 to 90-day paper.

when the first shock came: bank rates rose up to 6-10 per cent, general moratoria were proclaimed, stock exchanges closed for months and some of the most liquid assets were frozen up. The contrast with 1939 is remarkable as far as domestic markets are concerned—few movements of bank rate, a few unimportant restrictions on the withdrawal of bank deposits and modifications of conditions of payment for mobilized men, stock exchanges open almost without interruption and few claims to liquidity which could not readily be met.

The table on page 1090 gives a review of bank rate changes in 1914-15 and 1939-40 for nine central banks.

In some measure the movement of interest rates in 1914 was no doubt dependent on the long-term upward trend since the beginning of the century. Immediately upon the outbreak of war central bank rates were raised from 3-5 per cent in July to 6-10 per cent early in August. After eight months of war the general level of 5 per cent had been reached in Europe, which by and large remained in force as a minimum during the next four or five years. None of the eight European rates was reduced below $4\frac{1}{2}$ per cent during the war and this rate was quoted only in Holland and Switzerland.

In August 1939 six of the European rates were between $1\frac{1}{2}$ and $2\frac{1}{2}$ per cent inclusive, one was at 4 and one at $4\frac{1}{2}$ per cent. Only the Bank of England and the Nederlandsche Bank raised their rates when war was imminent, followed by the Sveriges Riksbank in December. (If, besides the countries shown in the table, the whole of Europe be considered, the increases in Norway and Denmark in September should be added.) The Bank of England soon returned to its earlier rate while rates in Belgium and Germany were reduced in 1940. After eight months of war two of the eight European rates were higher and two lower on balance, while the range of rates $1\frac{1}{2}$ - $4\frac{1}{2}$ per cent was the same as before the war.

Two things are striking about the table—the relative lack of disturbance in 1939-40 compared with 1914-15 (seven changes for eight European banks in eight months against thirty changes) and the relatively low rates in force after eight months of war (a range of $1\frac{1}{2}$ - $4\frac{1}{2}$ per cent against $4\frac{1}{2}$ - $5\frac{1}{2}$ per cent). The low rates are the resultant of a number of forces reflecting the recent trend towards a reduced level of interest payments and the

modern tendency towards markets closed against outside influences by foreign exchange restrictions.

The outbreak of war caused less disturbance on the money and capital markets in 1939 than in 1914, partly because the banks and other credit institutions were more prepared for it, particularly after the rehearsal in September 1938, but also because the old conception of liquidity has changed. Up to the time when the Federal Reserve System was founded in 1914 it was considered that central bank credit should be based essentially upon the rediscount of commercial bills which were "self-liquidating" (by the sale of the goods they represented at or before maturity)—a system most advantageous from a monetary and other points of view, as long as sufficient material of the kind demanded was available in the markets. But changes in the financing of trade have led to the virtual disappearance of the commercial bill in many countries and the classic conception of liquidity has been found inadequate in modern conditions. In the United States the theory of "shiftability" was developed—any assets for which there was a high degree of marketability were considered liquid—while the evolution of the American banking law and Federal Reserve policy has been towards increased emphasis on "sound" business rather than "liquidity" as expressed by the form of the contract or instrument or by maturity date. There is, in fact, a parallel evolution in many European countries although often more or less disguised by the erection of some special institution between the central bank and the primary borrower. Thus almost everywhere the basis of central-bank credit has been widened, at any rate as regards short-term transactions.

As regards the long-term markets, represented particularly by stock exchange business in government bonds, no uniform technique has been evolved, although stock exchanges, with few exceptions, have been kept open throughout the worst crises. Generally central banks have assumed some responsibility for the orderly conduct of the bond markets, but in view of the volume of transactions and the possibilities of severe capital losses have rightly shown themselves anxious not to become the "shifter of last resort." The Federal Reserve Banks have openly accepted some responsibility for "maintaining orderly market conditions" and by co-ordinated purchases steadied the government

bond market at a time of severe pressure. The Reichsbank and the National Bank of Belgium have also supported the government bond market, while the Banco Central in the Argentine did the same for account of the Ministry of Finance. Experience of official intervention of this nature in the past points to the conclusion that, so long as the operations are conceived as temporary measures to meet some emergency, they may prove effective in maintaining orderly conditions and beneficial as a rallying-point to steady the market. But official intervention to peg particular prices, especially if this be against the long-term trend, may be very costly and also lead to a distortion of the whole credit structure.

As a contrast to direct or indirect use of central-bank credit to support the government bond market, mention may be made of the technique of "minimum prices" for stock exchange dealings introduced in England and Sweden. Under this system dealings tend to dry up when the minimum is reached, but persons requiring cash against their bonds can generally borrow against them from the commercial banks, if their need be urgent enough. In Sweden several adjustments were made in the minimum prices by the Stock Exchange Committee: in England the market floated off the minimum prices after a few weeks at the beginning of the war and the minima were readjusted upwards to a little below the new quotations. Other measures such as legal authority to carry government bonds at par for balance-sheet purposes are used in the United States to check indiscriminate selling. Some of these interventions are probably temporary expedients, but others seem to be in line with a more permanent development.

The first shock of the outbreak of hostilities was thus generally overcome with relatively little disturbance. So far government borrowing to defray the immense costs of a modern war or to meet heavy mobilization expenses in neutral countries has mostly had the character of emergency financing. There has not, as a rule, been time to frame long-term programs, just as it cannot yet be told what may be the eventual effects on currency and credit conditions of heavy government borrowing over a protracted period.

CENTRAL BANKING DEVELOPMENTS

The immense financial requirements of the State and the violent changes in production,

distribution and consumption in times of modern warfare have necessarily had a direct influence on the activities of central banks—the ultimate source of liquidity in credit systems. Important changes have taken place in the past year in central banking statutes and practices, related to three main developments:

- (i) the intense demand for internal liquidity, which had already arisen temporarily in September 1938, was renewed and accentuated in the latter half of 1939;
- (ii) the enormous cost of armaments, mobilization and actual warfare gave rise to an urgent demand for extraordinary state financing, only to be fully satisfied in many cases by direct resort to central bank credit;
- (iii) increased imports and other expenditure abroad made serious inroads into official reserves of gold and foreign exchange.

With the growth of international tension in the summer of 1939 leading up to the outbreak of war, the demand for currency by the public increased in a measure never before experienced. The note circulation in all European countries and in many countries overseas rose to record figures. Some new hoarding of foreign bank-notes occurred, particularly of Swiss francs and dollars, but the amounts involved were not so important as other forms of hoarding. Furthermore, in those countries where the population was mobilized cash requirements increased with the rise in government payments, and also on account of partial evacuations and voluntary withdrawals from closely-settled areas, which, besides involving extra outlay, took individuals and firms from their usual banking connections. The advance in retail prices in Europe generally may also have contributed to a certain expansion of the note circulation. In the case of the United States and Canada some part of the increase in note circulation during the latter half of 1939 was no doubt due to the rise in industrial activity and the growth in consumers' income.

Notes which are hoarded do not for the time being enter into active circulation; this explains why the sudden upward leaps in the volume of notes, especially in the autumn of 1939, have of themselves had little effect on the actual demand for goods and services. As long as confidence in the stability of a cur-

rency remains—and an increased hoarding of notes ought to be a sign of such confidence—there is no reason to fear an inflationary effect as a result of hoarding, which, in a certain degree, may even be an expression of current savings. Should panic-scale buying set in, however, the fact that considerable amounts of notes are already in the hands of the public makes it less easy to check an expansion of active purchasing power than when savings are held as bank deposits or in the form of more permanent investments. One effect of the propensity to hoard, and also of the greater holding of notes generally, is that changes in note circulation no longer form a reliable index of the presence or absence of inflationary tendencies. It then becomes all the more important to consider the general effects of extensions of credit for governments and other borrowers. Inflationary tendencies may be offset by forces acting in the opposite direction, as is the case, for example, when monetary reserves are used for foreign payments, or the inflationary pressure is counteracted by direct control of costs and commodity prices and by appropriate methods of government borrowing designed to recapture for the state any excess of monetary purchasing power in the hands of the public.

The amount of notes hoarded is, of course, difficult to indicate with exactitude, but some general estimates are available. In the Annual Report of the Bank of France for 1939 it is said that of approximately 25,000,000,000 French francs in notes put into circulation between August 17 and September 17, 1939, constituting a 20 per cent increase in circulation, the greater part went into emergency hoards of private persons. The President of the Board of the Swiss National Bank said in his speech to the General Assembly of the Bank that the volume of domestic and foreign hoarding of Swiss notes was at least 600,000,000 Swiss francs at the end of 1939, out of a total circulation of 2,050,000,000 Swiss francs.

In a number of countries an expansion of the note circulation in 1939 was carried through without difficulty by the simple conversion of large amounts of cash held with the central bank in the form of deposits already owned by private credit institutions. Thus in Switzerland, for example, the deposits held with the Swiss National Bank were drawn down 317,000,000 Swiss francs between August 1, 1939, and the end of the

year, while the note issue rose by 309,000,000 Swiss francs over the same period. In the same way the expansion in the Federal Reserve note circulation in the United States was easily effected out of the excess reserves of the banking system.

In addition to these methods of credit expansion, borrowing facilities for governments under existing or amended regulations provided in many instances the basis for the increase in note circulation. Occasionally—as in the Netherlands—borrowing by the government could take place within the existing legal framework which fixed the relations between the government and the central bank. Frequently, however, it was found necessary to render the existing regulations less stringent in order to increase the government's ability to obtain funds from the central bank, whether directly or indirectly, through open-market operations.

The French Government, for example, by a decree of September 1, 1939, approved and put into effect the provisions in the convention of September 29, 1938, under which advances up to 25,000,000,000 French francs were to be made available by the Bank of France to the Treasury at the time of general mobilization, the rate of interest being one per cent, to be raised to 3 per cent one year after the cessation of hostilities. In the further convention between the Bank of France and the French Treasury of February 29, 1940, a new advance up to 20,000,000,000 French francs was agreed upon in the form of negotiable Treasury bills, carrying no yield while held by the Bank, but receiving interest at market rates when sold. In Germany the law of June 15, 1939, concerning the German Reichsbank had already, prior to the war, abolished the fixed limits of RM100,000,000 for the working credits to the Finance Ministry and RM400,000,000 for the discounts of Treasury bills and had left it to the Führer and Reich Chancellor to determine the new limits. In Switzerland the Board of the National Bank increased the upper limit of the discount of the Swiss Government on September 15, 1939, as a precautionary measure. In Belgium amendments to the statutes of the National Bank of September 23, 1939 (in accordance with the Royal Decree of August 24), gave the National Bank power to discount, buy and sell short or medium-term paper issued or guaranteed by the Belgian State, by the Congo Colony or by the Grand Duchy of Luxemburg, and to buy and sell

national securities issued at long term and quoted on the stock exchanges to an amount of 5,000,000,000 Belgian francs as compared with 500,000,000 Belgian francs previously. In addition, the National Bank was empowered to buy public securities up to an amount corresponding to its capital reserves and amortization funds.

In the United Kingdom, immediately after the outbreak of the war the Chancellor of the Exchequer announced on September 6 that the Bank of England would transfer almost its entire gold stock to the Exchange Equalization Account, at the same time raising the fiduciary issue from £300,000,000 to £580,000,000 and abolishing all limitations of the Exchange Equalization Account's powers to borrow against Treasury bills. A similar transfer of gold and foreign exchange from the Bank of Canada to the Canadian Foreign Exchange Control Board took place in early May 1940 to the amount of \$250,000,000. In France the statutory 35 per cent gold cover for the note circulation was suspended at the outbreak of war, and at the time of the convention between the Bank of France and the French Treasury in February 1940 30,000,000,000 French francs of gold was transferred from the Bank of France to the Exchange Stabilization Fund against negotiable bills which may be sold or repurchased on the open market. In Germany the law of June 15, 1939, regarding the German Reichsbank finally relieved the Bank of its obligation (previously in suspense) to redeem its notes in gold and foreign exchange and provided that reserves in gold and foreign exchange should be held to the amount that the Reichsbank deemed necessary to provide for the settlement of payments abroad and the maintenance of the value of the currency. In Sweden, a law of December 22, 1939, changed certain provisions in the law of the Riksbank, and on January 31, 1940, on the basis of these powers, the primary cover of the note circulation, which had previously been limited to gold at home, was extended to comprise also gold abroad, thus permitting the Riksbank to place further amounts of its gold under earmark abroad.

In Japan, where the fiduciary issue of the Bank of Japan had been increased from Yen 1,000,000,000 to Yen 1,700,000,000 on April 1, 1938, a further increase to Yen 2,200,000,000 was authorized on April 1, 1939. In December 1939, however, the average note circulation exceeded the amount of the fiduciary

note issue plus roughly Yen 500,000,000 in gold held by the Bank of Japan, and under the existing provisions the Bank was then required to pay a 3 per cent tax to the Treasury on the amount of excess note issue.

The increase in the amount of notes a central bank could issue was, however, in some instances brought about through a revaluation of gold holdings. Through the convention of February 29, 1940, already mentioned above, the gold stock of the Bank of France was again revalued at a new rate of 47,605 French francs or at almost the same price (47,608 French francs) as had been set by the Bank each day since September 13, 1939. The book profits from the revaluation, the fourth undertaken since the devaluation in 1936, amounted to about 17,300,000,000 French francs, which, together with around 3,000,000,000 French francs from the resources of the Exchange Stabilization Fund, were ceded to the government to be used for repaying to the Bank of France temporary advances granted between 1936 and 1938.

On March 31, 1940, the gold stock held by the Nederlandsche Bank was revalued at a price equivalent to the depreciation of the currency by about 18 per cent, compared with the actual 22 per cent depreciation of the guilder against the dollar. Out of the revaluation profits the government received Fl.132,500,000 and the Nederlandsche Bank Fl.13,900,000, which were used to the extent of Fl.7,600,000 to write off remaining losses on sterling (from 1931), the balance of Fl.6,300,000 being utilized to replenish the Bank's open reserve. At the end of February 1940 the Minister of Colonies of the Netherlands proposed a similar revaluation for the Fl.133,000,000 gold stock of the Bank of Java.

When on January 31, 1940, the Swedish Government, in virtue of the law of December 22, 1939, amended the provisions regarding note cover for the Riksbank, the gold holdings of the Bank were calculated at the current value of 4,726 Swedish kronor per kilogram as compared with the parity value of 2,480 Swedish kronor, but only for the purposes of calculating the right of note-issue. Actually no formal revaluation took place and hence no formal "profit" was made available. On the weekly statements of the backing for the note circulation of the Riksbank, gold has been entered at the current value, whereas on the monthly balance sheets the old valuation has been retained. On Oc-

tober 5 the National Bank of Yugoslavia was permitted, in computing its ratios of gold cover to note circulation and sight obligations, to calculate the value of its gold at the actual dinar value, involving a premium of 60 per cent above the "stabilized" dinar value compared with the premium of 28½ per cent at which gold was carried. In the balance-sheet of the National Bank, however, no revaluation of the gold holding was shown.

The changes in central bank regulations and practices indicated above have been associated with the urge for liquidity, the pressure on government finance and increased foreign payments, but changes were also made for other reasons during the year, as e. g. in connection with jurisdiction over areas affected by the war, increase in government control, etc.

A German decree of September 5 provided for the transfer of the management of the Bank of Danzig to the Reichsbank and also made provision for the liquidation of the Bank. On September 11 the Bank ceased issuing gulden notes and its office began operations as a branch of the Reichsbank.

After the outbreak of hostilities between Germany and Poland on September 1 the Bank Polski was evacuated from Warsaw on September 5. Its gold stock and part of its personnel having been transferred to Paris, the Bank was reopened for business on a modified basis in that city during the month of October. In the territory of Poland occupied by Germany, Reichskreditkassen were organized. When later a distinction was made between the districts of Poland incorporated into the German Reich and those placed under the Governor-General, the Reichskreditkassen in the districts incorporated into the Reich were transformed into branches of the Reichsbank. In the Governor-Generalship a decree of December 15 provided for a new Bank of Issue in Poland. Until this Bank was opened in April 1940 Reichskreditkassen operated on a zloty basis with a head office first at Lodz and then at Cracow.

The trend towards government control of central banking has naturally been accentuated by the exigencies of the war and may be illustrated by the emergency powers given to governments to make changes by decree in central bank regulations, as under the Defense (Finance) Act in England and the enactment of the law of December 22 in Sweden. The German Reichsbank Law of June

15, 1939, contains the provision that the Bank is to be managed and directed in accordance with and under the direct supervision of the Führer and Reich Chancellor, a provision which incidentally gives the Bank equal status with the various government departments. By the same law the name of the Bank was altered from the Reichsbank to the German Reichsbank; holdings of shares were restricted to German nationals eligible for citizenship and to legal persons or concerns within the German Reich. Within the Bank itself the position of the President was strengthened by his being given the decisive voice on the Board of Directors. The former Central (Advisory) Committee of the shareholders was replaced by an Advisory Council, which serves as a link with German trade and industry.

Further changes were made in the statutes of the German Reichsbank on September 30, 1939, covering a number of minor matters including the management of branches, the rights of shareholders, the procedure for the annual meeting and so forth. The terms were fixed for the constitution of the Advisory Council and provision was made for the establishment of Regional Advisory Councils associated with the more important branch offices of the Bank. At a meeting of the Advisory Council on October 29, 1939, a general committee was formed and in addition special committees for credit, capital market, stock exchange, currency and foreign trade.

The tendency to increase government control over the central bank, which began to make itself felt in New Zealand in 1935, reached its culmination in the Reserve Bank of New Zealand Amendment Act of 1939, passed as a part of the war finance legislation. This Act requires the Governor and the Bank Board to give effect to government decisions, empowers the Minister of Finance to suspend or vary the reserve ratio and authorizes the revaluation of the Bank's gold to market value and the holding of the profit thereon in a special reserve on behalf of the government.

Cooperation among central banks has, of course, been interrupted for the time being between the institutions of the belligerent countries, but in other directions some developments are to be found, largely regional in character. In January 1939 the Governors of the national banks of the Balkan Union (Yugoslavia, Roumania, Greece and Turkey) met in Belgrade to discuss technical financial

questions of common interest and arranged for closer collaboration in the financial sphere. On October 14 and 15, 1939, meetings took place in Copenhagen between representatives of the central banks of Denmark, Finland, Iceland, Norway and Sweden. Akin to this regional cooperation among central banks, although different in form, have been the conferences among representatives of the 21 American Republics, which have led to the establishment of an Inter-American Economic and Financial Advisory Committee maintained in Washington for the discussion of problems of trade and finance arising from the war in Europe. This Committee was established by a resolution of a meeting of Foreign Ministers of American States, which took place in Panama in September 1939; acting in accordance with a further resolution adopted by a Pan-American Conference of Treasury Department Representatives in Guatemala in November, the Committee has drawn up plans for the establishment of an Inter-American Bank.

In the plan for the Inter-American Bank a considerable part is allotted to the governments, as regards both the direction and the transactions to be undertaken; and the establishment of this Bank thus provides another example of the tendency to increase government influence in the sphere of central banking. In European countries this tendency more clearly reflects the urge to strengthen government authority in times of national emergency when monetary policy becomes increasingly subordinated to the immediate needs of the State. Although the formal independence of central banks—as part of the system of safeguards which has gradually been developed to guarantee monetary stability—is generally reduced by these emergency measures, the actual field of activity of most central banks is perhaps rather expanded. In so far as authority tends to be centralized in times of great difficulty, the central banks acquire new functions to perform, which they, by reason of their close association with money and exchange markets, are better fitted to carry out than the ordinary government departments. Moreover, the part which central banks play as advisers to their governments assumes greater importances when government control is extended to previously unregulated sections of the national economy and pressing fiscal and financial problems have to be solved.

CONCLUSION

In a large part of the world ordinary economic and financial considerations are now overshadowed by the necessities of war. Much of the intensified government control, the diversion of trade and the disruption of the economic and financial systems will, it must be hoped, be only temporary in character; but below the tumult of the war no doubt more fundamental changes are taking place which will have repercussions on the future life not only of Europe but of the whole world. What these developments may be necessarily escapes in large measure the contemporary observer; but the post-war generation will have to face the problems created by the war and will in addition feel the impact of the more deep-seated long-trend changes.

It is of paramount importance to have ready at the end of hostilities as clear a picture as can possibly be made of the economic and financial situation and the problems to be dealt with. Not only must delay be avoided but such mistakes as are due to insufficient knowledge and lack of skilled organization should be reduced to a minimum. Post-war relief and reconstruction—with the means available to the modern world and especially if accumulated resources are put to active use—should not be too great a task, however formidable the disruption may have been. With all the practical experience gained in the past twenty-five years much more is known about monetary and commercial problems than in the period following the last war, and the world is in many respects far better equipped to grapple with the questions at issue.

It is remarkable to what extent men's minds in nearly all nations have turned to the problems of economic and financial organization which will beset the world when the war is over. Apart from certain data kept secret for military or similar reasons the amount of information available as to the tendencies and problems in the various countries is not inconsiderable, and, with the help of national institutions, the possibilities of presenting an analysis of the situation prevailing at the end of the war should be great. In the end the desire of nations to cooperate and organize the world in a reasonable manner is, of course, the decisive factor without which no amount of specialized skill can achieve results; but, given the will to cooperate, adequate means should be ready at hand for the pressing work of reconstruction.

National Summary of Business Conditions

Compiled September 16 and released for publication September 18. Figures shown on charts may differ from preliminary figures used in text. Later developments are discussed on pages 1029-1039 of this BULLETIN.

PRODUCTION and employment in August showed a further rise from the level maintained in June and July and distribution to consumers also increased. Prices of industrial materials were somewhat higher in the middle of September than a month earlier.

Production

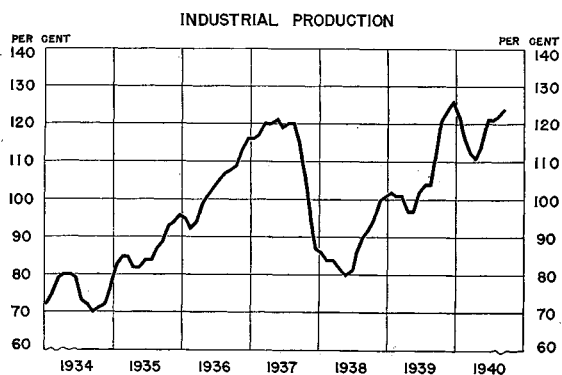
The Federal Reserve index of industrial production is estimated at 123 in August as compared with 121 in June and July and 111, the low point for the year, in April. This rise has reflected chiefly the direct and indirect effects of the defense program on industries producing durable goods and textiles. Steel production rose further in August as new orders for steel continued in large volume, and for the month as a whole mills operated at 90 per cent of capacity. Following a temporary decline over the Labor Day week, the rate of output advanced to 93 per cent of capacity in the third week of September. In most branches of the machinery industries activity showed a continued expansion in August and there were further sharp increases in shipbuilding and the manufacture of aircraft. With the growth in production of finished durable goods, consumption of nonferrous metals advanced to the highest levels since last winter.

Output of automobiles was in small volume in August owing to the seasonal change-over to 1941 model cars. The low point in production was reached early in August; there was a gradual rise later in that month followed by a sharp advance in the first two weeks of September as most companies began volume production on new models. Lumber production, which had declined in July, rose considerably in August.

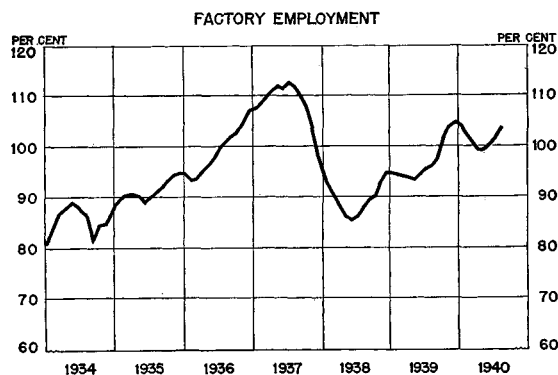
Textile mill activity continued to increase in August and was at the highest level since last January. Cotton consumption advanced considerably further and silk deliveries rose from the small volume of recent months. Activity at wool textile mills increased seasonally, following a sharp rise in July, while at rayon mills activity showed a less than seasonal increase but continued at a high level.

Mining of bituminous coal in August was maintained in large volume for the season, while production of anthracite declined. Output of crude petroleum declined somewhat further.

Value of new construction work undertaken in August was at about the same level as in July, according to reports of the F. W. Dodge Corporation and the Federal Reserve



Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100.



Monthly index of number employed at factories, adjusted for seasonal variation, 1923-1925 average = 100.

Bank of San Francisco. The volume of contracts for public projects continued unusually large and the amount of new private work started was larger than in July. Residential building was at the highest level in recent years, on a seasonally adjusted basis, reflecting further increases in both private and public contracts.

Distribution

Distribution of commodities to consumers increased considerably from July to August. Sales at department stores and by mail order houses showed a sharp rise and there was a less than seasonal decline in variety store sales. In the early part of September department store sales continued to increase.

Freight-car loadings advanced from July to August when little change is usual. Shipments of coal and miscellaneous freight increased while loadings of grain showed more than a seasonal decline.

Commodity Prices

Prices of several industrial materials, including copper, zinc, steel scrap, lumber, hides, and print cloth, advanced somewhat from the middle of August to the middle of September and, owing partly to seasonal developments, prices of foodstuffs were also higher. Prices of most other commodities

showed little change in this period, although some paper items were reduced and several new models of automobiles were announced at advanced prices.

Agriculture

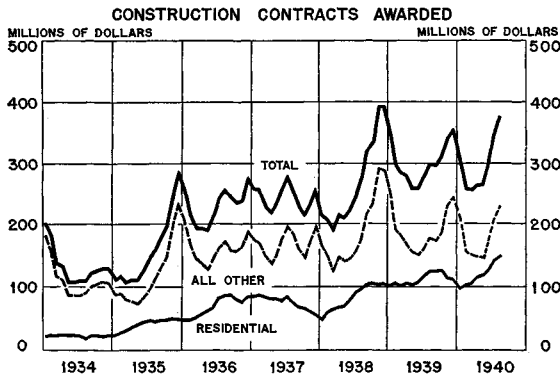
Production prospects for most major crops increased during August, according to the Department of Agriculture. On the basis of September 1 conditions the cotton crop was estimated at 12,772,000 bales, about 1,340,000 bales more than was indicated at the beginning of August. Preliminary estimates by the Department indicate that cash farm income, including Government payments, will be about \$8,900,000,000 for the calendar year 1940 as compared with \$8,540,000,000 last year.

Bank Credit

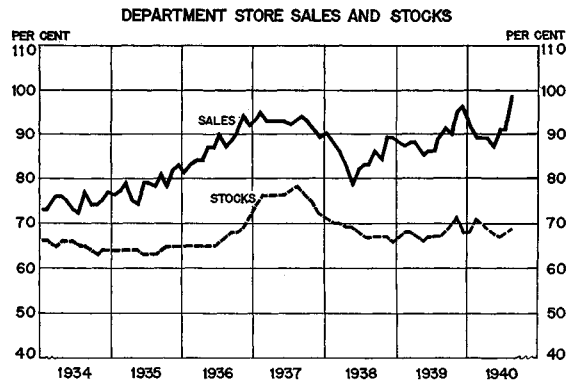
Commercial loans increased somewhat at banks in New York City and in 100 other leading cities during the four weeks ending September 11, while their holdings of investments showed little change.

United States Government Security Prices

United States Government security prices increased in the last half of August and the first week in September and were steady in the second week in September.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for July and August and estimate for September.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100.

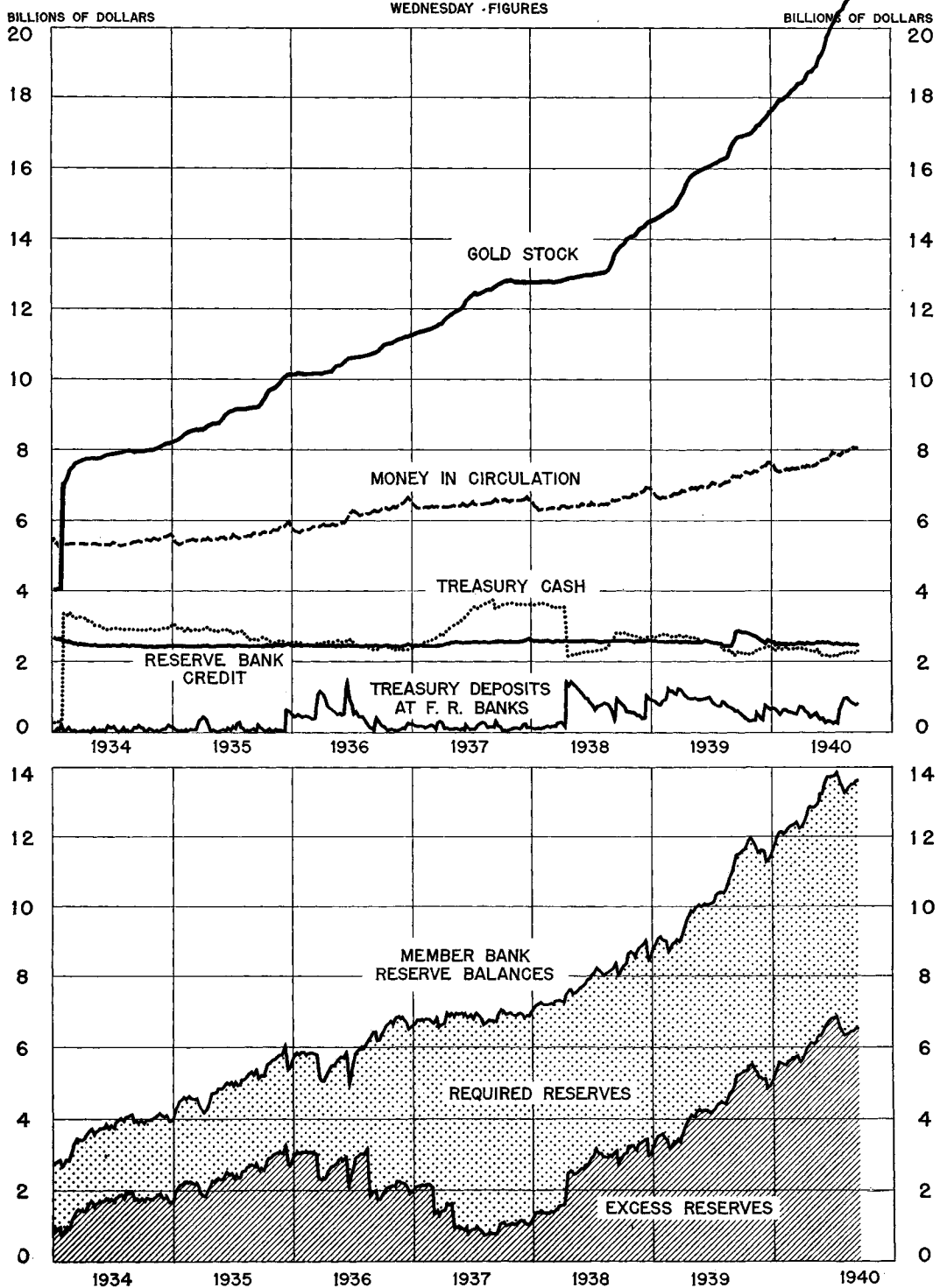
FINANCIAL, INDUSTRIAL, AND COMMERCIAL STATISTICS

UNITED STATES

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Tables on the following pages include the principal available statistics of current significance relating to financial and business developments in the United States. The data relating to the Federal Reserve Banks and the member banks of the Federal Reserve System are derived from regular reports made to the Board; index numbers of production are compiled by the Board on the basis of material collected by other agencies; figures for gold stock, money in circulation, Treasury finance, and operations of Government credit agencies are obtained principally from statements of the Treasury, or of the agencies concerned; data on money and security markets and commodity prices and other series on business activity are obtained largely from other sources. Back figures may in most cases be obtained from earlier BULLETINS and from Annual Reports of the Board of Governors for 1937 and earlier years. Current figures compiled by the Board are generally released prior to publication in the BULLETIN and press statements will be sent without charge to those wishing them. For a list of current releases see FEDERAL RESERVE PUBLICATIONS at the back of this BULLETIN.

MEMBER BANK RESERVES AND RELATED ITEMS



Latest figures for September 25. See page 1101.

FEDERAL RESERVE BANK DISCOUNT RATES

[Per cent per annum]

Federal Reserve Bank	Rediscounts and advances under sections 13 and 13a of the Federal Reserve Act except last paragraph of Section 13				Advances under Section 10(b) of the Federal Reserve Act		Advances secured by direct obligations of the United States (last paragraph of Section 13 of the Federal Reserve Act)			
	Secured by direct and eligible guaranteed obligations of the U. S.		All other				To banks		To others	
	Rate Sept. 30	In effect beginning—	Rate Sept. 30	In effect beginning—	Rate Sept. 30	In effect beginning—	Rate Sept. 30	In effect beginning—	Rate Sept. 30	In effect beginning—
Boston.....	1	Sept. 1, 1939	1	Sept. 1, 1939	2	Sept. 2, 1937	1	Sept. 1, 1939	2½	Apr. 29, 1938
New York.....	1	Aug. 27, 1937	1	Aug. 27, 1937	2	Oct. 10, 1935	1	Aug. 25, 1939	3½	Feb. 8, 1934
Philadelphia.....	1½	Sept. 4, 1937	1½	Sept. 4, 1937	2	Sept. 4, 1937	1½	Sept. 1, 1939	2½	Sept. 1, 1939
Cleveland.....	1½	May 11, 1935	1½	May 11, 1935	2	Oct. 19, 1935	1½	Sept. 1, 1939	3½	May 11, 1935
Richmond.....	1½	Aug. 27, 1937	1½	Aug. 27, 1937	2	Sept. 10, 1937	1½	Sept. 1, 1939	4	Feb. 19, 1934
Atlanta.....	1	Sept. 16, 1939	1½	Aug. 21, 1937	2	Aug. 21, 1937	1	Sept. 16, 1939	2½	Apr. 23, 1938
Chicago.....	1	Sept. 1, 1939	1½	Aug. 21, 1937	2	Aug. 21, 1937	1	Sept. 1, 1939	4	Oct. 16, 1933
St. Louis.....	1	Sept. 21, 1939	1½	Sept. 2, 1937	2	Sept. 2, 1937	1	Sept. 16, 1939	4	Feb. 23, 1935
Minneapolis.....	1½	Aug. 24, 1937	1½	Aug. 24, 1937	2	Aug. 24, 1937	1½	Sept. 1, 1939	3	Oct. 8, 1938
Kansas City.....	1	Sept. 16, 1939	1½	Sept. 3, 1937	2	Sept. 3, 1937	1	Sept. 16, 1939	2½	Apr. 16, 1938
Dallas.....	1	Sept. 16, 1939	1½	Aug. 31, 1937	2	Aug. 31, 1937	1	Sept. 16, 1939	2½	Apr. 16, 1938
San Francisco.....	1½	Sept. 3, 1937	1½	Sept. 3, 1937	2	Sept. 17, 1937	1½	Sept. 1, 1939	4	Oct. 19, 1933

¹ Two and one-half per cent to lenders other than banks. NOTE.—Rates applicable to United States Government securities' repurchase agreements are as follows: New York, one per cent; Cleveland, Kansas City, and Dallas, one and one-half per cent.
Back figures.—See Annual Report for 1937 (table 40).

FEDERAL RESERVE BANK BUYING RATES ON ACCEPTANCES

[Per cent per annum]

Maturity	Rate in effect on Sept. 30	In effect beginning—	Previous rate
1-15 days ¹	½	Oct. 20, 1933	1
16-30 days.....	½	.....do.....	1
31-45 days.....	½	.....do.....	1
46-60 days.....	½	.....do.....	1
61-90 days.....	½	.....do.....	1
91-120 days.....	½	.....do.....	1
121-180 days.....	¾	.....do.....	1½

¹ This rate also applies to acceptances bought under repurchase agreements, which agreements are always for a period of 15 days or less.
NOTE.—Minimum buying rates at the Federal Reserve Bank of New York on prime bankers' acceptances payable in dollars; higher rates may be charged for other classes of bills. The same minimum rates apply to purchases, if any, made by other Federal Reserve Banks.
Back figures.—See Annual Report for 1937 (table 41).

MEMBER BANK RESERVE REQUIREMENTS

[Per cent of deposits]

Classes of deposits and banks	June 21, 1917-1936	Aug. 16, 1936-1937	Mar. 1, 1937-1937	May 1, 1937-1938	Apr. 16, 1938- and after
On net demand deposits: ¹					
Central reserve city.....	13	19½	22¾	26	22¾
Reserve city.....	10	15	17½	20	17½
Country.....	7	10½	12¼	14	12
On time deposits:					
All member banks.....	3	4½	5¼	6	5

¹ See footnote to table on p. 1108 for explanation of method of computing net demand deposits.

MARGIN REQUIREMENTS¹

Prescribed by Board of Governors of the Federal Reserve System in accordance with Securities Exchange Act of 1934
[Per cent of market value]

	Apr. 1, 1936-1937	Nov. 1, 1937 and after
For extensions of credit by brokers and dealers on listed securities, under Regulation T.....	55	40
For short sales, under Regulation T.....	(²)	50
For loans by banks on stocks, under Regulation U.....	³ 55	40

¹ Regulations T and U limit the amount of credit that may be extended on a security by prescribing a maximum loan value, which is a specified percentage of its market value at the time of the extension; the "margin requirements" shown above are the difference between the market value (100%) and the maximum loan value.
² Requirement under Regulation T was the margin "customarily required" by the broker.
³ Regulation U became effective May 1, 1936.

NOTE.—Regulations T and U also provide special margin requirements or "omnibus" accounts and loans to brokers and dealers.

FEDERAL RESERVE BANK RATES ON INDUSTRIAL ADVANCES

Rates in effect Sept. 30, 1940, on advances and commitments under Sec. 13b of the Federal Reserve Act

[Per cent per annum except as indicated by footnote ¹]

Federal Reserve Bank	Advances direct to industrial or commercial organizations	Advances to financing institutions—		Commitments to make advances
		On portion for which institution is obligated	On remaining portion	
Boston.....	3½-6	3	3½	½-1
New York.....	4-6	3	4-5	1-2
Philadelphia.....	4-6	(¹) 2½	(²)	½-2
Cleveland.....	4½-6	3½	4	1
Richmond.....	6	4-6	4-6	1-2
Atlanta.....	4½-6	4-5	4-5	1-2
Chicago.....	5-6	(¹) 2½	5-6	1-2
St. Louis.....	4-5½	3½	4	(³) 1
Minneapolis.....	6	4½-5	4½-5	1
Kansas City.....	4-6	4	4	(²) 2
Dallas.....	5-6	4	5-6	1
San Francisco.....	5-6	3-4	4-5	½-2

¹ Authorized rate one per cent above prevailing discount rate.

² Same as to borrower but not less than four per cent.

³ Minimum charge one-half of one per cent.

Back figures.—See Annual Report for 1937 (table 40).

MAXIMUM RATES ON TIME DEPOSITS

Maximum rates that may be paid by member banks as established by the Board of Governors under provisions of Regulation Q.

[Per cent per annum]

	Nov. 1, 1933 to Jan. 31, 1935	Feb. 1, 1935 to Dec. 31, 1935	In effect beginning Jan. 1, 1936
Savings deposits.....	3	2½	2½
Postal savings deposits.....	3	2½	2½
Other time deposits payable in:			
6 months or more.....	3	2½	2½
90 days to 6 months.....	3	2½	2
Less than 90 days.....	3	2½	1

NOTE.—Maximum rates that may be paid by insured nonmember banks as established by the Federal Deposit Insurance Corporation, effective February 1, 1936, are the same as those in effect for member banks. In some States the maximum rates established by the Board and the Federal Deposit Insurance Corporation are superseded by lower maximum rates established by State authority.

PRINCIPAL ASSETS AND LIABILITIES OF ALL FEDERAL RESERVE BANKS

[In thousands of dollars]

	Wednesday figures							End of month		
	1940							1940	1939	
	Sept. 25	Sept. 18	Sept. 11	Sept. 4	Aug. 28	Aug. 21	Aug. 14	August	July	August
<i>Assets</i>										
Gold certificates on hand and due from U. S. Treasury	18,843,300	18,756,298	18,671,299	18,631,297	18,561,978	18,486,978	18,387,980	18,606,300	18,188,977	14,312,222
Redemption fund—F. R. notes	11,790	11,398	11,397	11,398	11,826	11,826	11,951	11,398	12,852	8,644
Other cash	347,534	344,387	340,820	322,814	348,390	354,056	362,066	341,611	377,336	339,915
Total reserves	19,202,624	19,112,083	19,023,516	18,965,509	18,922,194	18,852,860	18,761,997	18,959,309	18,579,165	14,660,781
Bills discounted:										
For member banks	410	3,791	5,038	5,479	3,843	3,053	2,942	4,276	3,667	3,390
For nonmember banks, etc.	4,172	300	200	55	5	5	5	55	5	2,025
Total bills discounted	4,582	4,091	5,238	5,534	3,848	3,058	2,947	4,331	3,672	5,415
Bills bought:										
Payable in foreign currencies										546
Industrial advances	8,664	8,612	8,630	8,645	8,553	8,561	8,545	8,518	8,884	11,667
U. S. Government securities, direct and guaranteed:										
Bonds	1,318,600	1,318,600	1,318,600	1,318,600	1,319,196	1,319,196	1,319,196	1,319,100	1,321,196	912,460
Notes	1,115,000	1,115,000	1,115,000	1,115,000	1,122,458	1,126,732	1,126,732	1,116,500	1,126,732	1,179,109
Bills										334,620
Total U. S. Government securities, direct and guaranteed	2,433,600	2,433,600	2,433,600	2,433,600	2,441,654	2,445,928	2,445,928	2,435,600	2,447,928	2,426,189
Other Reserve Bank credit	24,860	48,461	37,697	41,896	25,607	34,820	37,708	67,123	23,065	2,347
Total Reserve Bank credit outstanding	2,471,706	2,494,764	2,485,165	2,489,675	2,479,662	2,492,367	2,495,128	2,515,572	2,483,549	2,446,164
<i>Liabilities</i>										
F. R. notes in actual circulation	5,406,985	5,395,924	5,393,924	5,390,785	5,334,240	5,309,939	5,292,803	5,370,474	5,247,601	4,630,672
Deposits:										
Member bank—reserve account	13,703,112	13,624,419	13,595,824	13,523,861	13,515,998	13,418,718	13,339,587	13,541,244	13,498,134	10,917,763
U. S. Treasurer—general account	792,532	790,361	761,686	791,182	813,094	889,274	940,004	809,827	694,083	707,718
Foreign	1,011,324	1,035,459	956,537	997,516	990,660	867,059	841,341	971,065	787,371	353,401
Other deposits	513,645	513,309	563,403	512,525	507,088	618,466	602,924	545,116	594,991	268,176
Total deposits	16,020,613	15,963,548	15,877,450	15,825,084	15,826,840	15,793,517	15,723,866	15,867,262	15,574,579	12,247,058
Ratio of total reserves to deposit and F. R. note liabilities combined (per cent)	89.6	89.5	89.4	89.4	89.4	89.3	89.3	89.3	89.2	86.9

MATURITY DISTRIBUTION OF BILLS AND U. S. GOVERNMENT SECURITIES

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	6 months to 1 year	1 year to 2 years	2 years to 5 years	Over 5 years
Bills discounted:										
Aug. 28	3,848	2,217	233	688	518	187	5			
Sept. 4	5,534	3,906	323	686	499	218	2			
Sept. 11	5,238	3,418	319	734	506	261				
Sept. 18	4,091	2,606	158	675	521	131				
Sept. 25	4,582	2,929	263	474	741	174	1			
Industrial advances:										
Aug. 28	8,553	1,565	173	242	298	953	1,271	1,526	2,525	
Sept. 4	8,645	1,596	209	163	258	955	1,356	1,499	2,609	
Sept. 11	8,630	1,568	253	138	269	911	1,372	1,508	2,611	
Sept. 18	8,612	1,598	136	311	205	781	1,484	1,518	2,579	
Sept. 25	8,664	1,661	115	305	304	769	1,414	1,518	2,578	
U. S. Government securities, direct and guaranteed:										
Aug. 28	2,441,654					100,500	234,247	129,940	733,467	1,243,500
Sept. 4	2,433,600					92,500	234,100	129,800	734,200	1,243,000
Sept. 11	2,433,600					92,500	234,100	129,800	734,200	1,243,000
Sept. 18	2,433,600				92,500	116,800	117,300	196,000	668,000	1,243,000
Sept. 25	2,433,600				92,500	116,800	117,300	196,000	668,000	1,243,000

Federal Reserve Banks—Continued

[In thousands of dollars]

	Total	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	At- lanta	Chicago	St. Louis	Min- neap- olis	Kan- sas City	Dallas	San Fran- cisco
Liabilities—Continued													
Deposits—Continued													
Total deposits:													
Aug. 21.....	15,793,517	908,958	8,326,222	898,422	1,003,717	387,231	301,309	1,978,663	388,441	218,998	340,388	275,269	855,899
Aug. 28.....	15,826,840	905,862	8,344,062	805,369	1,023,653	388,038	299,242	1,993,530	385,960	216,394	326,372	278,200	860,158
Sept. 4.....	15,825,084	899,839	8,457,754	787,419	1,003,973	390,940	289,859	1,960,344	376,527	212,640	322,714	273,042	849,983
Sept. 11.....	15,877,450	890,629	8,467,135	788,192	995,056	389,799	291,724	1,986,973	378,069	219,101	344,988	274,694	851,090
Sept. 18.....	15,963,548	898,434	8,505,548	799,184	1,004,807	396,977	285,514	2,014,480	378,945	211,493	337,850	272,094	858,222
Sept. 25.....	16,020,613	910,408	8,484,751	788,831	1,011,608	396,825	277,084	2,084,671	381,777	211,816	338,720	276,702	857,420
Deferred availability items:													
Aug. 21.....	623,546	58,964	144,266	48,088	74,092	54,728	22,637	94,125	27,475	16,266	28,948	22,235	34,722
Aug. 28.....	611,024	55,703	142,372	44,392	75,322	49,552	22,589	90,208	35,415	15,058	26,720	25,711	27,982
Sept. 4.....	621,720	59,661	122,842	39,905	77,391	56,244	25,510	89,280	39,887	17,817	32,259	24,780	36,144
Sept. 11.....	669,184	61,505	147,611	46,979	84,370	57,112	22,522	97,731	39,005	18,826	29,706	24,079	39,738
Sept. 18.....	803,296	77,151	181,021	53,905	95,399	71,890	33,507	114,180	44,951	20,144	34,424	29,678	47,046
Sept. 25.....	670,157	60,928	147,959	49,365	78,745	70,816	24,645	94,342	36,873	20,180	26,465	24,952	34,887
Other liabilities, including accrued dividends:													
Aug. 21.....	2,896	418	760	279	304	68	130	302	97	128	150	113	147
Aug. 28.....	3,234	435	863	319	314	101	144	348	129	152	184	132	163
Sept. 4.....	2,853	448	678	287	292	81	131	290	95	136	120	120	175
Sept. 11.....	6,129	461	861	3,078	353	106	147	360	112	148	138	139	226
Sept. 18.....	3,137	367	835	309	350	89	143	342	96	139	129	132	206
Sept. 25.....	3,653	399	1,012	366	368	120	156	405	112	159	152	153	251
Total liabilities:													
Aug. 21.....	21,732,898	1,402,136	9,889,872	1,224,082	1,565,077	474,174	496,233	3,221,911	614,599	380,168	562,252	380,779	1,321,615
Aug. 28.....	21,775,388	1,398,388	9,914,246	1,219,626	1,583,719	472,081	493,475	3,234,704	620,204	376,896	545,619	387,776	1,323,654
Sept. 4.....	21,840,442	1,400,797	10,028,212	1,199,456	1,573,671	485,200	488,525	3,209,403	616,514	377,935	549,584	383,234	1,327,911
Sept. 11.....	21,946,657	1,393,011	10,054,301	1,211,007	1,576,825	488,964	487,163	3,243,302	617,036	386,110	568,559	384,345	1,336,064
Sept. 18.....	22,165,905	1,416,215	10,129,283	1,226,140	1,595,101	711,165	492,244	3,290,262	624,288	380,420	566,439	387,720	1,346,628
Sept. 25.....	22,101,408	1,412,535	10,076,957	1,212,534	1,588,297	713,774	474,897	3,341,822	619,152	381,245	559,215	388,228	1,332,752
Capital Accounts													
Capital paid in:													
Aug. 21.....	137,562	9,333	51,075	11,880	14,059	5,330	4,669	13,910	4,154	2,960	4,416	4,139	11,637
Aug. 28.....	137,582	9,332	51,075	11,880	14,059	5,337	4,673	13,914	4,154	2,952	4,422	4,139	11,645
Sept. 4.....	137,586	9,332	51,075	11,880	14,058	5,337	4,673	13,918	4,154	2,951	4,422	4,140	11,646
Sept. 11.....	137,620	9,332	51,081	11,880	14,061	5,339	4,678	13,920	4,154	2,952	4,422	4,151	11,650
Sept. 18.....	137,637	9,332	51,070	11,883	14,062	5,340	4,679	13,925	4,164	2,952	4,423	4,156	11,651
Sept. 25.....	137,630	9,333	51,046	11,889	14,068	5,339	4,680	13,927	4,164	2,952	4,423	4,156	11,653
Surplus (section 7):													
Aug. 21.....	151,720	10,405	53,326	14,198	14,323	5,247	5,725	22,824	4,709	3,152	3,613	3,974	10,224
Aug. 28.....	151,720	10,405	53,326	14,198	14,323	5,247	5,725	22,824	4,709	3,152	3,613	3,974	10,224
Sept. 4.....	151,720	10,405	53,326	14,198	14,323	5,247	5,725	22,824	4,709	3,152	3,613	3,974	10,224
Sept. 11.....	151,720	10,405	53,326	14,198	14,323	5,247	5,725	22,824	4,709	3,152	3,613	3,924	10,224
Sept. 18.....	151,720	10,405	53,326	14,198	14,323	5,247	5,725	22,824	4,709	3,152	3,613	3,974	10,224
Sept. 25.....	151,720	10,405	53,326	14,198	14,323	5,247	5,725	22,824	4,709	3,152	3,613	3,974	10,224
Surplus (section 13b):													
Aug. 21.....	26,839	2,874	7,109	4,393	1,007	3,246	713	1,429	538	1,001	1,142	1,266	2,121
Aug. 28.....	26,839	2,874	7,109	4,393	1,007	3,246	713	1,429	538	1,001	1,142	1,266	2,121
Sept. 4.....	26,839	2,874	7,109	4,393	1,007	3,246	713	1,429	538	1,001	1,142	1,266	2,121
Sept. 11.....	26,839	2,874	7,109	4,393	1,007	3,246	713	1,429	538	1,001	1,142	1,266	2,121
Sept. 18.....	26,839	2,874	7,109	4,393	1,007	3,246	713	1,429	538	1,001	1,142	1,266	2,121
Sept. 25.....	26,839	2,874	7,109	4,393	1,007	3,246	713	1,429	538	1,001	1,142	1,266	2,121
Other capital accounts:													
Aug. 21.....	43,516	2,236	12,608	2,612	4,415	1,777	1,959	7,601	1,807	2,207	1,481	2,084	2,729
Aug. 28.....	43,718	2,263	12,670	2,623	4,431	1,774	1,967	7,648	1,814	2,210	1,485	2,090	2,743
Sept. 4.....	44,075	2,255	12,884	2,640	4,460	1,779	1,972	7,670	1,851	2,218	1,492	2,094	2,760
Sept. 11.....	44,388	2,265	12,934	2,838	4,468	1,783	1,973	7,681	1,858	2,220	1,504	2,097	2,767
Sept. 18.....	44,477	2,272	12,983	2,846	4,477	1,798	1,974	7,683	1,860	2,220	1,491	2,099	2,774
Sept. 25.....	44,606	2,299	13,031	2,855	4,490	1,790	1,974	7,683	1,872	2,221	1,502	2,102	2,784
Total liabilities and capital accounts:													
Aug. 21.....	22,092,535	1,426,984	10,013,990	1,257,165	1,598,881	689,774	509,299	3,267,675	625,807	389,488	572,904	392,242	1,348,326
Aug. 28.....	22,135,247	1,423,262	10,038,426	1,252,720	1,622,539	687,685	506,553	3,280,519	631,419	386,211	556,281	399,245	1,350,387
Sept. 4.....	22,200,662	1,425,663	10,152,606	1,232,567	1,607,519	700,809	501,608	3,255,244	627,766	387,257	560,253	394,708	1,354,662
Sept. 11.....	22,307,254	1,417,887	10,178,751	1,244,316	1,610,684	704,579	500,252	3,289,156	628,295	395,435	579,240	395,833	1,362,826
Sept. 18.....	22,526,578	1,441,098	10,253,771	1,259,460	1,628,970	726,796	505,335	3,336,123	635,559	389,745	577,108	399,215	1,373,398
Sept. 25.....	22,462,203	1,437,446	10,201,469	1,245,869	1,622,185	729,396	487,989	3,387,688	630,435	390,571	569,895	399,726	1,359,534
Commitments to make industrial advances:													
Aug. 21.....	8,241	260	742	1,034	1,121	689	510	15	374	54	144	4	3,294
Aug. 28.....	8,238	260	741	1,034	1,119	701	510	15	374	54	144	4	3,282
Sept. 4.....	8,192	260	740	1,034	1,108	699	510	15	369	52	144	4	3,257
Sept. 11.....	8,123	260	740	1,032	1,109	645	510	15	369	52	144	4	3,243
Sept. 18.....	8,007	260	737	1,032	1,072	651	510	14	368	53	144	4	3,162
Sept. 25.....	8,078	260	733	1,029	1,082	651	510	14	368	51	136	4	3,144

INDUSTRIAL ADVANCES BY FEDERAL RESERVE BANKS

[Amounts in thousands of dollars]

Date (last Wednesday of each month)	Applications received		Applications under consideration		Applications approved		Advances outstanding ¹ (amount)	Commitments outstanding (amount)	Approved but not completed ² (amount)	Repaid, expired, or withdrawn by applicant, etc. (amount)	Participations outstanding ³ (amount)
	Number	Amount	Number	Amount	Number	Amount					
1934—Dec. 26	4,386	146,972	71	2,955	984	49,634	13,589	8,225	20,966	5,558	1,296
1935—June 26	6,325	237,581	68	11,349	1,646	88,778	27,518	20,579	11,248	24,900	4,533
Dec. 31 ⁴	7,437	293,084	28	2,823	1,993	124,493	32,493	27,619	11,548	44,025	8,778
1936—June 24	8,006	314,471	12	1,880	2,183	133,343	30,484	24,454	9,381	61,425	7,599
Dec. 30	8,247	328,998	5	1,245	2,280	139,829	25,526	20,959	8,226	77,910	7,208
1937—Mar. 31	8,344	333,300	9	1,322	2,323	141,545	23,059	18,611	7,898	85,210	6,767
June 30	8,430	339,509	10	1,263	2,361	145,758	23,019	16,331	1,470	97,663	7,275
Sept. 29	8,474	341,842	1	800	2,381	146,724	21,415	14,880	537	102,588	7,304
Dec. 29	8,534	350,551	7	550	2,406	150,987	20,216	12,780	3,369	107,384	7,238
1938—Mar. 30	8,708	358,936	19	1,299	2,464	154,918	19,371	13,110	3,419	111,193	7,825
June 29	8,976	369,583	8	476	2,566	161,158	18,444	13,649	3,084	117,555	8,426
Sept. 28	9,102	378,974	8	146	2,617	168,880	17,567	13,597	5,737	122,447	9,032
Dec. 28	9,188	387,490	5	247	2,653	175,013	17,345	14,161	1,946	128,839	12,722
1939—Jan. 25	9,203	389,176	8	999	2,660	175,651	16,811	13,094	1,293	132,009	12,534
Feb. 21 ⁴	9,221	389,554	7	964	2,671	175,902	16,474	12,907	1,105	133,001	12,415
Mar. 29	9,249	392,230	14	344	2,683	177,895	15,798	12,647	1,975	135,004	12,471
Apr. 26	9,270	394,055	7	495	2,697	178,639	15,817	11,749	2,134	136,696	12,243
May 31	9,296	394,970	6	400	2,713	179,332	15,305	11,530	2,496	137,922	12,079
June 28	9,308	395,499	5	255	2,721	179,778	15,255	11,175	2,067	139,281	12,000
July 26	9,330	399,780	6	760	2,730	183,354	15,384	11,476	733	142,943	12,818
Aug. 30	9,355	401,228	7	532	2,743	184,152	14,667	11,009	1,220	144,812	12,444
Sept. 27	9,366	402,305	2	370	2,752	185,234	14,454	10,517	1,938	146,156	12,169
Oct. 25	9,388	402,944	1	70	2,763	186,034	14,545	10,156	1,764	148,037	11,532
Nov. 29	9,401	404,226	3	92	2,772	187,257	14,051	9,643	2,548	149,911	11,104
Dec. 27	9,418	405,225	2	41	2,781	188,222	13,683	9,220	2,659	151,679	10,981
1940—Jan. 31	9,433	406,097	2	76	2,793	188,879	12,890	8,376	2,504	154,629	10,510
Feb. 28	9,456	407,392	4	32	2,805	190,055	12,997	8,966	1,454	155,574	11,064
Mar. 27	9,476	410,192	7	199	2,814	192,665	12,723	8,224	2,471	158,110	11,137
Apr. 24	9,487	411,628	4	118	2,825	194,096	12,001	8,725	2,264	159,950	11,156
May 29	9,504	413,178	3	45	2,832	195,404	11,242	8,852	2,474	161,491	11,345
June 26	9,512	413,646	2	33	2,838	195,739	10,988	8,752	2,195	162,612	11,182
July 31	9,536	415,599	2	76	2,853	197,439	10,907	8,582	1,991	164,949	11,010
Aug. 28	9,546	416,454	6	444	2,856	197,906	10,779	8,238	2,095	165,865	10,929
Sept. 25 ⁵	9,556	417,260	1	10	2,865	198,966	10,778	8,078	2,315	167,046	10,749

¹ Includes industrial advances past due 3 months or more which are not included in industrial advances outstanding in weekly statement of condition of the Federal Reserve Banks.

² Includes applications approved conditionally by the Federal Reserve Banks and under consideration by applicant.

³ Does not include financing institution guaranties of advances and commitments made by Federal Reserve Banks, which amounted to \$929,978 September 25, 1940.

⁴ Tuesday.

⁵ Latest date for which figures are available.

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

[In thousands of dollars]

	Total	Boston	N-York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Federal Reserve notes:													
Issued to F. R. Bank by F. R. agent:													
Aug. 28	5,623,589	453,557	1,509,606	388,703	510,325	250,125	185,979	1,180,208	209,377	149,406	202,662	91,237	492,404
Sept. 4	5,639,131	452,261	1,516,656	387,009	512,115	251,137	186,479	1,185,372	208,497	152,098	202,016	91,522	493,969
Sept. 11	5,688,926	457,758	1,524,027	389,172	517,959	256,929	187,432	1,190,509	210,807	153,117	203,340	93,484	504,392
Sept. 18	5,692,745	455,097	1,522,275	390,259	520,797	256,574	187,930	1,192,094	211,174	153,566	202,301	93,406	507,272
Sept. 25	5,703,707	460,974	1,525,517	388,095	519,685	260,058	187,755	1,191,992	211,650	154,159	204,810	95,345	503,667
Held by Federal Reserve Bank:													
Aug. 28	289,349	17,169	82,657	19,157	20,895	15,735	14,479	29,590	10,677	4,114	10,319	7,504	57,053
Sept. 4	248,346	11,462	69,718	15,164	20,100	13,202	13,454	25,883	8,492	4,756	7,525	6,230	52,360
Sept. 11	295,002	17,342	85,333	16,414	20,913	14,982	14,662	32,271	10,957	5,082	9,613	8,051	59,382
Sept. 18	296,821	14,834	80,396	17,517	26,252	14,365	14,850	30,534	10,878	4,922	8,265	7,590	66,118
Sept. 25	296,722	20,174	82,282	14,123	22,109	14,045	14,743	29,588	11,260	5,069	10,932	8,924	63,473
In actual circulation: ¹													
Aug. 28	5,334,240	436,388	1,426,949	369,546	489,430	234,390	171,500	1,150,618	198,700	145,292	192,343	83,733	435,351
Sept. 4	5,390,785	440,799	1,446,938	371,845	492,015	237,935	173,025	1,159,489	200,005	147,342	194,491	85,292	441,609
Sept. 11	5,393,924	440,416	1,438,694	372,758	497,046	241,947	172,770	1,158,238	199,850	148,035	193,727	85,433	445,010
Sept. 18	5,395,924	440,263	1,441,879	372,742	494,545	242,209	173,080	1,161,260	200,296	148,644	194,036	85,816	441,154
Sept. 25	5,406,985	440,800	1,443,235	373,972	497,576	246,013	173,012	1,162,404	200,390	149,090	193,878	86,421	440,194
Collateral held by agent as security for notes issued to bank:													
Gold certificates on hand and due from U. S. Treasury:													
Aug. 28	5,723,000	460,000	1,525,000	390,000	511,500	275,000	190,000	1,200,000	219,000	150,500	205,000	93,000	504,000
Sept. 4	5,739,500	460,000	1,535,000	390,000	515,000	275,000	190,000	1,200,000	219,000	152,500	205,000	94,000	504,000
Sept. 11	5,790,000	470,000	1,535,000	400,000	521,500	275,000	190,000	1,210,000	219,000	154,500	205,000	96,000	514,000
Sept. 18	5,796,500	470,000	1,535,000	400,000	521,500	275,000	190,000	1,210,000	219,000	154,500	205,000	97,500	519,000
Sept. 25	5,806,500	470,000	1,545,000	400,000	521,500	275,000	190,000	1,210,000	219,000	154,500	205,000	97,500	519,000
Eligible paper:													
Aug. 28	2,537	23	1,860	155	-----	60	-----	-----	100	105	234	-----	-----
Sept. 4	4,200	90	3,405	240	-----	60	-----	-----	80	67	258	-----	-----
Sept. 11	3,844	-----	3,153	249	-----	60	-----	-----	80	42	260	-----	-----
Sept. 18	2,744	-----	1,958	218	-----	240	-----	-----	80	40	208	-----	-----
Sept. 25	3,079	-----	2,361	251	-----	50	-----	-----	80	83	254	-----	-----
Total collateral:													
Aug. 28	5,725,537	460,023	1,526,860	390,155	511,500	275,060	190,000	1,200,000	219,100	150,605	205,234	93,000	504,000
Sept. 4	5,743,700	460,090	1,538,405	390,240	515,000	275,060	190,000	1,200,000	219,080	152,567	205,258	94,000	504,000
Sept. 11	5,793,844	470,000	1,538,153	400,249	521,500	275,060	190,000	1,210,000	219,080	154,542	205,260	96,000	514,000
Sept. 18	5,799,244	470,000	1,536,958	400,218	521,500	275,240	190,000	1,210,000	219,080	154,540	205,208	97,500	519,000
Sept. 25	5,809,579	470,000	1,547,361	400,251	521,500	275,050	190,000	1,210,000	219,080	154,583	205,254	97,500	519,000

¹ Includes Federal Reserve notes held by the United States Treasury or by a Federal Reserve Bank other than the issuing bank.

RESERVE POSITION OF MEMBER BANKS, AUGUST, 1940

[Averages of daily figures. In millions of dollars]

Classes of banks and districts	Gross demand deposits	Net demand deposits ¹	Time deposits	Reserves with Federal Reserve Banks		
				Required	Held	Excess
All member banks	39,857	32,962	12,086	7,001	13,408	6,407
Central reserve city banks:						
New York	15,161	14,617	795	3,365	6,709	3,344
Chicago	3,110	2,771	505	656	1,154	499
Reserve city banks:						
Boston district	1,341	1,223	85	218	553	334
New York district	237	185	152	40	61	21
Philadelphia district	1,429	1,205	225	222	462	240
Cleveland district	1,874	1,490	737	298	676	378
Richmond district	859	632	224	122	204	82
Atlanta district	789	552	179	106	150	44
Chicago district	1,469	1,033	609	211	370	159
St. Louis district	891	677	175	127	233	106
Minneapolis district	425	290	87	55	93	38
Kansas City district	1,076	698	158	130	204	74
Dallas district	768	466	129	88	137	49
San Francisco district	2,419	1,945	1,983	439	662	222
Total	13,578	10,395	4,744	2,056	3,804	1,748
Country banks:						
Boston district	977	689	564	111	216	105
New York district	1,427	1,023	1,420	194	406	212
Philadelphia district	711	461	880	99	188	89
Cleveland district	671	433	712	88	161	73
Richmond district	591	354	370	61	102	41
Atlanta district	542	329	241	51	81	30
Chicago district	959	574	773	108	241	134
St. Louis district	400	249	247	42	71	29
Minneapolis district	339	203	279	38	68	29
Kansas City district	473	291	160	42	69	26
Dallas district	548	343	105	46	78	31
San Francisco district	370	232	291	42	59	17
Total	8,008	5,180	6,042	924	1,740	816

¹ Gross demand deposits minus demand balances with domestic banks (except private banks and American branches of foreign banks) and cash items in process of collection.

NOTE.—See table at foot of p. 1102 for percentages of deposits required to be held as reserves.

MEMBER BANK RESERVE BALANCES BY CLASSES OF BANKS

[Averages of daily figures. In millions of dollars]

	All member banks ¹	Central reserve city banks		Reserve city banks	Country banks ¹
		New York	Chicago		
Total reserves held:					
1939—August	10,659	5,366	923	2,883	1,486
September	11,443	5,866	1,009	3,009	1,559
October	11,862	5,958	1,112	3,203	1,588
November	11,688	5,759	1,115	3,229	1,585
December	11,473	5,623	1,141	3,141	1,568
1940—January	11,985	6,099	940	3,319	1,628
February	12,215	6,323	901	3,344	1,646
March	12,362	6,428	899	3,368	1,668
April	12,703	6,548	972	3,476	1,706
May	13,086	6,660	1,097	3,615	1,714
June	13,596	6,941	1,182	3,716	1,757
July	13,735	6,979	1,168	3,837	1,751
August	13,408	6,709	1,154	3,804	1,740
Week ending (Friday):					
1940—Aug. 9	13,326	6,676	1,136	3,766	1,747
Aug. 16	13,349	6,682	1,146	3,782	1,740
Aug. 23	13,438	6,715	1,165	3,818	1,739
Aug. 30	13,530	6,756	1,185	3,848	1,741
Sept. 6	13,541	6,704	1,186	3,873	1,778
Sept. 13	13,592	6,655	1,209	3,922	1,807
Sept. 20	13,665	6,706	1,241	3,910	1,808
Excess reserves:					
1939—August	4,607	2,587	363	1,046	611
September	5,198	2,943	430	1,147	678
October	5,490	2,974	518	1,295	704
November	5,259	2,753	516	1,294	696
December	5,011	2,611	540	1,188	671
1940—January	5,464	3,045	342	1,350	727
February	5,626	3,199	301	1,378	747
March	5,734	3,248	310	1,405	771
April	6,003	3,312	388	1,494	809
May	6,288	3,389	477	1,607	815
June	6,696	3,594	547	1,703	851
July	6,752	3,588	522	1,803	839
August	6,407	3,344	499	1,748	816
Week ending (Friday):					
1940—Aug. 9	6,345	3,316	484	1,720	824
Aug. 16	6,371	3,334	491	1,729	817
Aug. 23	6,435	3,352	508	1,759	815
Aug. 30	6,495	3,374	525	1,780	817
Sept. 6	^p 6,517	3,337	525	1,802	^p 854
Sept. 13	^p 6,547	3,283	544	1,837	^p 882
Sept. 20	^p 6,596	3,314	575	1,823	^p 883

^p Preliminary.

¹ Weekly figures of excess reserves of all member banks and of country banks are estimates.

DEPOSITS OF MEMBER BANKS IN LARGER AND SMALLER CENTERS

[Averages of daily figures. In millions of dollars]

Federal Reserve district	All member banks				Member banks in larger centers (places over 15,000)				Member banks in smaller centers (places under 15,000)			
	Gross demand		Time		Gross demand		Time		Gross demand		Time	
	Aug.	July	Aug.	July	Aug.	July	Aug.	July	Aug.	July	Aug.	July
Boston	2,318	2,283	648	646	2,175	2,146	517	516	143	137	131	130
New York	16,826	17,012	2,368	2,339	¹ 1,345	¹ 1,329	¹ 1,067	¹ 1,063	319	309	505	502
Philadelphia	2,140	2,139	1,106	1,105	1,887	1,893	648	648	254	247	457	457
Cleveland	2,546	2,541	1,449	1,441	2,296	2,293	1,135	1,128	250	248	314	314
Richmond	1,451	1,452	594	590	1,255	1,256	392	395	196	196	202	205
Atlanta	1,331	1,351	420	421	1,162	1,183	329	330	168	169	91	91
Chicago	5,538	5,488	1,887	1,881	¹ 2,063	¹ 2,057	¹ 1,062	¹ 1,059	366	360	320	316
St. Louis	1,291	1,298	422	420	1,052	1,059	302	301	239	239	120	119
Minneapolis	764	762	366	366	566	566	177	177	197	196	189	189
Kansas City	1,549	1,544	318	318	1,202	1,201	202	202	347	343	116	116
Dallas	1,316	1,332	234	235	1,013	1,029	187	188	303	303	47	47
San Francisco	2,789	2,751	2,274	2,283	2,662	2,625	2,169	2,179	127	126	105	104
Total	39,857	39,955	12,086	12,045	¹ 18,678	¹ 18,637	¹ 8,187	¹ 8,175	2,909	2,873	2,599	2,591

¹ Excluding central reserve city banks, for which figures for latest month are shown in table above.

KINDS OF MONEY IN CIRCULATION

[Outside Treasury and Federal Reserve Banks. In millions of dollars]

End of month	Total	Gold certificates	Silver dollars	Silver certificates	Treasury notes of 1890	Subsidiary silver coin	Minor coin	United States notes	Federal Reserve notes	Federal Reserve Bank notes	National bank notes
1939—July.....	7,049	71	43	1,446	1	362	156	264	4,496	25	184
August.....	7,171	71	43	1,465	1	365	157	267	4,595	25	182
September.....	7,293	71	43	1,488	1	369	159	269	4,688	25	180
October.....	7,342	70	44	1,485	1	373	161	267	4,739	24	178
November.....	7,483	70	44	1,530	1	379	163	269	4,826	24	177
December.....	7,598	69	45	1,554	1	381	164	272	4,912	24	175
1940—January.....	7,376	69	44	1,469	1	372	163	265	4,796	23	173
February.....	7,455	68	45	1,500	1	373	163	271	4,839	23	171
March.....	7,511	68	45	1,508	1	375	164	260	4,896	23	170
April.....	7,559	68	45	1,557	1	377	166	248	4,906	23	168
May.....	7,710	67	46	1,590	1	382	168	241	5,025	23	167
June.....	7,848	67	46	1,582	1	384	169	248	5,163	22	165
July.....	7,883	66	46	1,565	1	386	172	249	5,212	22	164
August.....	8,059	66	47	1,605	1	389	174	258	5,334	22	162

Back figures.—See Annual Report for 1937 (table 35).

PAPER CURRENCY, BY DENOMINATIONS, AND COIN IN CIRCULATION

[Outside Treasury and Federal Reserve Banks. In millions of dollars]

End of month	Total in circulation total ¹	Coin and small denomination currency ²							Large denomination currency ²						Unassorted ³	
		Total	Coin	\$1 ³	\$2	\$5	\$10	\$20	Total	\$50	\$100	\$500	\$1,000	\$5,000		\$10,000
1939—July.....	7,049	5,169	561	514	33	947	1,644	1,470	1,885	426	847	175	391	17	28	4
August.....	7,171	5,253	566	521	34	966	1,681	1,487	1,922	433	857	180	405	17	30	4
September.....	7,293	5,329	571	532	34	980	1,706	1,507	1,965	440	876	185	413	20	30	1
October.....	7,342	5,363	577	535	34	982	1,710	1,526	1,981	445	884	186	415	20	30	2
November.....	7,483	5,478	586	545	35	1,004	1,752	1,557	2,007	452	896	188	420	20	32	2
December.....	7,598	5,553	590	559	36	1,019	1,772	1,576	2,048	460	919	191	425	20	32	2
1940—January.....	7,376	5,332	579	526	34	970	1,692	1,532	2,047	457	920	191	426	20	33	3
February.....	7,455	5,397	581	530	34	986	1,723	1,543	2,061	459	930	191	427	20	34	4
March.....	7,511	5,414	584	531	33	989	1,731	1,546	2,101	460	941	194	432	24	49	4
April.....	7,559	5,437	588	534	34	992	1,739	1,551	2,126	463	951	195	439	30	48	4
May.....	7,710	5,519	595	546	35	1,009	1,766	1,568	2,193	471	979	202	464	26	50	1
June.....	7,848	5,584	599	546	35	1,015	1,791	1,599	2,264	485	1,013	210	481	26	50	2
July.....	7,883	5,599	604	544	35	1,013	1,798	1,605	2,286	489	1,025	211	486	26	49	2
August.....	8,059	5,748	611	556	36	1,044	1,858	1,644	2,313	495	1,035	213	493	26	51	2

¹ Total of amounts of coin and paper currency shown by denominations less unassorted currency in Treasury and Federal Reserve Banks.
² Includes unassorted currency held in Treasury and Federal Reserve Banks and currency of unknown denominations reported by the Treasury as destroyed.

³ Paper currency only; \$1 silver coins reported under coin.

Back figures.—See Annual Report for 1937 (table 36).

TREASURY CURRENCY OUTSTANDING

[Held by Treasury and Federal Reserve Banks and in circulation. In millions of dollars]

End of month	Total	Silver dollars and silver bullion ¹	Subsidiary silver coin	Minor coin	United States notes	Federal Reserve bank notes	National bank notes
1939—July.....	2,895	1,794	381	162	347	26	186
August.....	2,907	1,804	383	162	347	25	185
September.....	2,919	1,814	386	164	347	25	183
October.....	2,932	1,825	390	166	347	25	181
November.....	2,947	1,835	394	167	347	25	179
December.....	2,963	1,845	399	169	347	24	178
1940—January.....	2,971	1,855	400	169	347	24	175
February.....	2,981	1,866	401	170	347	24	173
March.....	2,990	1,876	401	171	347	23	172
April.....	2,999	1,886	400	172	347	23	171
May.....	3,008	1,894	402	173	347	23	169
June.....	3,014	1,900	402	174	347	23	167
July.....	3,024	1,909	404	175	347	23	167
August.....	3,036	1,915	409	178	347	23	164

¹ Includes silver held against silver certificates amounting to \$1,840,000,000 on August 31, 1940 and \$1,704,000,000 on August 31, 1939.

SHIPMENTS AND RECEIPTS OF UNITED STATES PAPER CURRENCY

[By selected banks and financial institutions in New York City. In millions of dollars]

Year or month	Shipments to Europe	Receipts from Europe	Net shipments	Net receipts
1937.....	21.5	47.6	-----	26.1
1938.....	33.1	34.4	-----	1.3
1939.....	110.2	9.8	100.4	-----
1939—August.....	4.7	.9	3.8	-----
September.....	.8	.1	.7	-----
October.....	1.8	.2	1.6	-----
November.....	4.5	1.3	3.2	-----
December.....	6.6	.3	6.3	-----
1940—January.....	5.3	(¹)	5.3	-----
February.....	4.7	(¹)	4.7	-----
March.....	1.4	(¹)	1.4	-----
April.....	3.5	(¹)	3.5	-----
May.....	1.1	(¹)	1.1	-----
June.....	.5	.1	.4	-----
July.....	.6	.1	.5	-----
August.....	.3	(¹)	.3	-----

¹ Less than \$50,000.

Back figures.—See Annual Report for 1937 (table 38).

Description.—See BULLETIN for January 1932, pp. 7-8.

ANALYSIS OF CHANGES IN GOLD STOCK OF UNITED STATES

[In millions of dollars]

Period	Gold stock at end of period		Increase in total gold stock	Net gold import	Net gain or loss (-) through ear-marking transactions ¹	Domestic gold production
	Total	Inactive account				
1934 ²	8,238		4,202.5	1,133.9	82.6	92.9
1935	10,125		1,887.2	1,739.0	2	110.7
1936	11,258	26.5	1,132.5	1,116.6	-85.9	131.6
1937	12,760	1,227.9	1,502.5	1,585.5	-200.4	143.9
1938	14,512		1,751.5	1,973.6	-333.5	148.6
1939	17,644		3,132.0	3,574.2	-534.4	161.7
1938—September	13,760		623.8	520.9	-13.3	14.1
October	14,065		305.0	562.4	-110.2	13.5
November	14,312		247.5	177.8	-7.4	15.5
December	14,512		199.6	240.5	-62.4	13.3
1939—January	14,682		170.0	156.3	14.1	12.4
February	14,874		192.7	223.3	-48.6	10.7
March	15,258		383.8	365.4	10.7	11.3
April	15,791		532.3	605.8	-114.8	13.3
May	15,957		166.2	429.4	-251.6	12.8
June	16,110		153.3	240.4	-104.8	10.8
July	16,238		128.0	278.6	-164.0	13.3
August	16,646		407.6	259.9	152.1	14.3
September	16,932		285.9	326.1	2.8	15.9
October	17,091		159.9	69.7	79.5	18.7
November	17,358		267.1	168.0	90.9	14.9
December	17,644		285.1	451.2	-200.8	13.4
1940—January	17,931		287.5	236.4	40.0	13.6
February	18,177		246.0	201.4	37.0	11.4
March	18,433		256.0	459.8	-213.4	12.1
April	18,770		336.9	249.9	67.2	13.0
May	19,209		439.0	435.1	-36.7	14.1
June	19,963		754.2	1,163.0	-437.2	11.0
July	20,463		499.4	520.0	-55.1	16.0
August	20,913		450.2	351.6	67.0	15.1
Sept. 1-25*	21,166		253.3	267.8	27.5	

* Preliminary.

¹ Gold held under earmark at Federal Reserve Banks for foreign account on August 31, 1940, in millions of dollars: 1,694.3.

² Figures based on rate of \$20.67 a fine ounce in January 1934 and \$35 a fine ounce thereafter.

NOTE.—Figures for domestic production of gold are those published in table, p. 1141, adjusted to exclude Philippine Islands production received in United States. Adjustment based on annual figures reported by Director of Mint and monthly imports of gold to U. S. from Philippines. For back figures see Annual Report for 1937 (table 29).

BANK SUSPENSIONS¹

	Total, all banks	Member banks		Nonmember banks	
		National	State	Insured ²	Not insured
Number of banks suspended:					
1934	57	1		8	48
1935	34	4		22	8
1936	44	1		40	3
1937	59	4	2	47	6
1938	55	1	1	47	6
1939	42	4	3	25	10
1940—Jan.-Aug.	17			15	2
Deposits of suspended banks (in thousands of dollars): ³					
1934	36,937	40		1,912	34,985
1935	10,015	5,313		3,763	939
1936	11,306	507		10,207	592
1937	19,723	7,379	1,708	10,156	480
1938	13,012	36	211	11,721	1,044
1939	34,998	1,341	24,629	6,589	2,439
1940—Jan.-Aug.	4,871			4,683	188

¹ Represents banks which, during the periods shown, closed temporarily or permanently on account of financial difficulties; does not include banks whose deposit liabilities were assumed by other banks at the time of closing (in some instances with the aid of Federal Deposit Insurance Corporation loans).

² Federal deposit insurance became operative January 1, 1934.

³ Deposits of member banks and insured nonmember banks suspended are as of dates of suspension, and deposits of noninsured nonmember banks are based on the latest data available at the time the suspensions were reported.

Back figures.—See Annual Report for 1937 (table 76).

MOVEMENT OF GOLD TO AND FROM UNITED STATES¹

[In thousands of dollars]

From or to—	1940					
	August		July		Jan.-Aug.	
	Imports	Exports	Imports	Exports	Imports	Exports
Belgium						977
France					241,778	
Hungary					11,873	
Italy					43,935	
Netherlands					63,253	
Norway					33,405	
Portugal					26,207	
Spain	17,386		6,608		8,612	
Sweden	3,637		3,158		161,489	
Switzerland	6		32		90,292	
United Kingdom	10,819		301,737	4	626,665	5
U. S. S. R.					5,570	
Yugoslavia			2,636		16,310	
Canada	264,338	10	172,272	4	1,839,026	156
Mexico	10,335		1,891		27,905	
Central America	880		891		5,676	
Bolivia	35		1		54	4,781
Brazil	2,669		6,307		10,774	3
Chile	946		815		7,101	
Colombia	4,516		5,856		18,848	
Ecuador	186		201		2,232	
Peru	480		187		6,853	
Venezuela	637		112		3,370	
Australia	6,746		5,262		44,967	
British India	954				39,065	
Netherlands Indies	6,377		785		7,491	
China and Hong Kong	3,756		1,582		22,017	2
Japan					61,248	
Philippine Islands	3,738		2,831	1	25,641	3
South Africa	11,687		3,482		162,207	
All other countries ²	1,368		559		7,243	6
Total	351,563	10	519,983	8	3,622,083	4,957

¹ Revised.

² Figures represent customs valuations which, with some exceptions, are at rate of \$35 a fine ounce.

³ Includes all movements of unreported origin or destination.

Back figures.—See table, p. 1141, and Annual Report for 1937 (tables 31 and 32).

BANK DEBITS

[Debits to deposit accounts, except interbank accounts, at banks in principal cities.] [In millions of dollars]

Year and month	Total, all reporting centers	New York City	140 other leading centers ¹	133 other reporting centers
1929	982,531	603,089	331,938	47,504
1935	402,718	184,006	190,165	28,547
1936	461,889	208,936	219,670	33,283
1937	469,463	197,836	235,206	36,421
1938	405,929	168,778	204,745	32,406
1939	423,932	171,382	218,298	34,252
1939—July	33,245	12,794	17,683	2,768
August	33,314	13,118	17,496	2,701
September	36,594	15,138	18,526	2,930
October	35,830	13,681	19,029	3,119
November	34,666	13,043	18,636	2,990
December	43,447	17,633	22,386	3,428
1940—January	37,786	14,739	19,978	3,069
February	32,197	12,138	17,344	2,715
March	37,769	15,201	19,537	3,031
April	37,780	15,519	19,250	3,010
May	37,257	14,536	19,659	3,063
June	35,005	13,110	18,850	3,045
July	35,947	13,612	19,233	3,103
August	32,845	11,604	18,314	2,927

¹ Comprises centers for which bank debit figures are available beginning with 1919, except that one substitution was made in 1920 and one in 1928.

² Centers (other than the 141 centers) for which bank debits are currently reported. The number has changed very little since 1934 and has numbered 133 since 1936.

Back figures.—For corresponding monthly totals for 1928-1937 see Annual Report for 1937 (Table 71), which also gives a definition of bank debits. Figures for individual reporting cities and totals by Federal Reserve districts for recent years are available in mimeographed form.

ALL BANKS IN THE UNITED STATES

Comprises all national banks in the continental United States and all State commercial banks, trust companies, mutual and stock savings banks and such private and industrial banks as are included in abstracts issued by State banking departments. Also includes, during the period June 1934-June 1935, private banks which, pursuant to the provisions of sec. 21 (a) of the Banking Act of 1933, submitted condition reports to the Comptroller of the Currency. Under the amended provisions of sec. 21 (a) private banks no longer report to the Comptroller of the Currency. For comparative figures of private banks included in the figures from June 1934 to December 1935, see Federal Reserve BULLETIN for December 1935, p. 883, and July 1936, p. 535. Figures for nonmember banks are for dates indicated or nearest thereto for which figures are available.

NUMBER OF BANKS

Call date	Total	Member banks			Nonmember banks	
		Total	National	State	Mutual savings banks	Other nonmember banks
1929—June 29.....	25, 110	8, 707	7, 530	1, 177	611	15, 792
Dec. 31.....	24, 630	8, 522	7, 403	1, 119	609	15, 499
1933—June 30.....	14, 519	5, 606	4, 897	709	576	8, 337
Dec. 30.....	15, 011	6, 011	5, 154	857	579	8, 421
1934—June 30.....	15, 835	6, 375	5, 417	958	578	8, 882
Dec. 31.....	16, 039	6, 442	5, 462	980	579	9, 018
1935—June 29.....	15, 994	6, 410	5, 425	985	571	9, 013
Dec. 31.....	15, 837	6, 387	5, 386	1, 001	570	8, 880
1936—June 30.....	15, 752	6, 400	5, 368	1, 032	566	8, 786
Dec. 31.....	15, 628	6, 376	5, 325	1, 051	565	8, 687
1937—June 30.....	15, 527	6, 357	5, 293	1, 064	564	8, 606
Dec. 31.....	15, 393	6, 341	5, 260	1, 081	563	8, 489
1938—June 30.....	15, 287	6, 338	5, 242	1, 096	563	8, 386
Dec. 31.....	15, 206	6, 338	5, 224	1, 114	556	8, 312
1939—June 30.....	15, 082	6, 330	5, 203	1, 127	553	8, 199
Dec. 30.....	15, 037	6, 362	5, 187	1, 175	552	8, 123
1940—Mar. 26.....	15, 006	6, 377	5, 178	1, 199	551	8, 078
June 29 ⁴	14, 953	6, 398	5, 164	1, 234	551	8, 004

For footnotes see table below.

DEPOSITS, EXCLUSIVE OF INTERBANK DEPOSITS¹

[In millions of dollars]

Call date	All banks	Member banks			Nonmember banks	
		Total	National	State	Mutual savings banks	Other nonmember banks
1929—June 29....	53, 852	32, 284	19, 411	12, 873	8, 983	12, 584
Dec. 31....	55, 289	33, 865	20, 290	13, 575	8, 916	12, 508
1933—June 30....	37, 998	23, 338	14, 772	8, 566	9, 713	4, 946
Dec. 30....	38, 505	23, 771	15, 386	8, 385	9, 708	5, 026
1934—June 30....	41, 870	26, 615	17, 097	9, 518	9, 780	5, 475
Dec. 31....	44, 770	28, 943	18, 519	10, 424	9, 828	6, 000
1935—June 29....	45, 766	29, 496	19, 031	10, 465	9, 920	6, 350
Dec. 31....	48, 964	32, 159	20, 886	11, 273	9, 963	6, 842
1936—June 30....	51, 335	34, 098	21, 986	12, 112	10, 060	7, 178
Dec. 31....	53, 701	35, 893	23, 107	12, 786	10, 143	7, 666
1937—June 30....	53, 287	35, 440	22, 926	12, 514	10, 213	7, 635
Dec. 31....	52, 440	34, 810	22, 655	12, 155	10, 257	7, 373
1938—June 30....	52, 195	34, 745	22, 553	12, 193	10, 296	7, 153
Dec. 31....	54, 054	36, 211	23, 497	12, 714	10, 365	7, 478
1939—June 30....	55, 992	38, 027	24, 534	13, 493	10, 521	7, 444
Dec. 30....	58, 344	39, 930	25, 661	14, 269	10, 613	7, 801
1940—Mar. 26....	59, 017	40, 579	25, 911	14, 667	² 10, 544	³ 7, 895
June 29 ⁴	60, 585	42, 039	26, 931	15, 108	10, 631	7, 915

For footnotes see table below.

LOANS AND INVESTMENTS

[In millions of dollars]

Call date	All banks			Member banks			Nonmember banks					
	Total	Loans	Investments	Total	Loans	Investments	Mutual savings banks			Other nonmember banks		
							Total	Loans	Investments	Total	Loans	Investments
1929—June 29.....	58, 474	41, 531	16, 943	35, 711	25, 658	10, 052	9, 556	5, 892	3, 664	13, 207	9, 981	3, 227
Dec. 31.....	58, 417	41, 918	16, 499	35, 934	26, 150	9, 784	9, 463	5, 945	3, 518	13, 020	9, 823	3, 197
1933—June 30.....	40, 076	22, 203	17, 872	24, 786	12, 858	11, 928	10, 044	5, 941	4, 103	5, 246	3, 404	1, 841
Dec. 30.....	40, 319	21, 977	18, 342	25, 220	12, 833	12, 386	9, 985	5, 906	4, 079	5, 115	3, 238	1, 877
1934—June 30.....	42, 502	21, 278	21, 224	27, 175	12, 523	14, 652	9, 904	5, 648	4, 256	5, 423	3, 108	2, 315
Dec. 31.....	43, 458	20, 473	22, 984	28, 150	12, 028	16, 122	9, 782	5, 491	4, 291	5, 526	2, 955	2, 571
1935—June 29.....	44, 416	20, 272	24, 145	28, 785	11, 928	16, 857	9, 852	5, 341	4, 511	5, 779	3, 003	2, 777
Dec. 31.....	45, 717	20, 329	25, 388	29, 985	12, 175	17, 810	9, 804	5, 210	4, 594	5, 927	2, 944	2, 983
1936—June 30.....	48, 458	20, 679	27, 778	32, 259	12, 542	19, 717	9, 961	5, 105	4, 856	6, 238	3, 032	3, 206
Dec. 31.....	49, 524	21, 449	28, 075	33, 000	13, 360	19, 640	10, 060	5, 027	5, 034	6, 464	3, 062	3, 402
1937—June 30.....	49, 696	22, 514	27, 182	32, 739	14, 285	18, 454	10, 180	5, 002	5, 178	6, 778	3, 227	3, 550
Dec. 31.....	48, 566	22, 198	26, 368	31, 752	13, 958	17, 794	10, 187	4, 996	5, 191	6, 627	3, 244	3, 383
1938—June 30.....	47, 381	21, 130	26, 252	30, 721	12, 938	17, 783	10, 196	4, 961	5, 235	6, 465	3, 231	3, 234
Dec. 31 ²	48, 929	21, 354	27, 575	32, 070	13, 208	18, 863	10, 255	4, 930	5, 255	6, 604	3, 217	3, 387
1939—June 30.....	49, 616	21, 318	28, 299	32, 603	13, 141	19, 462	10, 342	4, 931	5, 411	6, 671	3, 245	3, 425
Dec. 30.....	50, 885	22, 169	28, 716	33, 941	13, 962	19, 979	10, 314	4, 961	5, 353	6, 630	3, 246	3, 384
1940—Mar. 26.....	51, 135	22, 190	28, 945	34, 163	13, 939	20, 224	¹ 10, 226	4, 922	5, 304	² 6, 746	3, 329	3, 417
June 29 ⁴	51, 337	22, 340	28, 996	34, 451	13, 969	20, 482	10, 188	4, 925	5, 263	6, 698	3, 446	3, 251

¹ Prior to Dec. 30, 1933, member-bank figures include interbank deposits not subject to immediate withdrawal, which aggregated \$103,000,000 on that date. The nonmember bank figures include interbank deposits to the extent that they are not shown separately in a few State bank abstracts.

² Beginning December 1938 figures of loans and investments exclude approximately \$50,000,000 and \$100,000,000, heretofore reported as loans and investments, respectively, which indirectly represent bank premises or other real estate and are now classified in condition reports among "Other assets."

³ One bank (with deposits, excluding interbank deposits, of \$90,000,000 and total loans and investments of \$96,000,000 on December 30, 1939 which was formerly classified as a mutual savings bank, is included in the March 26, 1940 figures in "Other nonmember banks" column.

⁴ Preliminary figures.

Back figures.—See Annual Report for 1937 (tables 48-49).

CONDITION OF ALL MEMBER BANKS—LOANS AND INVESTMENTS

[In millions of dollars]

Call date	Total loans and investments	Loans ¹								Investments ¹								
		Total ¹	Com-mercial and in-dustrial ²	Agricul-tural ²	Open mar-ket paper	Loans for purchasing or carrying securities		Real estate loans	Loans to banks	Other loans ⁴	Total	U. S. Government obligations					Obligations of States and political subdivisions	Other securities
						To brokers and dealers	To others ³					Total	Direct			Guar-anteed		
													Bills ⁵	Notes	Bonds			
Total—All Member Banks																		
1929—Dec. 31..	35,934	26,150	-----	-----	583	2,463	7,685	3,191	714	11,515	9,784	3,863	249	520	3,094	-----	1,393	4,528
1933—June 30..	24,786	12,858	-----	-----	595	953	3,752	2,372	330	4,857	11,928	6,887	1,113	2,049	3,725	-----	1,744	3,297
1938—June 30..	30,721	12,938	-----	-----	492	701	2,614	2,613	120	6,397	17,783	12,343	316	3,653	6,246	2,128	2,143	3,296
Sept. 28..	31,627	12,937	-----	-----	484	713	2,590	2,661	126	6,364	18,689	13,011	313	3,707	6,693	2,298	2,317	3,361
Dec. 31..	32,070	13,208	4,737	712	442	973	775	2,716	125	6,377	18,863	13,222	286	3,389	7,208	2,340	2,448	3,192
1939—Mar. 29..	32,095	13,047	4,760	771	427	838	733	2,749	99	6,271	19,048	13,351	303	2,604	7,783	2,660	2,555	3,142
June 30..	32,603	13,141	4,783	788	420	731	736	2,828	58	2,796	19,462	13,777	441	2,720	7,786	2,831	2,554	3,131
Oct. 2 ⁶ ..	33,075	13,470	-----	-----	-----	-----	-----	-----	-----	-----	19,605	13,811	-----	-----	-----	2,920	2,764	3,030
Dec. 30..	33,941	13,962	5,386	730	455	790	700	2,957	56	2,888	19,979	14,328	563	2,223	8,398	3,144	2,692	2,959
1940—Mar. 26 ⁶	34,163	13,939	-----	-----	-----	-----	-----	-----	-----	-----	20,224	14,421	-----	-----	-----	3,107	2,905	2,898
June 29..	34,451	13,969	5,538	736	450	447	668	3,069	42	3,020	20,482	14,722	797	2,543	8,261	3,121	2,888	2,873
New York City⁷																		
1929—Dec. 31..	8,774	6,683	-----	-----	195	1,257	2,145	169	322	2,595	2,091	1,112	58	166	889	-----	222	758
1933—June 30..	7,133	3,424	-----	-----	364	758	1,044	157	162	937	3,709	2,551	638	987	926	-----	478	680
1938—June 30..	8,013	3,172	-----	-----	141	556	717	132	85	1,541	4,840	3,740	222	1,358	1,451	709	394	707
Sept. 28..	8,355	3,146	-----	-----	153	564	702	132	95	1,499	5,209	3,987	251	1,342	1,560	834	495	727
Dec. 31..	8,335	3,262	1,456	5	138	787	220	121	99	436	5,072	3,857	158	1,142	1,663	894	517	698
1939—Mar. 29..	8,408	3,086	1,451	5	126	668	209	124	77	427	5,322	4,025	68	831	2,040	1,086	582	714
June 30..	8,688	2,988	1,474	5	128	555	215	130	41	440	5,700	4,483	168	908	2,284	1,123	480	736
Oct. 2 ⁶ ..	9,044	3,116	-----	-----	-----	-----	-----	-----	-----	-----	5,928	4,558	-----	-----	-----	1,157	662	708
Dec. 30..	9,339	3,296	1,708	7	120	611	188	133	44	425	6,043	4,772	315	797	2,385	1,275	579	693
1940—Mar. 26 ⁶	9,594	3,211	-----	-----	-----	-----	-----	-----	-----	-----	6,383	4,972	-----	-----	-----	1,286	726	686
June 29..	9,829	3,014	1,801	6	103	320	188	137	32	426	6,815	5,486	421	1,092	2,650	1,324	634	695
City of Chicago⁷																		
1929—Dec. 31..	1,757	1,448	-----	-----	19	251	533	21	88	535	309	116	3	19	94	-----	96	96
1933—June 30..	1,287	677	-----	-----	70	61	251	30	30	237	610	384	206	82	97	-----	87	138
1938—June 30..	1,806	525	-----	-----	15	29	109	10	-----	361	1,281	981	12	313	535	122	140	159
Sept. 28..	1,889	522	-----	-----	18	31	111	10	-----	351	1,367	1,047	1	310	611	126	144	175
Dec. 31..	1,969	539	319	17	16	43	70	12	1	62	1,430	1,114	59	291	655	109	141	176
1939—Mar. 29..	1,965	545	340	22	14	32	70	12	-----	57	1,420	1,100	121	212	660	108	149	171
June 30..	2,052	544	329	19	14	39	71	11	-----	59	1,507	1,175	185	234	621	135	154	179
Oct. 2 ⁶ ..	2,050	563	-----	-----	-----	-----	-----	-----	-----	-----	1,487	1,172	-----	-----	-----	155	147	168
Dec. 30..	2,105	569	365	6	17	41	66	13	-----	60	1,536	1,203	153	176	701	172	162	170
1940—Mar. 26 ⁶	2,222	564	-----	-----	-----	-----	-----	-----	-----	-----	1,658	1,319	-----	-----	-----	139	175	164
June 29..	2,205	603	417	8	16	23	61	16	-----	62	1,602	1,258	254	161	710	134	177	167
Reserve City Banks																		
1929—Dec. 31..	12,029	9,084	-----	-----	168	664	2,775	1,538	258	3,679	2,944	1,368	91	165	1,112	-----	448	1,128
1933—June 30..	8,492	4,482	-----	-----	126	108	1,340	1,131	99	1,673	4,011	2,483	205	681	1,597	-----	598	930
1938—June 30..	11,150	4,853	-----	-----	163	95	998	1,201	26	2,369	6,298	4,658	69	1,268	2,603	718	732	908
Sept. 28..	11,426	4,870	-----	-----	156	96	992	1,217	22	2,387	6,556	4,831	47	1,290	2,752	743	775	950
Dec. 31..	11,654	4,963	1,914	207	149	119	242	1,230	20	1,081	6,691	5,018	57	1,224	2,997	740	808	866
1939—Mar. 29..	11,624	4,936	1,889	228	145	115	228	1,249	17	1,066	6,688	5,004	100	977	3,105	823	823	890
June 30..	11,756	5,004	1,884	234	138	115	221	1,284	12	1,116	6,751	4,991	78	1,014	3,010	889	895	866
Oct. 2 ⁶ ..	11,880	5,127	-----	-----	-----	-----	-----	-----	-----	-----	6,752	4,998	-----	-----	-----	909	897	856
Dec. 30..	12,272	5,329	2,100	221	155	119	222	1,335	9	1,168	6,943	5,194	63	819	3,339	972	890	860
1940—Mar. 26 ⁶	12,153	5,305	-----	-----	-----	-----	-----	-----	-----	-----	6,848	5,070	-----	-----	-----	963	928	850
June 29..	12,160	5,365	2,134	176	156	87	210	1,372	6	1,224	6,795	4,947	87	839	3,052	969	981	868
Country Banks																		
1929—Dec. 31..	13,375	8,936	-----	-----	201	291	2,231	1,462	45	4,705	4,439	1,267	97	171	999	-----	627	2,546
1933—June 30..	7,873	4,275	-----	-----	35	25	1,117	1,055	38	2,005	3,598	1,469	64	299	1,106	-----	581	1,549
1938—June 30..	9,752	4,388	-----	-----	173	21	790	1,269	9	2,126	5,364	2,964	13	715	1,657	579	878	1,522
Sept. 28..	9,958	4,399	-----	-----	156	21	784	1,303	9	2,127	5,558	3,146	15	766	1,770	596	903	1,509
Dec. 31..	10,113	4,444	1,048	483	138	25	243	1,353	5	1,149	5,669	3,233	11	732	1,893	597	982	1,453
1939—Mar. 29..	10,098	4,480	1,081	517	142	24	226	1,363	6	1,121	5,618	3,221	15	585	1,978	643	1,001	1,397
June 30..	10,109	4,605	1,095	531	140	22	229	1,402	5	1,180	5,504	3,127	11	563	1,870	683	1,025	1,351
Oct. 2 ⁶ ..	10,102	4,665	-----	-----	-----	-----	-----	-----	-----	-----	5,437	3,082	-----	-----	-----	699	1,058	1,297
Dec. 30..	10,224	4,768	1,151	495	163	20	224	1,477	4	1,234	5,456	3,159	31	431	1,972	725	1,061	1,236
1940—Mar. 26 ⁶	10,194	4,860	-----	-----	-----	-----	-----	-----	-----	-----	5,334	3,060	-----	-----	-----	719	1,076	1,197
June 29..	10,257	4,987	1,187	546	174	17	208	1,544	3	1,308	5,270	3,030	36	451	1,849	695	1,097	1,144

¹ Classifications indicated were revised as of Dec. 31, 1938; for explanation see BULLETIN for January, 1939, pp. 22-23, and BULLETIN for April 1939, pp. 259-264, 332. Beginning June 30, 1939, detailed classifications available on June and December dates only.

² Not shown in call reports prior to December 1938, but the total amount of agricultural loans was reported separately on some dates, and the total amount of "Commercial, industrial and agricultural paper" has been reported by weekly reporting banks since May 1937.

³ Figures in this column prior to Dec. 31, 1938, represent all loans on securities, regardless of purpose, excepting only loans on securities to banks and to brokers and dealers.

⁴ This is a residual item and, because of the revised loan classifications, figures beginning Dec. 31, 1938, are not comparable with earlier figures.

⁵ Includes Treasury certificates of indebtedness through 1934.

⁶ Breakdown of loans and investments not reported separately.

⁷ Central reserve city banks.

Back figures.—See Annual Report for 1937 (tables 52-58).

CONDITION OF ALL MEMBER BANKS—RESERVES AND LIABILITIES

[In millions of dollars]

Reserves with Federal Reserve Banks	Cash in vault	Balances with domestic banks ¹	Demand deposits adjusted ²	Demand deposits, except interbank				Time deposits, except interbank			Interbank deposits			Borrowings	Capital accounts	Call date
				Individuals, partnerships, and corporations	States and political subdivisions	Certified and officers' checks etc. ³	U. S. Government ⁴	Individuals, partnerships, and corporations	States and political subdivisions	Postal savings ⁴	Domestic banks		Foreign banks			
											Demand	Time				
<i>Total—All Member Banks</i>																
2,374	558	2,168	16,647	17,526	1,335	1,681	143	12,267	595	122	3,517	95	698	879	6,709	1929—Dec. 31
2,235	405	2,008	12,089	11,830	1,087	657	806	7,803	300	788	3,057	89	146	191	4,837	1933—June 30
8,004	712	4,084	20,893	19,816	2,314	662	543	10,874	454	83	6,096	135	331	11	5,368	1938—June 30
8,193	775	3,937	21,596	20,439	2,080	538	707	10,789	464	70	6,088	130	466	12	5,410	Sept. 28
8,694	746	4,240	22,293	21,119	2,386	547	790	10,846	462	61	6,510	132	511	6	5,424	Dec. 31
9,112	777	4,403	22,364	20,845	2,467	533	775	10,940	461	68	6,816	133	629	7	5,467	1939—Mar. 29
10,011	712	4,474	23,587	22,448	2,532	790	694	11,063	441	59	7,097	142	607	5	5,496	June 30
11,617	774	5,304	25,118	23,983	2,390	666	675	11,104	418	51	8,243	142	757	5	5,530	Oct. 2
11,604	841	5,506	25,681	24,604	2,321	563	743	11,215	432	51	8,507	144	759	3	5,522	Dec. 30
12,279	862	5,634	26,461	24,965	2,499	558	725	11,368	411	52	8,717	145	737	2	5,562	1940—Mar. 26
13,751	789	5,751	27,877	26,397	2,529	475	711	11,459	410	59	8,852	134	703	3	5,608	June 29
<i>New York City⁵</i>																
827	68	179	4,750	5,847	128	1,180	20	1,112	33	18	1,198	40	597	179	2,105	1929—Dec. 31
846	46	101	4,358	4,676	96	461	332	671	4	110	1,255	22	128	8	1,582	1933—June 30
3,517	65	119	6,698	6,900	273	367	123	694	32	-----	2,514	-----	291	-----	1,587	1938—June 30
3,743	70	91	7,026	7,128	196	280	181	653	64	-----	2,498	-----	411	2	1,589	Sept. 28
4,104	68	109	7,168	7,273	280	195	139	652	36	-----	2,687	-----	442	-----	1,593	Dec. 31
4,582	63	156	7,605	7,677	260	272	135	655	53	-----	2,731	-----	553	-----	1,592	1939—Mar. 29
4,975	61	112	8,012	8,281	288	474	84	653	46	-----	2,992	-----	524	-----	1,586	June 30
5,929	85	109	8,676	8,812	321	349	72	683	52	-----	3,568	-----	670	1	1,587	Oct. 2
5,915	89	125	8,899	9,030	251	178	74	693	43	-----	3,542	-----	695	-----	1,592	Dec. 30
6,386	84	163	9,562	9,652	219	260	68	742	35	-----	3,629	-----	672	-----	1,601	1940—Mar. 26
7,072	88	119	10,235	10,283	258	147	67	732	29	-----	3,840	-----	650	-----	1,599	June 29
<i>City of Chicago⁵</i>																
169	13	133	957	1,041	42	32	8	332	58	2	310	19	33	41	316	1929—Dec. 31
232	34	203	912	870	87	16	46	358	1	6	259	-----	2	-----	204	1933—June 30
936	31	208	1,523	1,386	221	23	86	443	16	-----	688	-----	6	-----	249	1938—June 30
856	32	198	1,585	1,455	204	24	62	439	21	-----	636	-----	10	-----	256	Sept. 28
884	35	235	1,688	1,597	181	29	83	452	9	-----	658	-----	9	-----	257	Dec. 31
705	22	178	1,260	1,182	141	26	83	452	12	-----	834	-----	10	-----	261	1939—Mar. 29
897	26	235	1,666	1,565	197	22	60	471	17	-----	746	-----	12	-----	270	June 30
1,080	37	237	1,747	1,632	195	27	60	469	21	3	853	-----	14	-----	270	Oct. 2
993	42	283	1,739	1,676	167	24	80	483	10	3	879	-----	9	-----	250	Dec. 30
909	25	195	1,544	1,503	133	18	80	482	11	5	997	-----	7	-----	253	1940—Mar. 26
1,187	39	242	1,898	1,782	199	17	79	489	15	5	949	-----	7	-----	260	June 29
<i>Reserve City Banks</i>																
751	156	947	5,229	5,547	423	300	76	4,433	371	41	1,604	30	64	292	2,029	1929—Dec. 31
705	122	1,002	3,764	3,708	349	108	312	2,941	208	388	1,315	59	15	16	1,533	1933—June 30
2,289	300	1,951	6,934	6,668	812	146	266	4,238	262	31	2,514	113	32	-----	1,753	1938—June 30
2,311	322	1,862	7,078	6,843	711	120	356	4,209	233	23	2,557	107	43	-----	1,764	Sept. 28
2,354	321	1,940	7,214	7,034	796	170	424	4,233	269	17	2,719	108	57	-----	1,777	Dec. 31
2,459	342	2,106	7,326	6,899	889	123	420	4,276	243	22	2,813	108	64	2	1,795	1939—Mar. 29
2,735	318	2,210	7,654	7,331	917	160	415	4,320	253	19	2,920	115	69	-----	1,812	June 30
3,053	323	2,485	8,017	7,803	801	158	410	4,319	198	14	3,307	116	71	-----	1,821	Oct. 2
3,118	348	2,485	8,176	8,002	813	190	435	4,362	240	14	3,516	117	53	-----	1,828	Dec. 30
3,336	364	2,632	8,400	7,978	942	150	431	4,386	214	12	3,525	115	56	-----	1,833	1940—Mar. 26
3,759	334	2,679	8,774	8,372	956	147	422	4,422	219	18	3,526	105	44	-----	1,873	June 29
<i>Country Banks</i>																
627	321	908	5,711	5,091	742	169	39	6,390	133	61	405	6	3	367	2,258	1929—Dec. 31
452	203	702	3,064	2,576	555	72	116	3,833	86	285	228	7	1	167	1,517	1933—June 30
1,263	316	1,806	5,738	4,863	1,008	126	68	5,499	144	52	380	22	2	11	1,778	1938—June 30
1,282	351	1,736	5,908	5,013	969	114	108	5,488	147	46	398	23	2	11	1,801	Sept. 28
1,353	322	1,956	6,224	5,215	1,128	154	143	5,509	147	44	446	23	2	6	1,798	Dec. 31
1,367	350	1,963	6,183	5,087	1,176	114	137	5,557	153	46	428	25	2	5	1,818	1939—Mar. 29
1,403	307	2,117	6,255	5,272	1,130	135	136	5,619	145	40	439	26	2	5	1,828	June 30
1,555	329	2,473	6,677	5,736	1,073	131	133	5,632	148	35	515	26	2	4	1,852	Oct. 2
1,578	363	2,614	6,866	5,896	1,090	172	154	5,677	140	35	371	26	2	3	1,851	Dec. 30
1,648	389	2,645	6,954	5,832	1,205	131	147	5,757	151	35	566	29	2	2	1,875	1940—Mar. 26
1,733	328	2,711	6,969	5,960	1,115	164	143	5,816	147	37	538	29	2	3	1,876	June 29

¹ Prior to Dec. 31, 1935, excludes balances with private banks to the extent that they were then reported in "Other assets." Since Oct. 25, 1933, includes time balances with domestic banks which on that date amounted to \$69,000,000 and which prior to that time were reported in "Other assets."
² Demand deposits other than interbank and U. S. Government, less cash items reported as in process of collection and, prior to Dec. 31, 1935, less cash items reported on hand but not in process of collection.
³ Includes "Due to Federal Reserve Banks (transit account)," known as "Due to Federal Reserve Banks (deferred credits)" prior to Dec. 31, 1935.
⁴ U. S. Treasurer's time deposits, open account, are combined with postal savings (time) deposits.
⁵ Central reserve city banks.
⁶ Partly estimated.
Back figures.—See Annual Report for 1937 (tables 52-58).

WEEKLY REPORTING MEMBER BANKS—NEW YORK CITY AND OUTSIDE

LOANS AND INVESTMENTS

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

Date or month	Total loans and investments	Loans							Investments							
		Total	Com- mer- cial, in- dus- trial, and agri- cultural	Open mar- ket paper	Loans for purchasing or carrying securities		Real estate loans	Loans to banks	Other loans	Total	U. S. Government obligations					Other secu- rities
					To brok- ers and deal- ers	To others					Total	Bills	Notes	Bonds	Guar- an- teed	
Total—101 Cities																
1939—August	22,327	8,179	3,930	313	642	521	1,171	62	1,540	14,148	10,802	488	2,149	5,900	2,265	3,346
1940—April	23,489	8,646	4,414	335	624	474	1,182	48	1,569	14,843	11,339	575	1,839	6,527	2,398	3,504
May	23,555	8,599	4,397	327	574	475	1,191	47	1,588	14,956	11,460	638	1,905	6,510	2,407	3,496
June	23,591	8,446	4,383	313	422	471	1,199	42	1,616	15,145	11,603	751	1,993	6,457	2,402	3,542
July	23,787	8,494	4,451	295	399	473	1,204	37	1,635	15,293	11,728	777	2,081	6,455	2,415	3,565
August	24,140	8,504	4,456	295	375	470	1,214	39	1,655	15,636	11,994	730	2,113	6,572	2,579	3,642
July 10	23,683	8,461	4,447	297	377	471	1,200	36	1,633	15,222	11,642	773	2,070	6,383	2,416	3,580
July 17	23,743	8,517	4,464	298	408	474	1,205	35	1,633	15,226	11,644	769	2,083	6,377	2,415	3,582
July 24	23,947	8,514	4,462	290	411	476	1,206	36	1,633	15,433	11,871	794	2,093	6,565	2,419	3,562
July 31	23,978	8,517	4,441	291	419	472	1,210	40	1,642	15,461	11,875	791	2,099	6,567	2,418	3,586
Aug. 7	24,101	8,492	4,446	291	384	474	1,211	39	1,649	15,609	12,005	738	2,111	6,587	2,569	3,604
Aug. 14	24,121	8,506	4,461	294	376	469	1,213	39	1,654	15,615	12,006	733	2,114	6,580	2,579	3,609
Aug. 21	24,180	8,509	4,455	295	377	473	1,215	39	1,655	15,671	11,994	735	2,116	6,560	2,583	3,677
Aug. 28	24,157	8,509	4,463	299	363	467	1,215	40	1,662	15,648	11,969	712	2,113	6,562	2,582	3,679
Sept. 4	24,188	8,566	4,480	294	390	463	1,219	48	1,672	15,622	11,957	705	2,095	6,573	2,584	3,665
Sept. 11	24,294	8,665	4,571	296	392	460	1,220	50	1,676	15,629	11,964	710	2,091	6,576	2,587	3,665
Sept. 18	24,284	8,692	4,578	296	404	462	1,222	45	1,685	15,592	11,888	673	2,091	6,541	2,583	3,704
Sept. 25	24,166	8,689	4,575	295	415	462	1,223	35	1,684	15,477	11,779	619	2,056	6,528	2,576	3,698
New York City																
1939—August	8,349	2,828	1,483	117	493	184	117	52	382	5,521	4,334	205	826	2,166	1,137	1,187
1940—April	9,108	2,965	1,686	111	482	160	119	41	366	6,143	4,838	170	888	2,527	1,253	1,305
May	9,172	2,905	1,673	108	433	160	120	40	371	6,267	4,995	242	950	2,528	1,275	1,272
June	9,263	2,763	1,671	101	298	159	122	35	377	6,500	5,207	396	989	2,540	1,282	1,293
July	9,400	2,778	1,710	90	281	167	122	30	378	6,622	5,285	392	1,035	2,570	1,288	1,337
August	9,554	2,752	1,698	83	269	164	124	30	384	6,802	5,407	334	1,060	2,641	1,372	1,395
July 10	9,379	2,764	1,714	91	265	166	122	29	377	6,615	5,264	411	1,023	2,543	1,287	1,351
July 17	9,400	2,786	1,711	91	287	169	122	28	378	6,614	5,261	403	1,034	2,538	1,286	1,353
July 24	9,458	2,786	1,713	87	288	169	123	29	377	6,672	5,336	389	1,051	2,608	1,288	1,336
July 31	9,489	2,788	1,698	86	302	167	123	31	381	6,701	5,348	389	1,052	2,618	1,289	1,353
Aug. 7	9,527	2,766	1,708	84	275	165	123	30	381	6,761	5,402	341	1,055	2,637	1,369	1,359
Aug. 14	9,520	2,754	1,703	82	270	164	124	28	383	6,766	5,404	329	1,061	2,640	1,374	1,362
Aug. 21	9,600	2,751	1,691	83	273	166	124	29	385	6,849	5,421	343	1,062	2,643	1,373	1,428
Aug. 28	9,568	2,737	1,691	82	259	162	124	31	388	6,831	5,402	324	1,062	2,644	1,372	1,429
Sept. 4	9,599	2,765	1,691	77	281	162	124	38	392	6,834	5,398	323	1,047	2,655	1,373	1,436
Sept. 11	9,678	2,826	1,742	76	285	163	124	43	393	6,852	5,418	330	1,046	2,668	1,374	1,434
Sept. 18	9,691	2,833	1,750	74	295	164	124	36	390	6,858	5,394	319	1,045	2,654	1,376	1,464
Sept. 25	9,596	2,828	1,753	74	301	163	123	27	387	6,768	5,314	274	1,014	2,645	1,381	1,454
Outside New York City																
1939—August	13,978	5,351	2,447	196	149	337	1,054	10	1,158	8,627	6,468	283	1,323	3,734	1,128	2,159
1940—April	14,381	5,681	2,728	224	142	314	1,063	7	1,203	8,700	6,501	405	951	4,000	1,145	2,199
May	14,383	5,694	2,724	219	141	315	1,071	7	1,217	8,689	6,465	396	955	3,982	1,132	2,224
June	14,328	5,683	2,712	212	124	312	1,077	7	1,239	8,645	6,396	355	1,004	3,917	1,120	2,249
July	14,387	5,716	2,741	205	118	306	1,082	7	1,257	8,671	6,443	385	1,046	3,885	1,127	2,228
August	14,586	5,752	2,758	212	106	306	1,090	9	1,271	8,834	6,587	396	1,053	3,931	1,207	2,247
July 10	14,304	5,697	2,733	206	112	305	1,078	7	1,256	8,607	6,378	362	1,047	3,840	1,129	2,229
July 17	14,343	5,731	2,753	207	121	305	1,083	7	1,255	8,612	6,383	366	1,049	3,839	1,129	2,229
July 24	14,489	5,728	2,749	203	123	307	1,083	7	1,256	8,761	6,535	405	1,042	3,957	1,131	2,226
July 31	14,489	5,729	2,743	205	117	307	1,087	9	1,261	8,760	6,527	402	1,047	3,949	1,129	2,233
Aug. 7	14,574	5,726	2,738	207	109	307	1,088	9	1,268	8,848	6,603	397	1,056	3,950	1,200	2,245
Aug. 14	14,601	5,752	2,758	212	106	305	1,089	11	1,271	8,849	6,602	404	1,053	3,940	1,205	2,247
Aug. 21	14,580	5,758	2,764	212	104	307	1,091	10	1,270	8,822	6,573	392	1,054	3,917	1,210	2,249
Aug. 28	14,589	5,772	2,772	217	104	305	1,091	9	1,274	8,817	6,567	388	1,051	3,918	1,210	2,250
Sept. 4	14,589	5,801	2,789	217	109	301	1,095	10	1,280	8,788	6,559	382	1,048	3,918	1,211	2,229
Sept. 11	14,616	5,839	2,829	220	107	297	1,096	7	1,283	8,777	6,546	380	1,045	3,908	1,213	2,231
Sept. 18	14,593	5,859	2,828	222	109	298	1,098	9	1,295	8,734	6,494	354	1,046	3,887	1,207	2,240
Sept. 25	14,570	5,861	2,822	221	114	299	1,100	8	1,297	8,709	6,465	345	1,042	3,883	1,195	2,244

NOTE.—For description of figures see BULLETIN for November 1935 (pp. 711-738) or reprint, and BULLETIN for June 1937 (pp. 530-531). For back figures see BULLETIN for November 1935 (pp. 711-738) or reprint, BULLETIN for December 1935 (p. 876), Annual Report for 1937 (tables 65-67) and corresponding tables in previous Annual Reports.

WEEKLY REPORTING MEMBER BANKS—NEW YORK CITY AND OUTSIDE
RESERVES AND LIABILITIES

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

Reserves with Federal Reserve Banks	Cash in vault	Balances with domestic banks	Demand deposits adjusted ¹	Demand deposits, except interbank				Time deposits, except interbank				Interbank deposits			Borrowings	Capital accounts	Date or month
				Individuals, partnerships, and corporations	States and political subdivisions	Certified and officers' checks, etc.	U. S. Government ²	Individuals, partnerships, and corporations	States and political subdivisions	Postal savings ¹	Domestic banks		Foreign banks				
											Demand	Time					
<i>Total 101 Cities</i>																	
8,951	440	2,808	17,717	17,168	1,436	438	532	5,021	220	18	6,991	127	652	7	3,722	1939—August	
10,661	465	3,229	19,515	19,058	1,403	461	561	5,147	186	20	8,295	117	725	1	3,735	1940—April	
11,032	474	3,240	19,971	19,460	1,540	481	560	5,119	192	21	8,380	115	708	1	3,750	May	
11,500	499	3,262	20,524	20,034	1,494	402	561	5,127	183	23	8,361	113	688	1	3,773	June	
11,600	491	3,214	20,847	20,380	1,455	411	475	5,141	178	22	8,310	111	676	1	3,774	July	
11,316	498	3,163	20,878	20,319	1,466	360	506	5,155	182	24	8,258	111	684	1	3,783	August	
11,660	512	3,208	20,824	20,302	1,452	381	439	5,139	180	23	8,339	111	671	-----	3,777	July 10	
11,729	491	3,262	20,932	20,532	1,425	396	407	5,138	176	23	8,418	110	673	1	3,772	July 17	
11,526	498	3,181	20,984	20,401	1,465	423	509	5,139	174	22	8,196	112	676	1	3,773	July 24	
11,449	478	3,140	20,984	20,499	1,497	388	505	5,144	175	22	8,129	110	676	2	3,776	July 31	
11,212	488	3,113	20,712	20,101	1,476	343	505	5,150	183	24	8,221	112	685	1	3,782	Aug. 7	
11,254	505	3,168	20,789	20,369	1,427	373	506	5,154	180	24	8,280	112	690	-----	3,781	Aug. 14	
11,348	490	3,173	20,956	20,381	1,478	381	506	5,161	183	24	8,252	110	679	1	3,783	Aug. 21	
11,449	508	3,201	21,053	20,424	1,482	344	506	5,156	183	23	8,282	110	682	1	3,787	Aug. 28	
11,418	491	3,171	20,901	20,415	1,440	393	509	5,174	182	24	8,395	110	670	-----	3,790	Sept. 4	
11,471	517	3,226	21,079	20,738	1,410	349	505	5,174	184	24	8,459	111	671	-----	3,783	Sept. 11	
11,490	502	3,296	20,984	20,617	1,413	388	508	5,175	178	24	8,576	111	683	1	3,781	Sept. 18	
11,616	508	3,248	21,080	20,610	1,421	452	507	5,178	172	24	8,429	112	692	1	3,781	Sept. 25	
<i>New York City</i>																	
5,184	63	74	7,905	7,913	304	274	51	597	50	-----	3,052	-----	575	-----	1,482	1939—August	
6,259	78	95	9,087	9,154	246	282	45	661	27	-----	3,640	-----	663	-----	1,496	1940—April	
6,384	79	87	9,203	9,306	267	292	44	634	26	-----	3,727	-----	650	-----	1,502	May	
6,622	82	83	9,524	9,653	213	224	43	647	24	-----	3,724	-----	634	-----	1,500	June	
6,657	81	82	9,716	9,770	280	225	33	657	27	-----	3,717	-----	622	-----	1,489	July	
6,417	82	79	9,678	9,688	278	195	35	668	40	-----	3,629	-----	628	-----	1,495	August	
6,719	83	80	9,776	9,756	314	209	29	655	26	-----	3,700	-----	616	-----	1,489	July 10	
6,663	82	87	9,710	9,776	272	193	26	656	26	-----	3,735	-----	620	-----	1,489	July 17	
6,635	80	83	9,776	9,779	280	248	35	658	27	-----	3,685	-----	623	-----	1,489	July 24	
6,549	79	79	9,753	9,844	283	206	35	659	28	-----	3,684	-----	620	-----	1,493	July 31	
6,380	80	79	9,634	9,641	264	179	35	663	37	-----	3,624	-----	629	-----	1,495	Aug. 7	
6,394	85	79	9,620	9,683	255	205	35	667	35	-----	3,630	-----	634	-----	1,494	Aug. 14	
6,432	80	80	9,732	9,723	296	221	35	670	40	-----	3,622	-----	624	-----	1,495	Aug. 21	
6,470	85	78	9,727	9,705	295	177	35	671	43	-----	3,640	-----	626	-----	1,495	Aug. 28	
6,401	84	81	9,672	9,704	263	216	35	686	44	-----	3,654	-----	617	-----	1,495	Sept. 4	
6,391	85	80	9,681	9,799	225	184	35	685	45	-----	3,707	-----	618	-----	1,493	Sept. 11	
6,417	82	82	9,655	9,728	254	210	35	681	40	-----	3,758	-----	630	-----	1,492	Sept. 18	
6,474	84	82	9,685	9,729	252	279	35	681	40	-----	3,687	-----	636	-----	1,491	Sept. 25	
<i>Outside New York City</i>																	
3,767	377	2,784	9,812	9,255	1,132	164	481	4,424	170	18	3,939	127	77	7	2,240	1939—August	
4,402	387	3,134	10,428	9,904	1,157	170	516	4,486	159	20	4,655	117	62	1	2,239	1940—April	
4,648	395	3,153	10,768	10,154	1,273	189	516	4,485	166	21	4,653	115	58	1	2,248	May	
4,878	417	3,179	11,000	10,381	1,281	178	518	4,480	159	23	4,637	113	54	1	2,273	June	
4,943	410	3,132	11,131	10,610	1,175	186	442	4,484	151	22	4,593	111	54	1	2,285	July	
4,899	416	3,084	11,200	10,631	1,188	165	471	4,487	142	24	4,629	111	56	1	2,288	August	
4,941	429	3,128	11,048	10,546	1,138	172	410	4,484	154	23	4,639	111	55	-----	2,288	July 10	
5,066	409	3,175	11,222	10,756	1,153	203	381	4,482	150	23	4,683	110	53	1	2,283	July 17	
4,891	418	3,098	11,208	10,622	1,185	175	474	4,481	147	22	4,511	112	53	1	2,284	July 24	
4,900	399	3,061	11,231	10,655	1,214	182	470	4,485	147	22	4,445	110	56	2	2,283	July 31	
4,832	408	3,034	11,078	10,460	1,212	164	470	4,487	146	24	4,597	112	56	1	2,287	Aug. 7	
4,860	420	3,089	11,169	10,686	1,172	168	471	4,487	142	24	4,650	112	56	-----	2,287	Aug. 14	
4,928	410	3,093	11,224	10,658	1,182	160	471	4,491	143	24	4,630	110	55	1	2,288	Aug. 21	
4,979	423	3,123	11,326	10,719	1,187	167	471	4,485	140	23	4,642	110	56	1	2,292	Aug. 28	
5,017	407	3,090	11,229	10,711	1,177	177	474	4,488	138	24	4,741	110	53	-----	2,295	Sept. 4	
5,080	432	3,146	11,398	10,939	1,185	165	470	4,489	139	24	4,752	111	53	-----	2,290	Sept. 11	
5,073	420	3,214	11,329	10,889	1,159	178	473	4,494	138	24	4,818	111	53	1	2,289	Sept. 18	
5,142	424	3,166	11,395	10,881	1,169	173	472	4,497	132	24	4,742	112	56	1	2,290	Sept. 25	

¹ Demand deposits other than interbank and U. S. Government, less cash items reported as in process of collection.
² U. S. Treasurer's time deposits, open account, are combined with postal savings (time) deposits.

WEEKLY REPORTING MEMBER BANKS—BY FEDERAL RESERVE DISTRICTS

RESERVES AND LIABILITIES

[In millions of dollars]

Re-serves with Federal Reserve Banks	Cash in vault	Balances with domestic banks	Demand deposits adjusted ¹	Demand deposits, except interbank				Time deposits, except interbank				Interbank deposits			Borrowings	Capital accounts	Federal Reserve district and date (1940)
				Individuals, partnerships, and corporations	States and political subdivisions	Certified and officers' checks etc.	U. S. Government ²	Individuals, partnerships, and corporations	States and political subdivisions	Postal savings ²	Domestic banks		Foreign banks				
											Demand	Time					
650	145	180	1,335	1,281	94	15	11	233	2	1	370	-----	17	1	245	<i>Boston (6 cities)</i>	
670	144	179	1,344	1,305	88	18	12	232	2	1	380	-----	16	-----	246	Aug. 28	
668	147	187	1,343	1,305	87	18	11	232	2	1	382	-----	17	-----	246	Sept. 4	
669	145	189	1,328	1,303	83	18	12	233	2	1	394	-----	18	1	246	Sept. 11	
665	146	184	1,331	1,291	84	20	12	233	2	1	386	-----	18	1	246	Sept. 18	
665	146	184	1,331	1,291	84	20	12	233	2	1	386	-----	18	1	246	Sept. 25	
6,628	104	215	10,376	10,226	443	191	53	1,038	48	7	3,718	16	628	-----	1,617	<i>New York (8 cities)*</i>	
6,567	103	221	10,351	10,224	427	230	53	1,052	49	7	3,794	16	618	-----	1,618	Aug. 28	
6,552	106	220	10,363	10,350	401	201	53	1,051	50	7	3,786	16	619	-----	1,615	Sept. 4	
6,576	102	224	10,332	10,260	419	230	53	1,048	45	7	3,838	16	631	-----	1,615	Sept. 11	
6,638	104	225	10,366	10,270	421	296	53	1,048	45	7	3,766	16	637	-----	1,615	Sept. 18	
478	21	209	1,019	997	70	8	47	259	3	-----	424	9	4	-----	215	Sept. 25	
476	20	208	1,004	995	65	7	47	259	3	-----	433	9	5	-----	215	<i>Philadelphia (4 cities)</i>	
482	21	205	1,002	1,001	65	9	46	258	3	-----	437	9	5	-----	215	Aug. 28	
485	21	216	1,002	1,001	63	9	47	258	3	-----	450	9	4	-----	214	Sept. 4	
477	21	216	1,009	1,005	60	8	47	258	3	-----	434	9	5	-----	214	Sept. 11	
707	47	338	1,438	1,397	113	21	42	718	27	-----	435	37	1	-----	381	Sept. 18	
721	47	341	1,440	1,399	111	18	43	719	27	-----	449	37	1	-----	381	<i>Cleveland (10 cities)</i>	
730	49	339	1,463	1,441	112	18	42	718	27	-----	446	37	1	-----	381	Aug. 28	
714	49	341	1,447	1,412	123	19	43	717	26	-----	447	37	1	-----	380	Sept. 4	
714	48	343	1,448	1,395	122	21	43	717	26	-----	448	37	1	-----	380	Sept. 11	
202	24	237	549	520	57	12	32	200	3	1	293	5	-----	-----	99	Sept. 18	
208	21	228	533	520	52	12	32	200	3	1	303	5	-----	-----	100	<i>Richmond (12 cities)</i>	
213	25	236	546	540	51	11	32	200	3	1	308	5	-----	-----	100	Aug. 28	
216	23	240	546	535	53	14	32	200	3	1	316	5	-----	-----	98	Sept. 4	
220	24	252	547	540	55	12	32	200	3	1	318	6	-----	-----	100	Sept. 11	
148	15	204	439	411	67	3	41	184	6	2	267	3	2	-----	95	Sept. 18	
147	13	198	429	411	65	5	41	185	5	2	275	3	1	-----	95	<i>Atlanta (8 cities)</i>	
149	14	209	443	424	63	4	41	185	5	2	277	3	2	-----	94	Aug. 28	
146	14	208	434	423	60	5	41	185	5	2	285	3	2	-----	95	Sept. 4	
141	14	209	435	416	64	4	41	185	4	2	281	3	1	-----	95	Sept. 11	
1,506	78	600	2,885	2,683	331	37	130	953	16	8	1,314	10	8	-----	399	Sept. 18	
1,497	75	587	2,848	2,650	335	38	130	954	16	8	1,328	10	8	-----	400	<i>Chicago (12 cities)*</i>	
1,533	78	581	2,891	2,711	340	31	130	954	16	8	1,319	10	8	-----	401	Aug. 28	
1,559	76	604	2,875	2,700	328	37	130	956	16	8	1,326	10	8	-----	401	Sept. 4	
1,626	76	592	2,914	2,723	329	35	130	956	16	8	1,308	10	9	-----	402	Sept. 11	
239	13	173	503	500	39	8	13	187	3	2	341	1	-----	-----	94	Sept. 18	
237	11	177	496	502	37	9	14	187	3	2	349	1	-----	-----	94	<i>St. Louis (5 cities)</i>	
237	13	178	506	513	38	8	13	187	3	2	345	1	-----	-----	94	Aug. 28	
236	12	176	499	509	36	8	13	187	3	2	348	1	-----	-----	95	Sept. 4	
239	13	169	507	512	36	9	13	187	3	2	341	1	-----	-----	95	Sept. 11	
106	7	144	309	271	60	7	1	117	-----	1	166	2	1	-----	60	Sept. 25	
106	6	145	309	276	60	7	1	116	-----	1	171	2	1	-----	61	<i>Minneapolis (8 cities)</i>	
105	7	146	310	281	58	6	1	117	-----	1	173	2	1	-----	61	Aug. 28	
101	7	140	307	278	55	6	1	117	-----	1	168	2	1	-----	61	Sept. 4	
102	7	130	306	280	57	6	1	117	-----	1	164	2	1	-----	60	Sept. 11	
197	17	316	556	527	76	9	18	143	3	1	408	6	-----	-----	106	Sept. 18	
198	16	317	544	532	75	10	18	143	3	1	419	6	-----	-----	105	<i>Kansas City (12 cities)</i>	
207	18	322	560	544	71	9	18	143	3	1	418	7	-----	-----	106	Aug. 28	
198	17	345	560	548	72	9	19	143	3	1	431	6	-----	-----	106	Sept. 4	
198	18	331	561	538	72	9	18	143	3	1	419	6	-----	-----	106	Sept. 11	
137	12	281	487	474	42	8	32	126	9	-----	243	-----	1	-----	88	Sept. 18	
141	11	279	488	475	43	12	32	126	8	1	244	-----	1	-----	88	<i>Dallas (9 cities)</i>	
136	12	288	491	485	41	8	32	126	8	1	248	-----	1	-----	88	Aug. 28	
134	12	297	493	488	39	11	32	126	8	1	253	-----	1	-----	88	Sept. 4	
137	12	286	492	483	40	10	32	126	8	1	248	-----	1	-----	89	Sept. 11	
451	25	304	1,157	1,137	90	25	86	998	63	-----	303	21	20	-----	388	Sept. 25	
450	24	291	1,135	1,126	82	27	86	1,001	63	-----	310	21	19	-----	387	<i>San Francisco (7 cities)</i>	
459	27	315	1,161	1,163	83	26	86	1,003	64	-----	320	21	17	-----	382	Aug. 28	
456	24	316	1,161	1,160	82	22	86	1,005	64	-----	320	22	17	-----	382	Sept. 4	
459	25	311	1,164	1,157	81	22	86	1,008	59	-----	316	22	19	-----	381	Sept. 11	
1,200	43	258	1,970	1,873	181	21	89	493	14	5	1,003	-----	7	-----	255	Sept. 18	
1,189	43	259	1,953	1,851	191	23	89	493	14	5	1,011	-----	6	-----	256	<i>City of Chicago*</i>	
1,219	43	257	1,981	1,881	201	17	89	492	14	5	1,008	-----	7	-----	257	Aug. 28	
1,251	42	273	1,963	1,869	193	19	89	492	14	5	1,019	-----	7	-----	256	Sept. 4	
1,297	42	261	1,977	1,877	190	20	89	492	14	5	1,002	-----	8	-----	258	Sept. 11	

* See note on preceding page.

¹ Demand deposits other than interbank and U. S. Government, less cash items reported as in process of collection.

² U. S. Treasurer's time deposits, open account, are combined with postal savings (time) deposits.

COMMERCIAL PAPER AND BANKERS' ACCEPTANCES OUTSTANDING

[In millions of dollars]

End of month	Com- mer- cial paper out- stand- ing ¹	Dollar acceptances outstanding											
		Total out- stand- ing	Held by					Based on					
			Accepting banks			Federal Reserve Banks		Others	Im- ports into United States	Exports from United States	Dollar ex- change	Goods stored in or shipped between points in	
			Total	Own bills	Bills bought	For own ac- count	For ac- count of foreign cor- re- spond- ents					United States	Foreign countries
1939—May.....	189	247	192	124	68	55	82	51	19	36	59		
June.....	181	245	191	122	69	53	81	45	20	39	60		
July.....	194	236	188	119	69	48	75	41	19	39	61		
August.....	201	235	191	128	63	44	79	40	18	40	59		
September.....	209	216	177	115	62	39	78	40	18	43	36		
October.....	205	221	179	111	67	42	85	40	18	46	32		
November.....	214	223	172	103	69	51	96	37	16	50	24		
December.....	210	233	175	105	70	57	103	39	16	54	22		
1940—January.....	219	229	179	111	68	50	101	38	16	51	23		
February.....	226	233	188	123	65	45	95	44	15	51	27		
March.....	233	230	184	121	63	46	90	47	14	49	30		
April.....	239	223	178	118	61	45	86	45	13	46	33		
May.....	234	214	171	113	58	43	78	47	12	41	34		
June.....	224	206	166	112	54	40	79	43	13	36	34		
July.....	232	188	152	103	49	36	75	32	13	35	32		
August.....	247	182	148	103	44	34	80	24	11	38	29		

¹ As reported by dealers; includes some finance company paper sold in open market.

² Less than \$500,000.

Back figures.—See Annual Report for 1937 (table 70).

**CUSTOMERS' DEBIT BALANCES, MONEY BORROWED, AND PRINCIPAL RELATED ITEMS OF STOCK EXCHANGE
FIRMS CARRYING MARGIN ACCOUNTS**

[Member firms of New York Stock Exchange. Ledger balances in millions of dollars]

End of month	Debit balances				Credit balances					
	Customers' debit balances (net) ¹	Debit balances in partners' investment and trading accounts	Debit balances in firm investment and trading accounts	Cash on hand and in banks	Money bor- rowed ²	Customers' credit balances ¹		Other credit balances		
						Free	Other (net)	In partners' invest- ment and trading accounts	In firm invest- ment and trading accounts	In capital accounts (net)
1935—December.....	1,258	75	135	179	930	286	79	24	10	410
1936—June.....	1,267	67	164	219	985	276	86	24	14	420
December.....	1,395	64	164	249	1,048	342	103	30	12	424
1937—June.....	1,489	55	161	214	1,217	266	92	25	13	397
December.....	985	34	108	232	688	278	85	26	10	355
1938—June.....	774	27	88	215	495	258	89	22	11	298
December.....	991	32	106	190	754	247	60	22	5	305
1939—June.....	834	25	73	178	570	230	70	21	6	280
July.....	830	24	84	183	589	238	67	20	6	278
August.....	792	22	71	202	556	235	58	20	6	275
September.....	856	20	64	217	520	305	87	22	11	283
October.....	894	21	72	200	577	289	76	21	9	284
November.....	914	20	77	195	623	272	67	21	8	282
December.....	906	16	78	207	637	266	69	23	7	277
1940—January.....	886	15	70	198	602	262	71	22	6	272
February.....	893	16	72	195	616	253	74	23	7	271
March.....	886	15	78	186	615	247	70	21	7	270
April.....	910	15	72	192	626	252	73	21	9	271
May.....	702	12	67	230	459	251	68	22	6	274
June.....	653	12	58	223	376	267	62	22	5	269
July.....	642	12	56	213	376	261	62	22	6	264
August.....	631	12	56	215	368	256	57	21	5	260

¹ Excluding balances with reporting firms (1) of member firms of New York Stock Exchange and other national securities exchanges and (2) of firms' own partners.

² Includes both money borrowed from banks and trust companies in New York City and elsewhere in the United States and also money borrowed from other lenders (not including member firms of national securities exchanges).

NOTE.—For explanation of these figures see "Statistics on Margin Accounts" in BULLETIN for September 1936. The article describes the method by which the figures are derived and reported, distinguishes the table from a "statement of financial condition," and explains that the last column is not to be taken as representing the actual net capital of the reporting firms.

Back See figures.—BULLETIN for March 1938, p. 196, and (for data in detail) Annual Report for 1937 (table 69).

OPEN-MARKET RATES IN NEW YORK CITY

[Per cent per annum]

Year, month, or week	Prevailing rate ¹ on—			Average rate on—			Average yield on U. S. Treasury 3-to-5 year notes
	Prime commercial paper, 4 to 6 months	Prime bankers' acceptances, 90 days	Stock exchange time loans, 90 days	Stock exchange call loan renewals	U. S. Treasury bills		
					New issues offered within period ²	91-day dealers' quotation	
1937 average	.95	.43	1.25	1.00	.447	.28	1.40
1938 average	.81	.44	1.25	1.00	.053	.07	.83
1939 average	.59	.44	1.25	1.00	.022	.05	.59
1939—Aug.	.56	.44	1.25	1.00	.046	.05	.48
Sept.	.69	.44	1.25	1.00	.102	.14	1.07
Oct.	.69	.44	1.25	1.00	.028	.05	.77
Nov.	.63	.44	1.25	1.00	.018	.05	.64
Dec.	.56	.44	1.25	1.00	.012	.04	.51
1940—Jan.	.56	.44	1.25	1.00	.001	.01	.47
Feb.	.56	.44	1.25	1.00	.004	.02	.46
Mar.	.56	.44	1.25	1.00	(*)	.02	.42
April.	.56	.44	1.25	1.00	.003	.02	.45
May.	.56	.44	1.25	1.00	.042	.06	.65
June.	.56	.44	1.25	1.00	.071	.10	.76
July.	.56	.44	1.25	1.00	.009	.05	.57
Aug.	.56	.44	1.25	1.00	.019	.04	.58
Week ending:							
Aug. 31.	1/2-5/8	7/16	1 1/4	1.00	.036	.05	.54
Sept. 7.	1/2-5/8	7/16	1 1/4	1.00	.038	.05	.50
Sept. 14.	1/2-5/8	7/16	1 1/4	1.00	.032	.05	.50
Sept. 21.	1/2-5/8	7/16	1 1/4	1.00	.013	.04	.50
Sept. 28.	1/2-5/8	7/16	1 1/4	1.00	.000	.04	.45

¹ Monthly figures are averages of weekly prevailing rates.
² Series comprises 273-day bills to October 15, 1937, bills maturing about March 16, 1938, from October 22, to December 10, 1937, and 91-day bills thereafter.
³ Rate negative.
Back figures—See Annual Report for 1937 (tables 43 and 44). Figures for Treasury bills and Treasury notes available on request.

COMMERCIAL LOAN RATES

AVERAGES OF RATES CHARGED CUSTOMERS BY BANKS IN PRINCIPAL CITIES

[Per cent per annum]

	Total 19 cities	New York City	7 other Northern and Eastern cities	11 Southern and Western cities
1934 average	3.45	2.45	3.71	4.32
1935 average	2.93	1.76	3.39	3.76
1936 average	2.68	1.72	3.04	3.40
1937 average	2.59	1.73	2.88	3.25
1938 average	2.53	1.69	2.75	3.26
1939 average ¹	2.78	2.07	2.87	3.51
<i>Monthly figures</i>				
1938—January	2.60	1.70	2.92	3.28
February	2.49	1.70	2.65	3.21
March	2.48	1.65	2.64	3.28
April	2.48	1.70	2.60	3.25
May	2.48	1.70	2.64	3.20
June	2.56	1.70	2.78	3.31
July	2.57	1.70	2.78	3.35
August	2.52	1.67	2.71	3.28
September	2.53	1.70	2.74	3.26
October	2.57	1.70	2.90	3.21
November	2.49	1.70	2.68	3.20
December	2.60	1.70	2.95	3.23
1939—January	2.64	1.73	2.97	3.32
February	2.52	1.70	2.69	3.26
<i>Quarterly figures¹</i>				
1939—March	2.95	2.13	3.05	3.77
June	2.91	2.15	3.05	3.62
September	2.68	2.04	2.78	3.31
December	2.59	1.96	2.59	3.32
1940—March	2.65	2.03	2.67	3.35
June	2.59	2.00	2.49	3.38

¹ Averages for 1939 and quarterly figures are on revised basis and are therefore not strictly comparable with the earlier series of annual and monthly figures.
Back figures—See November 1939 BULLETIN, pp. 963-969 for description and for back figures.

BOND YIELDS¹

[Per cent per annum]

Year, month, or week	U. S. Treasury ²	Municipal ³	Corporate ⁴							
			Total	By ratings				By groups		
				Aaa	Aa	A	Baa	Industrial	Railroad	Public utility
Number of issues	2-6	15	120	30	30	30	30	40	40	40
1937 average	2.68	3.10	3.94	3.26	3.46	4.01	5.03	3.55	4.34	3.93
1938 average	2.56	2.91	4.19	3.19	3.56	4.22	5.80	3.50	5.21	3.87
1939 average	2.36	2.76	3.77	3.01	3.22	3.89	4.96	3.30	4.53	3.48
1939—August	2.21	2.75	3.67	2.93	3.11	3.80	4.85	3.21	4.41	3.40
September	2.65	3.29	3.95	3.25	3.49	4.05	5.00	3.57	4.58	3.70
October	2.60	3.08	3.83	3.15	3.35	3.94	4.88	3.43	4.51	3.57
November	2.46	2.69	3.70	3.00	3.16	3.78	4.85	3.25	4.44	3.41
December	2.35	2.56	3.69	2.94	3.14	3.74	4.92	3.21	4.47	3.38
1940—January	2.30	2.54	3.63	2.88	3.08	3.69	4.86	3.14	4.39	3.35
February	2.32	2.60	3.60	2.86	3.05	3.68	4.83	3.12	4.37	3.33
March	2.25	2.58	3.58	2.84	3.04	3.65	4.80	3.09	4.37	3.29
April	2.25	2.56	3.54	2.82	2.99	3.59	4.74	3.05	4.33	3.24
May	2.38	2.81	3.65	2.93	3.08	3.65	4.94	3.20	4.46	3.30
June	2.39	2.85	3.72	2.96	3.10	3.70	5.11	3.25	4.57	3.33
July	2.28	2.54	3.57	2.88	3.01	3.57	4.80	3.15	4.32	3.23
August	2.25	2.49	3.55	2.85	3.03	3.55	4.76	3.12	4.30	3.23
Week ending:										
Aug. 31.	2.23	2.51	3.55	2.84	3.03	3.55	4.75	3.11	4.31	3.22
Sept. 7.	2.20	2.48	3.52	2.84	3.02	3.53	4.70	3.10	4.27	3.20
Sept. 14.	2.20	2.45	3.52	2.83	3.01	3.53	4.69	3.10	4.26	3.19
Sept. 21.	2.17	2.44	3.51	2.82	3.01	3.53	4.68	3.10	4.24	3.19
Sept. 28.	2.15	2.39	3.49	2.81	3.01	3.51	4.62	3.09	4.20	3.18

¹ Monthly and weekly data are averages of daily figures, except for municipal bonds, which are based on Wednesday figures.
² Average of yields of all outstanding bonds due or callable after 12 years.
³ Standard Statistics Co.
⁴ Moody's Investors Service, week ending Friday. Because of limited number of suitable issues, the industrial Aaa and Aa groups have each been reduced from 10 to 4, and the railroad Aaa group from 10 to 5.
Back figures—See Annual Report for 1937 (table 80). Figures for U. S. Treasury bonds available on request.

BOND PRICES¹

Year, month, or date	U. S. Treasury ²	Municipal ³	Corporate ³			
			Total	Industrial	Railroad	Public utility
Number of issues.....	2-6	15	60	20	20	20
1937 average.....	101.7	110.3	93.4	90.1	89.6	100.4
1938 average.....	103.4	113.7	78.9	82.9	58.6	95.3
1939 average.....	106.0	116.3	81.6	86.0	58.0	100.9
1939—August.....	108.2	116.5	81.0	85.8	55.5	101.7
September.....	101.9	107.1	80.9	85.0	59.0	98.6
October.....	102.6	110.7	82.9	86.4	61.6	100.5
November.....	104.6	117.5	83.0	87.0	60.2	101.8
December.....	106.1	119.9	82.1	86.8	58.0	101.6
1940—January.....	106.8	120.2	82.4	87.3	58.2	101.8
February.....	106.6	119.1	82.2	87.3	57.8	101.6
March.....	107.5	119.7	82.1	87.3	57.2	101.8
April.....	107.6	119.8	82.5	87.5	58.2	101.7
May.....	105.6	115.3	79.4	85.3	53.5	99.3
June.....	105.4	114.6	78.5	84.7	52.0	98.7
July.....	106.5	120.4	81.2	86.3	57.1	100.2
August.....	105.8	121.2	81.5	86.8	57.5	100.2
Aug. 28.....	105.9	120.8	81.7	87.1	57.6	100.4
Sept. 4.....	106.4	121.4	82.3	87.1	59.1	100.6
Sept. 11.....	106.6	122.0	82.3	87.4	58.9	100.7
Sept. 18.....	106.9	122.2	82.7	87.7	59.8	100.6
Sept. 25.....	107.3	123.5	83.4	88.6	61.0	100.7

¹ Monthly data are averages of daily figures except for municipal bonds, which are averages of Wednesday figures.

² Average prices of all outstanding bonds due or callable after 12 years, based on quotations from Treasury Department. Prices expressed in decimals.

³ Prices derived from average yields, as computed by Standard Statistics Co.

Back figures.—See Annual Report for 1937 (table 79). Figures for U. S. Treasury bonds available on request.

STOCK MARKET

Year, month, or date	Preferred ²	Stock prices ¹				Volume of trading ³ (in thousands of shares)
		Common (index, 1926=100)				
		Total	Industrial	Railroad	Public utility	
Number of issues.....	20	420	348	32	40	-----
1937 average.....	136.2	112	131	49	95	1,519
1938 average.....	135.6	83	99	26	73	1,100
1939 average.....	141.2	89	105	28	85	973
1939—August.....	142.3	86	101	25	87	706
September.....	136.2	92	109	30	84	2,595
October.....	137.7	95	113	33	86	1,050
November.....	140.7	94	111	32	87	907
December.....	141.4	92	108	30	87	808
1940—January.....	143.0	93	109	30	88	678
February.....	142.9	92	107	29	88	654
March.....	141.8	92	108	29	87	740
April.....	142.3	93	109	29	88	1,131
May.....	138.2	83	97	25	81	1,651
June.....	133.2	73	85	23	75	708
July.....	136.9	76	87	24	80	310
August.....	137.3	78	89	25	80	317
Aug. 28.....	137.4	78	90	25	80	363
Sept. 4.....	138.2	81	94	28	82	798
Sept. 11.....	139.1	80	92	26	81	415
Sept. 18.....	139.3	81	93	27	81	422
Sept. 25.....	139.6	82	96	27	81	649

¹ Standard Statistics Co. Monthly data are averages of Wednesday figures.

² Average prices of industrial high-grade preferred stocks, adjusted to a \$7 annual dividend basis.

³ Average daily volume of trading in stocks on the New York Stock Exchange. Weekly figures are averages for the week ending Saturday.

Back figures.—For stock prices, see Annual Report for 1937 (table 79).

CAPITAL ISSUES

(In millions of dollars)

Year or month	Total (new and re-funding)	For new capital							For refunding								
		Total (domestic and foreign)	Domestic						Foreign ²	Total (domestic and foreign)	Domestic						Foreign ²
			Total	State and municipal	Federal agencies ¹	Corporate					Total	State and municipal	Federal agencies ¹	Corporate			
						Total	Bonds and notes	Stocks						Total	Bonds and notes	Stocks	
1930.....	7,619	6,912	6,004	1,434	87	4,483	2,960	1,503	908	706	527	53	0	474	451	23	179
1931.....	4,038	3,095	2,860	1,235	75	1,551	1,239	311	235	944	893	21	51	821	789	32	51
1932.....	1,751	1,197	1,165	762	77	325	305	20	32	554	498	87	93	319	315	4	56
1933.....	1,063	720	708	483	64	161	40	120	12	343	283	37	26	219	187	32	60
1934.....	2,160	1,386	1,386	803	405	178	144	35	0	774	765	136	317	312	312	0	9
1935.....	4,699	1,457	1,409	855	150	404	334	69	48	3,242	3,216	365	987	1,864	1,782	81	26
1936.....	6,214	1,972	1,949	735	22	1,192	839	352	23	4,242	4,123	382	353	3,387	3,187	200	119
1937.....	3,937	2,138	2,094	712	157	1,225	817	408	44	1,799	1,680	191	281	1,209	856	352	119
1938.....	4,449	2,360	2,325	971	481	873	807	67	35	2,089	2,061	129	665	1,267	1,236	31	28
1939.....	5,839	2,287	2,237	931	924	382	285	97	50	3,552	3,464	195	1,537	1,732	1,595	137	88
1939—Aug.....	449	102	82	56	0	26	23	3	20	347	332	13	18	301	292	9	15
Sept.....	180	42	42	16	10	16	14	2	0	138	138	8	51	79	79	0	0
Oct.....	743	338	338	42	276	20	14	6	0	404	403	10	235	157	157	(³)	2
Nov.....	218	89	89	67	0	22	15	6	0	130	130	13	26	91	88	3	0
Dec.....	335	98	98	68	0	31	21	9	0	237	237	22	19	196	189	7	0
1940—Jan.....	287	94	94	59	0	35	19	16	0	193	193	26	29	137	102	36	0
Feb.....	451	104	104	58	1	45	43	3	0	347	347	114	22	211	196	14	0
Mar.....	241	71	70	34	6	31	16	15	1	169	169	49	17	104	90	14	0
Apr.....	345	118	118	58	6	54	31	23	0	227	227	18	17	192	154	38	0
May.....	250	122	122	30	3	89	80	10	0	128	128	20	25	83	83	0	0
June.....	226	82	82	70	2	9	8	2	0	145	145	13	29	102	102	(³)	0
July.....	690	396	396	62	289	45	43	2	0	294	294	20	48	226	223	3	0
Aug.....	281	129	129	61	0	68	53	15	0	152	152	13	28	111	107	4	0

¹ Includes publicly-offered issues of Federal credit agencies, but excludes direct obligations of U. S. Treasury.

² Includes issues of noncontiguous U. S. Territories and Possessions.

³ Less than \$500,000.

Source.—For domestic issues, *Commercial and Financial Chronicle*; for foreign issues, U. S. Department of Commerce. Monthly figures subject to revision.

Back figures.—See Annual Report for 1937 (table 78).

UNITED STATES GOVERNMENT DEBT—VOLUME AND KIND OF DIRECT OBLIGATIONS

(On basis of daily statements of United States Treasury. In millions of dollars)

End of month	Total gross debt	Interest-bearing									Noninterest-bearing		
		Total interest bearing	Publicly-offered ¹						Ad-justed service issues ³	Social se-curity issues ⁴	All other ⁵	Ma-tured debt	Other
			Total	Bonds			Notes	Bills					
				Pre-war	Treas-ury ²	U. S. sav-ings							
1932—June	19,487	19,161	\$18,816	753	13,460	-----	1,261	616	105	-----	240	60	266
1933—June	22,539	22,158	\$21,782	753	13,417	-----	4,548	954	92	-----	284	66	315
1934—June	27,053	26,480	\$26,006	753	15,679	-----	6,653	1,404	118	-----	356	54	518
1935—June	28,701	27,645	26,910	753	14,019	62	10,023	2,053	156	-----	580	231	825
1936—June	33,779	32,989	31,297	79	17,168	316	11,381	2,354	1,071	19	601	169	620
1937—June	36,425	35,800	33,734	79	19,936	800	10,617	2,303	926	579	560	119	506
1938—June	37,165	36,576	33,463	79	21,846	1,238	9,147	1,154	868	1,601	644	141	447
1939—June	40,440	39,886	35,715	79	25,218	1,868	7,243	1,308	839	2,511	820	142	411
1939—July	40,661	40,114	35,798	79	25,218	1,949	7,243	1,309	833	2,542	941	140	408
1939—August	40,891	40,351	35,862	79	25,218	2,015	7,243	1,307	829	2,722	938	133	406
1939—September	40,858	40,342	35,886	79	25,218	2,051	7,232	1,306	795	2,746	915	112	404
1939—October	41,036	40,526	36,026	79	25,218	2,092	7,232	1,405	791	2,706	912	109	401
1939—November	41,305	40,807	36,123	79	25,218	2,140	7,232	1,454	791	2,981	911	98	400
1939—December	41,942	41,445	36,826	79	26,881	2,209	6,203	1,455	789	3,021	809	99	398
1940—January	42,110	41,601	36,957	79	26,896	2,473	6,203	1,307	787	3,049	807	114	395
1940—February	42,365	41,839	37,097	79	26,897	2,610	6,203	1,308	785	3,152	805	132	394
1940—March	42,540	41,983	37,127	79	26,908	2,707	6,125	1,309	784	3,269	803	165	392
1940—April	42,658	42,117	37,236	79	26,908	2,818	6,125	1,306	782	3,282	816	150	391
1940—May	42,808	42,253	37,285	79	26,908	2,869	6,125	1,304	780	3,363	824	166	389
1940—June	42,968	42,376	37,223	79	26,555	2,905	6,383	1,302	797	3,528	829	205	386
1940—July	43,771	43,186	37,957	79	27,226	2,966	6,384	1,302	773	3,536	920	188	386
1940—August	43,905	43,317	38,009	79	27,236	3,008	6,384	1,303	771	3,622	915	205	383

¹ Excludes postal savings bonds, formerly sold to depositors in the Postal Savings System.

² Includes Liberty bonds.

³ Includes adjusted service bonds of 1945 and special issues of adjusted service bonds and of notes to Government Life Insurance Fund series and of certificates to the adjusted service fund.

⁴ Includes special issues to Federal old-age and survivors insurance trust fund, unemployment trust fund, and railroad retirement account.

⁵ Includes postal savings bonds and special issues to retirement funds, to Postal Savings System and to Federal Deposit Insurance Corporation.

⁶ Includes certificates of indebtedness not shown separately: 1932—\$2,726,000,000, 1933—\$2,108,000,000, 1934—\$1,517,000,000.

**MATURITIES OF PUBLICLY-OFFERED DIRECT OBLIGATIONS,
AUGUST 31, 1940**

[In millions of dollars]

Date maturing or callable	Maturing				Bonds call-able ¹	
	Total	Bills	Notes	Bonds		
				U. S. Sav-ings		Other
1940—Before Oct. 1	400	400	-----	-----	-----	
1940—Oct. 1-Dec. 31	1,639	902	737	-----	-----	
1941—Jan. 1-Mar. 31	677	-----	877	-----	545	
1941—Apr. 1-June 30	504	-----	504	-----	-----	
1941—July 1-Sept. 30	834	-----	-----	834	834	
1941—Oct. 1-Dec. 31	204	-----	204	-----	-----	
1942	1,001	-----	1,001	-----	-----	
1943	1,874	-----	1,330	-----	545	
1944	1,214	-----	1,214	-----	-----	
1945	2,833	-----	718	174	1,941	
1946	1,852	-----	317	1,534	2,359	
1947	2,796	-----	414	2,383	1,473	
1948	1,986	-----	499	1,487	2,246	
1949	1,645	-----	826	819	2,278	
1950	1,350	-----	779	571	1,186	
1951	1,223	-----	-----	1,223	3,500	
1952	2,436	-----	-----	2,436	-----	
1953	2,904	-----	-----	2,904	-----	
1954	2,663	-----	-----	2,663	681	
1955	755	-----	-----	755	2,611	
1956	1,170	-----	-----	1,170	982	
1958	-----	-----	-----	-----	919	
1959	982	-----	-----	-----	982	
1960	2,611	-----	-----	-----	1,485	
1961	50	-----	-----	-----	50	
1963	919	-----	-----	-----	919	
1965	1,485	-----	-----	-----	1,485	
Total	38,009	1,303	6,384	3,008	27,314	

¹ Excludes U. S. savings bonds. Other bonds in the amount of \$2,606,000,000 not callable prior to maturity are shown as of date of maturity.

² Includes unclassified U. S. savings bonds.

FULLY GUARANTEED OBLIGATIONS, BY AGENCIES¹

[In millions of dollars]

End of month	Total	Federal Farm Mortgage Corporation	Home Owners' Loan Corporation ²	Recon-struction Finance Corporation	Com-modity Credit Corporation	U. S. Hous-ing Authority
1934—June	681	312	134	235	-----	-----
1934—Dec.	3,063	980	1,834	249	-----	-----
1935—June	4,123	1,226	2,647	250	-----	-----
1935—Dec.	4,494	1,387	2,855	252	-----	-----
1936—June	4,718	1,422	3,044	252	-----	-----
1936—Dec.	4,662	1,422	2,988	252	-----	-----
1937—June	4,665	1,422	2,987	255	-----	-----
1937—Dec.	4,645	1,410	2,937	297	-----	-----
1938—June	4,853	1,410	2,937	299	206	-----
1938—Dec.	4,992	1,388	2,888	509	206	-----
1939—May	5,409	1,379	2,888	820	206	114
1939—June	5,450	1,379	2,928	820	206	114
1939—July	5,480	1,379	2,958	820	206	114
1939—Aug.	5,583	1,379	2,858	820	409	114
1939—Sept.	5,455	1,279	2,830	820	409	114
1939—Oct.	5,448	1,279	2,823	820	409	114
1939—Nov.	5,707	1,269	2,817	1,096	407	114
1939—Dec.	5,703	1,269	2,813	1,096	407	114
1940—Jan.	5,699	1,269	2,809	1,096	407	114
1940—Feb.	5,673	1,269	2,783	1,096	407	114
1940—Mar.	5,663	1,269	2,770	1,096	407	114
1940—Apr.	5,656	1,269	2,763	1,096	407	114
1940—May	5,535	1,269	2,641	1,096	407	114
1940—June	5,528	1,269	2,634	1,096	407	114
1940—July	5,526	1,269	2,631	1,096	407	114
1940—Aug.	5,811	1,269	2,626	1,096	696	114

¹ Principal amount of obligations guaranteed as to interest and principal. Excludes obligations held by U. S. Treasury and reflected in the public debt. The total includes guaranteed debentures of the Federal Housing Administrator, amounting to \$8,800,000 on August 31, 1940.

² Excludes obligations guaranteed as to interest only. For August 1939 and subsequent months includes matured bonds not presented for retirement amounting to \$24,000,000 on August 31, 1940.

SUMMARY OF TREASURY OPERATIONS

[On basis of daily statements of United States Treasury. In millions of dollars]

Period	General and special accounts												Trust accounts etc., ² excess of receipts (+) or expenditures (-)	Increase or decrease during period					
	Receipts						Expenditures (excl. debt retirements)							Excess of expenditures (-)	General fund balance ²	Gross debt ³			
	Income taxes	Miscellaneous internal revenue	Social security taxes	All other	Total receipts	Net receipts ¹	Interest on debt	National defense	Agricultural Adjustment Program	Unemployment relief	Transfers to trust accounts etc. ¹	All other					Total ¹		
Fiscal year ending:																			
June 1933...	746	858	-----	475	2,080	2,080	689	668	-----	345	121	2,040	3,864	-1,784	-823	+445	+3,052		
June 1934...	818	1,470	-----	828	3,116	3,116	757	540	289	1,846	71	2,508	6,011	-2,896	+100	+1,720	+4,514		
June 1935...	1,099	1,657	-----	1,044	3,800	3,800	821	710	821	710	71	2,345	7,010	-3,209	+821	-741	-1,648		
June 1936...	1,427	2,010	-----	680	4,116	4,116	749	912	533	2,309	1,814	2,349	8,666	-4,550	+312	+840	-5,078		
June 1937...	2,163	2,181	253	697	5,294	5,029	866	935	527	2,432	603	2,813	8,177	-3,149	+374	-128	-2,646		
June 1938...	2,640	2,279	755	567	6,242	5,855	926	1,028	362	1,914	220	2,789	7,239	-1,384	+306	-338	-740		
June 1939...	2,189	2,232	740	507	5,668	5,165	941	1,163	787	2,595	182	3,040	8,707	-3,542	+890	+622	+3,275		
June 1940...	2,125	2,345	838	617	5,925	5,386	1,041	1,559	1,020	1,919	208	3,251	8,998	-3,612	+137	-947	-2,528		
1939—																			
July...	42	187	36	43	308	265	15	109	55	186	124	274	764	-499	-113	-391	+222		
Aug...	38	217	119	46	420	372	18	114	45	172	18	406	774	-402	-44	-216	+230		
Sept...	329	311	27	52	719	676	151	108	68	139	7	268	741	-65	+46	-53	-34		
Oct...	38	198	36	50	322	279	68	115	97	145	10	285	721	-442	-1	-264	+178		
Nov...	34	191	130	52	407	364	12	118	117	147	10	243	648	-284	+267	+252	+269		
Dec...	319	171	29	50	569	521	190	125	102	162	10	243	832	-311	-16	+311	+637		
1940—																			
Jan...	45	167	45	57	315	315	38	132	119	157	*5	272	712	-398	+37	-194	+167		
Feb...	63	154	178	49	444	444	19	129	128	145	10	238	668	-224	+36	+67	+256		
Mar...	665	192	30	46	934	799	146	143	105	173	-----	255	822	-22	+11	+164	-175		
Apr...	48	175	39	42	304	304	69	159	78	173	20	284	783	-479	+58	-303	-118		
May...	40	179	137	43	400	400	10	154	62	169	4	248	647	-247	-83	-181	+150		
June...	464	201	32	88	784	648	305	153	43	151	-----	235	887	-238	-61	-139	+160		
July...	50	237	39	41	367	331	20	177	54	151	114	303	818	-487	+51	+367	+803		
Aug...	38	346	139	43	566	447	20	200	76	142	25	243	706	-259	+320	+196	+135		

Period	Details of trust accounts, etc.											Details of general fund balance (end of period)						
	Old-age insurance trust fund and railroad retirement account			Unemployment trust fund			Net expenditures in checking accounts of Government agencies					All other		Total	In-crement on gold	Seigniorage	Working balance	
	Net receipts	Investments	Benefit payments	Receipts	Investments	Other expenditures	Reconstruction Finance Corporation	Commodity Credit Corporation	United States Housing Authority	All other	Receipts	Expenditures						
Fiscal year ending:																		
June 1933...	-----	-----	-----	-----	-----	-----	818	-----	-----	-----	-----	180	185	862	-----	-----	-----	862
June 1934...	-----	-----	-----	-----	-----	-----	570	-----	-----	-----	3	2,995	2,160	2,582	811	-----	-----	1,771
June 1935...	-----	-----	-----	-----	-----	-----	*145	-----	-----	-----	*432	393	209	1,841	700	140	1,001	
June 1936...	-----	-----	-----	-----	-----	-----	19	-----	-----	-----	100	456	252	2,682	140	316	2,225	
June 1937...	267	267	(*)	294	293	(*)	*329	-----	-----	-----	127	342	282	2,553	141	356	2,057	
June 1938...	550	461	85	763	560	191	*9	-----	-----	-----	*184	414	327	2,216	142	446	1,628	
June 1939...	639	516	120	838	395	442	*658	-----	-----	-----	*186	440	324	2,838	142	536	2,160	
June 1940...	704	573	129	959	443	514	*234	-----	-----	-----	17	166	415	323	1,891	143	585	1,163
1939—																		
July...	65	45	10	58	*14	42	16	-----	-----	-----	131	114	101	2,447	142	544	1,761	
Aug...	66	51	10	154	129	41	29	-----	*86	9	87	20	15	2,231	142	549	1,539	
Sept...	50	43	10	13	*19	40	22	-----	5	13	*87	25	15	2,178	142	554	1,481	
Oct...	53	43	10	54	7	24	15	-----	19	16	*11	28	13	1,913	143	558	1,213	
Nov...	53	43	10	144	142	29	*297	-----	27	*12	*7	20	14	2,166	143	561	1,402	
Dec...	58	43	10	29	*3	32	*5	-----	11	16	*6	21	25	2,476	143	565	1,768	
1940—																		
Jan...	10	-----	10	79	28	58	*20	-----	*6	14	*25	24	17	2,282	143	568	1,571	
Feb...	10	-----	10	155	103	45	*5	-----	*3	11	7	20	2	2,350	143	573	1,634	
Mar...	135	135	11	30	*18	47	2	-----	*4	17	*29	29	22	2,514	143	577	1,794	
Apr...	20	*5	12	53	18	45	*3	-----	*4	*34	9	32	10	2,210	143	581	1,486	
May...	4	-----	12	145	81	58	*6	-----	(*)	*17	107	20	17	2,030	143	584	1,303	
June...	180	175	12	46	*11	54	17	-----	45	*5	*11	62	72	1,891	143	585	1,163	
July...	56	*5	13	59	13	57	25	-----	10	25	*57	120	103	2,258	143	588	1,527	
Aug...	145	1	13	143	85	53	(*)	-----	*144	*6	*32	17	15	2,454	143	590	1,720	

¹ Beginning with July 1, 1940, net receipts represent total receipts less net social security employment taxes, which under the 1939 amendments to the Social Security Act are appropriated directly to the Federal old-age and survivors insurance trust fund. To make the figures for earlier periods comparable, transfers to this trust fund, formerly shown under expenditures, have been deducted from total receipts, from total expenditures, and from transfers to trust accounts.

² Details given in lower section table.

³ For details, see preceding page.

⁴ Less than \$500,000.

⁵ Includes \$1,087,000,000 of gold held in an inactive account by the Treasury during the period December 1936 to April 1938.

⁶ Excess of credits.

NOTE.—For explanation of table see page 1052.

GOVERNMENTAL CORPORATIONS AND CREDIT AGENCIES, JULY 31, 1940

[Based on compilation by U. S. Treasury Department from reports received from organizations concerned. In millions of dollars]

	Recon- struction Finance Corporation and Public Works Admin- istration	Home mortgage and housing agencies			Farm credit agencies				Tennessee Valley Autho- rity	In- sur- ance agencies	Other	Total						
		Home Owners' Loan Corporation	Other mort- gage agen- cies	United States Hous- ing Au- thority	Farm mort- gage agen- cies	Other Farm Credit Adm. banks and corpora- tions	Com- modity Credit Corporation	Other				July 31, 1940	June 30, 1940	July 31, 1939				
<i>Assets</i>																		
Loans and preferred stock:																		
Loans to financial institutions.....	204		162					(1)		63				430	429	435		
Preferred stock, etc.....	466	197	33				75						1	772	783	864		
Loans to railroads.....	522												30	552	524	493		
Home and housing mortgage loans.....		2,005	225	112										2,342	2,323	2,332		
Farm mortgage loans.....					2,540									2,540	2,549	2,647		
Other agricultural loans.....	1						310		182	196			5	693	675	1,084		
All other loans.....	2 445		(1)						3 375				4 365	1,185	1,187	1,007		
Total loans and preferred stock.....	1,638	2,202	420	112	2,540	385	182	570	9	63	401	8,513	8,470	8,861				
Cash.....	7	104	37	31	98	99	2	25	9	35	15	462	412	385				
U. S. Govt. direct obligations.....	49	4	42	4	86	141				410	4	740	748	731				
Obligations of Government credit agencies:																		
Fully guaranteed by U. S.....			14			11				105		131	131	140				
Other ⁵	8				(9) 8	18						35	48	47				
Accounts and other receivables.....	23	8	6	1	211	4	12	(1)	6	62	60	394	404	378				
Business property.....	(1)	3	(1)	128	6	(1)	8		327	1	93	567	562	483				
Property held for sale.....	42	413	1		97	(1)	479			33	1	1,067	1,067	709				
Other assets.....	2	(1)	(1)	(1)	7	2		5		25	141	184	179	90				
Total assets other than inter- agency ⁶	1,770	2,734	521	277	3,053	661	684	601	342	736	715	12,092	12,021	11,823				
<i>Liabilities</i>																		
Bonds, notes, and debentures:																		
Guaranteed by United States.....	1,096	2,631		114	1,270		407			9		5,526	5,529	5,291				
Other ⁶		(1)	134		5 976	218			8	3	11	1,351	1,343	1,349				
Other liabilities (including reserves).....	221	74	35	5	96	8	3	193	6	253	71	964	1,105	867				
Total liabilities other than interagency ⁶	1,317	2,705	169	119	2,342	227	410	193	14	265	82	7,842	7,977	7,507				
Excess of assets over liabilities, ex- cluding interagency transactions.....	453	30	352	158	711	434	274	408	328	471	633	4,250	4,044	4,316				
Privately owned interests.....			53		210	4			139			406	405	390				
U. S. Government interests.....	453	30	298	158	501	431	274	408	328	332	633	3,844	3,639	3,926				

¹ Less than \$500,000. ² Includes \$97,000,000 loans of Public Works Administration.

³ Includes \$307,000,000 loans of Farm Security Administration.

⁴ Includes \$225,000,000 loans of Rural Electrification Administration.

⁵ Excludes Federal land bank bonds held by Federal Farm Mortgage Corporation.

⁶ Includes, however, investments in securities of agencies (other than mentioned in footnote 5) and deposits of agencies with Reconstruction Finance Corporation.

NOTE.—For explanation of table, see BULLETIN for October 1938, p. 882.

RECONSTRUCTION FINANCE CORPORATION LOANS AND INVESTMENTS

[Amounts outstanding. In thousands of dollars]

	Aug. 31, 1939	Feb. 29, 1940	Mar. 31, 1940	Apr. 30, 1940	May 31, 1940	June 30, 1940	July 31, 1940	Aug. 31, 1940
Loans to financial institutions.....	178,833	162,852	159,353	155,651	154,163	150,468	147,184	145,178
Loans on preferred stock of banks and insurance companies.....	33,181	29,994	29,840	29,749	29,685	56,952	56,924	56,769
Preferred stock, capital notes, and debentures.....	517,125	476,395	472,345	474,475	471,072	469,674	465,909	468,845
Loans to railroads (including receivers).....	438,837	458,841	467,887	471,747	466,093	475,856	506,623	507,627
Loans for self-liquidating projects.....	73,844	66,501	66,753	58,578	61,273	48,105	38,754	42,262
Loans to industrial and commercial businesses ¹	123,042	131,919	130,704	130,466	130,566	130,732	129,955	129,427
Loans to drainage, levee, and irrigation districts.....	83,462	83,874	83,966	83,723	83,740	83,596	83,299	83,223
Other loans.....	23,812	4,180	4,260	4,235	4,631	4,677	4,788	4,801
Securities purchased from Public Works Administration.....	122,986	117,603	114,066	112,743	111,323	111,065	107,066	110,900
Total loans and investments, other than interagency.....	1,595,121	1,532,160	1,529,174	1,521,365	1,512,546	1,531,124	1,540,502	1,538,222
Preferred stock of Export-Import bank.....	45,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000
Loans to Rural Electrification Administration.....	146,498	146,498	146,498	146,498	146,498	146,498	146,498	146,498
Capital stock of, and loans to R. F. C. Mortgage Co.....	54,903	58,124	59,198	59,355	59,484	59,050	58,628	60,212
Capital stock of, and loans to Fed. Natl. Mtge. Assn.....	44,438	65,806	68,616	70,385	71,846	73,863	76,470	78,976
Loans to Tennessee Valley Authority.....	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300
Capital stock of Metals Reserve and Rubber Reserve Cos.....							1,000	2,000
Loans to Farm Security Administration.....							10,000	10,000
Total loans and investments.....	1,894,260	1,884,888	1,885,786	1,879,903	1,872,673	1,892,835	1,915,397	1,918,206

¹ Include national defense loans to private corporations under the Act of June 25, 1940, amounting to \$55,000 on August 31, 1940.

NOTE.—For explanation of table and back figures, see BULLETIN for April 1936, p. 220.

FARM CREDIT ADMINISTRATION
LOANS AND DISCOUNTS OUTSTANDING, BY INSTITUTIONS

[In thousands of dollars]

End of month	Farm mortgage loans by—		Federal intermediate credit bank loans to and discounts for—		Production credit associations	Regional agricultural credit corporations	Emergency crop and drought loans	Loans to cooperatives by—		
	Federal land banks	Land Bank Commissioner	Regional agricultural credit corporations, production credit associations, and banks for cooperatives ¹	Other financing institutions, except cooperatives				Federal intermediate credit banks	Banks for cooperatives, including Central Bank	Agricultural Marketing Act revolving fund
1934—December	1,915,792	616,825	99,675	55,672	60,852	87,102	111,238	33,969	27,851	54,863
1935—December	2,071,925	794,726	104,706	47,162	94,096	43,400	172,863	2,731	50,013	44,433
1936—December	2,064,158	836,779	129,872	41,017	105,212	25,288	165,369	1,641	69,647	53,754
1937—December	2,035,307	812,749	165,194	40,464	138,169	15,892	172,701	1,813	87,633	30,982
1938—December	1,982,224	752,851	168,392	33,545	148,037	11,081	171,489	920	87,496	23,723
1939—August	1,928,166	708,426	187,968	41,661	185,215	9,599	178,271	127	61,404	22,422
September	1,922,577	703,840	179,674	37,645	174,032	9,127	175,667	778	65,160	21,663
October	1,916,431	699,274	169,731	33,996	162,703	8,351	171,819	1,493	70,422	21,582
November	1,910,336	695,101	165,368	33,417	156,526	8,042	169,460	1,696	73,120	20,589
December	1,904,655	690,880	165,236	33,354	154,496	8,005	168,330	1,835	76,252	20,547
1940—January	1,900,408	687,191	161,753	33,620	153,949	7,904	167,957	1,756	73,238	20,427
February	1,896,507	683,694	165,106	34,738	160,003	7,926	170,020	2,002	71,772	20,038
March	1,890,432	677,717	176,007	36,326	173,840	7,888	176,045	1,754	69,311	19,763
April	1,886,272	673,696	185,373	37,921	186,276	7,904	179,801	1,603	67,454	18,537
May	1,882,516	670,723	190,961	38,377	194,662	7,845	180,938	1,315	63,564	18,137
June	1,880,408	668,850	196,408	40,033	200,415	7,768	181,218	897	62,177	18,200
July	1,874,608	665,073	199,238	42,161	203,693	7,614	180,824	1,217	65,111	15,311
August	1,871,487	662,592	202,503	42,416	202,796	7,416	179,984	763	67,473	14,787

¹ Some of the loans made by the regional agricultural credit corporations (prior to October 1935) and by the banks for cooperatives and most of the loans made by the production credit associations are discounted with the Federal intermediate credit banks. The amounts in this column are thus included in the three columns under those headings. Such loans are not always discounted in the same month in which the original credit is extended.

FEDERAL HOME LOAN BANK BOARD
LOANS OUTSTANDING, BY INSTITUTIONS

[Loans in thousands of dollars]

End of month	Home mortgage loans by—			Federal home loan bank loans to member institutions ²
	Home Owners' Loan Corporation	Federal savings and loan associations		
		Number of associations	Loans ¹	
1934—December	2,379,491	639	81,300	86,651
1935—December	2,897,162	1,023	348,000	102,791
1936—December	2,765,098	1,212	586,700	145,394
1937—December	2,397,647	1,325	853,500	200,092
1938—December	2,168,920	1,368	1,034,162	198,840
1939—April	2,105,824	1,381	1,089,879	157,176
May	2,091,324	1,383	1,117,228	157,911
June	2,080,512	1,386	1,136,289	168,962
July	2,067,844	1,385	1,157,536	161,537
August	2,059,792	1,392	1,186,784	159,470
September	2,054,865	1,394	1,206,887	163,667
October	2,049,421	1,394	1,231,685	168,654
November	2,043,288	1,401	1,252,559	168,822
December	2,038,186	1,410	1,271,161	181,313
1940—January	2,031,341	1,403	1,280,200	166,788
February	2,026,614	1,407	1,296,464	144,515
March	2,021,951	1,413	1,317,875	137,642
April	2,020,572	1,420	1,348,072	133,811
May	2,017,395	1,421	1,376,700	137,509
June	2,012,760	1,430	1,405,100	157,397
July	2,004,737	1,431	1,432,100	162,222
August	1,996,443	1,431	1,461,867	168,402

¹ Federal Home Loan Bank Board estimates for all Federal savings and loan associations.

² Excludes loans to other than member institutions which are negligible in amount.

POSTAL SAVINGS SYSTEM

[In millions of dollars]

End of month	Depositors balances ¹	Assets					Cash reserve funds etc. ²
		Total	Cash in depository banks	U. S. Government securities			
				Total	Direct obligations	Guaranteed obligations	
1935—June	1,205	1,236	385	777	630	147	74
1936—June	1,232	1,265	203	967	800	167	95
1937—June	1,268	1,307	136	1,100	933	167	71
1938—June	1,252	1,290	115	1,103	936	167	73
1939—June	1,262	1,304	68	1,157	1,011	146	78
1939—August	1,271	1,314	56	1,174	1,028	146	84
September	1,267	1,307	55	1,182	1,036	146	70
October	1,270	1,312	54	1,182	1,036	146	75
November	1,274	1,317	54	1,182	1,036	146	80
December	1,279	1,319	53	1,192	1,046	146	74
1940—January	1,290	1,331	50	1,197	1,051	146	84
February	1,297	1,340	48	1,194	1,048	146	97
March	1,301	1,343	45	1,200	1,054	146	97
April	1,303	1,345	44	1,214	1,068	146	87
May	1,299	1,342	43	1,224	1,078	146	74
June	^p 1,293	-----	-----	-----	-----	-----	-----
July	^p 1,297	-----	-----	-----	-----	-----	-----
August	^p 1,297	-----	-----	-----	-----	-----	-----

^p Preliminary.

¹ Outstanding principal, represented by certificates of deposit. Does not include accrued interest nor outstanding savings stamps.

² Includes working cash with postmasters, 5-per cent reserve fund and miscellaneous working funds with the Treasurer of the United States, accrued interest on bond investments, and accounts due from late postmasters.

Back figures.—See BULLETIN for August 1935, p. 502.

BUSINESS INDEXES

[The terms "adjusted" and "unadjusted" refer to adjustment of monthly figures for seasonal variation!]

Year and month	Income payments (value) ¹ 1929=100	Industrial production (physical volume) * 1935-39=100					Construction contracts awarded (value) † 1923-25=100			Employment ‡		Factory pay-rolls † 1923-25=100	Freight-car load-ings * 1923-25=100	Department store sales (value) * 1923-25=100	Wholesale commodity prices † 1928=100	Cost of living ‡ 1935-39=100		
		Total		Manu-facturers		Min-erals	Total	Resi-dential	All other	Non-agri-cultural 1935-39=100	Factory 1923-25=100							
		Ad-justed	Unad-justed	Ad-justed	Ad-justed						Ad-justed						Ad-justed	Ad-justed
						Dur-able	Non-dur-able	Unad-justed	Unad-justed									
1919.....			72	84	62	71	63	44	79			106.7	98.0		84	78	138.6	-----
1920.....			75	93	60	83	63	30	90			107.1	117.2		91	94	154.4	-----
1921.....			58	53	57	66	56	44	65			82.0	75.6		78	87	97.6	-----
1922.....			73	81	67	71	79	68	88			90.7	81.2		85	88	96.7	-----
1923.....			88	104	72	98	84	81	86			103.8	102.9		100	98	100.6	-----
1924.....			82	95	69	89	94	95	94			96.4	96.0		98	99	98.1	-----
1925.....			91	108	76	92	122	124	120			99.8	101.1		103	103	103.5	-----
1926.....			96	114	79	99	129	121	135			101.7	104.2		107	106	100.0	-----
1927.....			95	107	83	100	129	117	139			99.5	102.4		104	107	95.4	-----
1928.....			99	117	85	99	135	126	142			99.7	103.5		104	108	96.7	-----
1929.....	100.0		110	133	93	107	117	87	142	107.8		106.0	110.4		107	111	95.3	122.5
1930.....	90.8		91	99	84	93	92	50	125	101.1		92.4	89.4		92	102	86.4	119.4
1931.....	77.3		75	68	79	80	63	37	84	92.4		78.1	67.8		92	92	73.0	108.7
1932.....	60.1		58	41	70	66	28	13	40	83.0		66.3	46.7		55	69	64.8	97.6
1933.....	57.1		69	54	79	76	25	11	37	83.6		73.4	50.1		58	67	65.9	92.4
1934.....	65.8		75	66	81	80	32	12	48	90.7		85.7	64.5		62	75	74.9	95.7
1935.....	71.7		87	84	90	86	37	21	50	94.2		91.3	74.1		64	79	80.0	98.1
1936.....	82.7		103	108	100	99	55	37	70	100.3		99.0	85.8		75	88	80.8	99.1
1937.....	87.4		113	122	106	112	59	41	74	105.3		108.6	102.5		78	92	86.3	102.7
1938.....	80.7		88	78	95	97	64	45	80	98.6		89.7	77.9		62	85	78.6	100.8
1939.....	85.4		108	108	108	106	72	60	81	101.6		96.8	90.8		70	90	77.1	99.4
1937																		
July.....	89.2	120	118	135	110	113	67	44	86	106.9	112.3	110.9	105.2		80	92	87.9	-----
August.....	89.0	120	120	139	107	115	62	40	81	107.3	111.7	112.3	108.7		79	93	87.5	-----
September.....	87.3	115	115	128	104	115	56	37	71	107.8	110.3	112.3	104.9		78	94	87.4	104.3
October.....	86.6	107	110	114	99	112	52	36	65	107.1	107.8	110.3	104.9		76	93	85.4	-----
November.....	84.9	95	97	94	92	109	56	32	76	104.6	103.7	104.1	93.3		71	91	83.3	-----
December.....	83.7	87	86	80	87	107	61	30	87	102.8	97.9	97.4	84.6		67	89	81.7	103.0
1938																		
January.....	82.3	86	82	75	88	103	52	26	73	98.3	93.0	90.6	75.3		65	90	80.9	-----
February.....	81.5	84	82	73	90	98	51	32	66	98.0	91.9	91.1	77.5		62	88	79.8	-----
March.....	81.2	84	84	72	90	97	46	33	56	98.0	90.4	90.6	77.6		60	86	79.7	100.9
April.....	80.1	82	82	69	88	95	52	37	65	98.3	88.2	88.5	74.9		57	83	78.7	-----
May.....	79.1	80	81	67	88	90	51	37	62	97.4	86.4	86.1	73.2		58	78	78.1	-----
June.....	78.7	81	81	65	90	92	54	42	64	97.2	85.2	84.3	71.1		58	82	78.3	100.9
July.....	78.7	86	85	71	95	94	59	49	68	97.2	86.0	84.7	71.1		61	83	78.8	-----
August.....	79.8	90	90	77	99	97	66	53	77	98.3	87.9	88.8	77.3		62	83	78.1	-----
September.....	80.4	92	95	81	100	98	78	56	96	99.9	89.4	92.0	81.6		64	86	78.3	100.7
October.....	81.7	95	99	88	100	98	82	57	102	100.1	90.2	92.4	84.2		68	84	77.6	-----
November.....	82.1	100	102	96	103	102	96	56	128	99.9	92.8	93.3	84.4		69	89	77.5	-----
December.....	83.1	101	100	97	104	102	96	57	128	100.8	94.4	94.0	87.1		69	89	77.0	100.2
1939																		
January.....	83.4	102	98	98	104	103	86	55	111	98.0	94.6	92.2	83.7		69	88	76.9	-----
February.....	83.7	101	99	97	104	102	73	58	85	98.4	94.3	93.6	86.0		67	87	76.9	-----
March.....	84.6	101	100	96	104	103	69	55	80	99.2	94.0	94.3	87.6		66	88	76.7	99.1
April.....	83.1	97	98	93	103	92	67	58	74	99.3	93.8	94.1	85.5		60	88	76.2	-----
May.....	83.8	97	99	90	104	96	63	55	68	100.1	93.3	93.0	85.0		62	85	76.2	-----
June.....	84.1	102	102	97	106	105	63	58	67	101.4	94.3	93.4	86.5		67	86	75.6	98.6
July.....	83.6	104	102	101	106	107	67	62	71	101.4	95.3	93.5	84.4		69	86	75.4	-----
August.....	85.2	104	103	105	108	91	73	67	78	102.3	95.9	96.3	89.7		70	89	75.0	-----
September.....	86.1	113	116	114	111	114	73	68	76	104.0	97.5	100.2	93.8		77	91	79.1	100.6
October.....	88.0	121	126	129	115	119	76	68	82	105.1	101.2	103.6	101.6		80	90	79.4	-----
November.....	88.5	124	126	133	117	120	83	61	101	104.6	103.4	103.8	101.6		82	95	79.2	-----
December.....	90.0	126	124	140	118	114	86	60	107	105.2	104.5	104.1	103.7		78	96	79.2	99.6
1940																		
January.....	90.3	122	117	135	113	118	75	53	93	101.9	103.9	101.4	98.3		78	92	79.4	-----
February.....	89.7	116	113	124	110	114	63	56	68	101.7	102.1	101.4	97.8		73	89	78.7	-----
March.....	88.4	112	112	118	106	117	62	57	66	102.4	100.4	100.8	98.2		69	89	78.4	99.9
April.....	88.2	111	111	113	107	119	64	62	66	102.4	99.2	99.6	96.3		70	89	78.6	-----
May.....	88.6	115	116	119	110	118	64	64	65	103.4	99.2	99.0	96.3		72	87	78.4	-----
June.....	88.7	121	121	131	114	118	74	69	77	104.2	100.2	99.4	97.9		75	91	77.5	100.5
July.....	89.3	121	118	132	112	120	85	77	91	104.4	101.4	99.5	96.5		75	91	77.7	-----
August.....	90.3	122	121	134	113	116	92	80	101	105.6	103.5	103.5	103.7		76	99	77.4	-----

^p Preliminary.

* Average per working day.

¹ Department of Commerce series on value of payments to individuals.

² For indexes of groups and industries, see pp. 1126-1129; for description, see pp. 753-771 of BULLETIN for August 1940.

³ Based on F. W. Dodge Corporation data; for description, see p. 358 of BULLETIN for July 1931; by groups, see page 1134.

⁴ The unadjusted indexes of employment and payrolls, wholesale commodity prices, and cost of living are compiled by or based on data of the Bureau of Labor Statistics. For description of seasonally adjusted index of factory employment compiled by the Federal Reserve Board of Governors, see BULLETIN for October 1938, pp. 835-837, and for October 1939, p. 878. For indexes by groups or industries see pp. 1130-1133 for employment and payrolls and p. 1136 for prices.

Back figures in BULLETIN.—For industrial production, August 1940, pp. 825-882; for factory employment and payrolls, October 1938, pp. 838-866, and for October 1939, pp. 879-887; for freight-car loadings, June 1937, pp. 524-529; for department store sales, October 1938, p. 918.

INDUSTRIAL PRODUCTION, BY INDUSTRIES

(Adjusted for Seasonal Variation)

[Index numbers of the Board of Governors. 1935-39 average = 100]

Industry	1939						1940							
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
Industrial Production—Total	104	104	113	121	124	126	122	116	112	111	115	121	121	p122
Manufactures—Total	104	107	113	121	124	128	122	116	112	110	114	121	121	p123
Durable.....	101	105	114	129	133	140	135	124	118	113	119	131	132	p134
Nondurable.....	106	108	111	115	117	118	113	110	106	107	110	114	112	p113
Iron and Steel	103	111	128	161	161	167	147	118	106	99	118	154	156	158
Pig iron.....	102	114	129	154	163	169	161	136	118	117	127	148	157	162
Steel ingots.....	104	111	128	161	161	167	146	117	105	97	118	154	156	157
Machinery	101	104	108	115	123	125	127	123	123	123	124	128	133	p138
Transportation Equipment	86	92	99	105	102	128	137	137	131	115	116	120	109	p104
Aircraft.....	170	177	181	194	216	239	256	251	263	267	281	315	339	p382
Automobiles ¹	77	84	92	96	91	121	129	129	120	103	101	106	87	76
Railroad cars.....	69	74	83	105	122	136	156	158	149	125	121	111	119	p123
Locomotives.....	98	102	100	97	98	95	102	101	101	103	102	102	113	p121
Shipbuilding.....	130	133	136	138	142	144	149	150	156	156	164	170	189	p211
Nonferrous Metals and Products	102	112	128	144	153	159	154	142	132	124	126	129	136	144
Nonferrous metal smelting ²	98	105	117	124	130	135	135	129	130	127	127	125	133	128
Copper smelting.....	97						144	131	137	131	130	131	140	135
Copper deliveries.....	97						162	145	125	111	113	115	119	134
Lead shipments.....	103	105	117	130	144	136	119	102	100	104	110	119	127	128
Zinc shipments.....	99	107	128	148	154	144	131	126	122	115	115	122	133	138
Tin deliveries.....	96	98	98	101	118	159	180	168	148	132	137	141	146	
Lumber and Products	104	105	108	113	121	121	115	114	111	110	112	111	107	p114
Lumber.....	103	104	107	112	121	122	115	114	110	109	110	110	103	113
Furniture.....	106	107	109	114	121	118	117	113	112	111	115	113	115	p115
Stone, Clay and Glass Products	114	113	116	123	120	128	123	113	120	115	113	111	114	p117
Cement.....	113	112	114	120	121	131	125	106	117	115	115	113	110	115
Common and face brick.....	130	129	126	119	125	142	119	96	106	108	109			
Common brick.....	132	131	125	117	121	141	111	103	106	107	111			
Face brick.....	124	126	132	126	138	143	136	81	105	107	105			
Glass containers.....	117	108	110	121	112	115	116	118	124	116	112	111	117	114
Polished plate glass.....	76	95	110	124	112	124	122	112	105	96	91	80	100	114
Textiles and Products	113	111	114	119	128	126	118	109	99	100	103	106	111	114
Textile fabrics.....	108	109	113	118	124	121	113	105	97	97	100	102	103	111
Cotton consumption.....	111	114	117	119	124	128	120	115	108	107	109	112	116	124
Rayon deliveries.....	134	129	127	130	146	152	151	144	139	138	142	144	138	130
Silk deliveries.....	79	82	86	91	89	78	69	64	64	61	58	56	57	61
Wool textiles.....	107	106	113	125	132	115	106	93	77	79	87	89	100	106
Carpet wool consumption.....	90	121	121	124	132	115	111	108	87	97	95	79	69	95
Apparel wool consumption.....	110	108	120	131	125	104	107	92	80	68	82	88	113	108
Woolen yarn.....	102	98	105	113	115	105	99	89	78	78	86	92	102	104
Worsted yarn.....	108	105	124	150	151	112	98	93	75	76	90	93	112	118
Woolen and worsted cloth.....	117	103	107	118	135	127	111	89	71	76	83	89	105	104
Leather and Products	107	103	103	105	108	105	101	98	93	85	87	96	93	p93
Leather tanning.....	100	99	103	104	103	101	102	96	92	86	88	90	85	
Cattle hide leathers.....	102	105	108	104	105	107	104	100	94	86	87	90	88	
Calf and kip leathers.....	93	92	105	108	101	90	97	86	84	80	91	88	75	
Goat and kid leathers.....	99	88	90	103	98	92	99	92	92	91	89	91	84	
Shoes.....	111	107	104	105	112	108	101	99	94	85	88	100	99	p99
Manufactured Food Products	105	111	111	109	110	112	111	113	112	111	112	115	110	p115
Wheat flour.....	103	106	118	101	97	102	100	100	100	100	105	98	100	99
Cane sugar meltings.....	104	98	104	107	92	96	95	95	86	89	97	112	101	p90
Manufactured dairy products.....	105	105	110	108	110	115	109	114	112	112	110	111	112	p113
Ice cream.....	107	104	120	114	114	120	102	115	110	113				
Butter.....	103	105	98	97	103	105	110	109	107	108	102	105	105	104
Cheese.....	102	105	102	103	102	103	102	104	115	116	117	110	114	114
Canned and dried milk.....	103	107	110	111	118	123	128	128	123	118	112	117	121	132
Meat packing.....	114	113	118	113	116	126	124	129	128	117	117	126	116	119
Pork and lard.....	126	130	135	127	131	149	144	154	156	131	135	152	132	141
Beef.....	102	97	103	98	101	104	104	106	102	106	101	101	101	99
Veal.....	96	88	93	96	98	87	88	86	87	86	89	91	97	91
Lamb and mutton.....	100	92	101	99	107	109	108	99	97	98	93	99	98	96
Other manufactured foods.....	104	112	110	110	111	111	111	112	112	112	112	115	110	p116
Alcoholic Beverages	97	96	96	106	98	95	98	96	98	103	100	113	108	91
Malt liquor.....	103	98	98	112	102	104	103	96	99	102	99	99	103	91
Whiskey.....	55	53	51	57	57	57	58	59	65	78	84	84	72	44
Other distilled spirits.....	111	117	120	120	87	88	112	114	132	132	113	131	148	208
Rectified spirits.....	107	116	116	118	123	92	108	126	108	123	114	201	154	87
Tobacco Products	100	110	107	111	110	109	103	106	103	111	110	115	103	106
Cigars.....	100	105	103	103	100	104	107	103	100	102	104	98	101	105
Cigarettes.....	102	113	110	117	118	115	106	109	107	119	117	127	106	110
Manufactured tobacco and snuff.....	94	109	103	102	103	100	93	97	95	99	100	99	99	96

^r Revised.

^p Preliminary.

^c Corrected.

¹ Revised seasonal adjustment factors, 1940: July, 80; August, 30. Factors for subsequent months will be revised later.

² Includes also lead and zinc production shown under "Minerals."

Industrial Production, by Industries (Adjusted for Seasonal Variation)—Continued

[Index numbers of the Board of Governors. 1935-39 average = 100]

Industry	1939						1940							
	July	Aug.	Sept	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<i>Paper and Products</i>	108	112	121	131	134	135	123	114	110	116	127	132	129	-----
Paper and pulp.....	107	110	119	128	132	134	123	114	110	117	128	132	130	-----
Pulp.....	105	109	121	136	137	147	135	133	135	140	149	159	153	-----
Groundwood pulp.....	103	104	110	118	108	116	114	110	110	118	118	118	116	-----
Soda pulp.....	91	97	112	129	131	145	129	117	116	118	135	148	142	-----
Sulphate pulp.....	130	133	141	156	157	176	160	153	151	164	175	186	178	-----
Sulphite pulp.....	94	99	113	131	133	138	134	130	136	139	145	157	151	-----
Paper.....	107	110	119	127	131	132	121	111	105	113	125	128	126	-----
Paperboard.....	112	114	120	129	134	140	127	119	109	114	131	128	130	121
Fine paper.....	94	102	120	123	129	122	111	106	95	99	110	118	121	-----
Newsprint production.....	104	104	106	103	101	105	106	112	112	113	113	115	111	113
Printing paper.....	102	111	118	133	132	132	119	116	109	115	125	135	125	-----
Tissue and absorbent paper.....	121	116	123	131	138	140	119	119	105	119	123	137	130	-----
Wrapping paper.....	104	107	117	123	127	128	121	108	105	114	127	126	125	-----
Paperboard containers.....	115	118	129	142	144	138	120	112	111	115	125	128	128	-----
<i>Printing and Publishing</i> ¹	100	105	111	118	117	119	109	108	106	108	115	120	113	111
Newsprint consumption.....	97	99	104	103	101	107	98	100	103	101	106	106	102	104
<i>Petroleum and Coal Products</i>	106	110	112	120	120	119	117	116	118	115	114	115	112	-----
Petroleum refining.....	107	111	112	118	117	116	114	115	117	114	113	112	108	-----
Gasoline.....	108	110	112	117	118	116	112	112	115	112	111	110	106	-----
Fuel oil.....	107	108	110	116	112	111	119	119	121	117	113	113	111	-----
Lubricating oil.....	102	114	109	132	125	129	126	124	124	120	118	122	113	-----
Kerosene.....	108	114	116	117	107	109	97	130	123	120	128	116	116	-----
Coke.....	98	104	116	133	140	139	137	123	118	119	123	132	139	139
Byproduct coke.....	100	106	117	131	137	137	124	119	120	123	131	137	136	-----
Beehive coke.....	44	40	69	192	244	217	145	89	80	84	101	142	206	248
<i>Chemicals</i>	104	100	106	111	111	112	113	111	109	111	114	116	117	115
<i>Rubber Products</i>	107	112	122	128	126	123	119	119	116	115	117	115	106	110
Rubber consumption.....	107	112	121	129	127	125	120	120	116	115	116	114	106	110
Tires and tubes.....	112	115	125	121	114	109	110	114	117	115	121	126	105	104
Pneumatic tires.....	114	119	126	122	115	111	112	116	118	115	122	128	106	104
Inner tubes.....	102	108	116	118	112	98	101	104	108	109	112	113	95	102
<i>Minerals—Total</i>	107	91	114	119	120	114	118	114	117	119	118	118	120	116
<i>Fuels</i>	108	89	113	117	118	113	117	112	114	116	115	116	117	112
Bituminous coal.....	103	108	114	123	119	106	119	103	109	120	122	116	121	122
Anthracite.....	90	115	120	112	97	88	111	78	84	83	82	113	129	113
Crude petroleum.....	112	79	112	116	120	118	116	118	120	118	116	116	114	109
<i>Metals</i>	102	105	121	128	131	124	127	130	134	135	135	134	139	139
Iron ore shipments.....	102	108	119	133	155	122	132	143	153	151	153	155	160	164
Copper.....	103	-----	-----	-----	-----	-----	147	140	141	144	143	143	150	144
Lead.....	102	108	107	111	109	112	114	116	117	118	124	117	120	117
Zinc.....	98	100	104	116	127	130	130	133	137	127	123	120	128	123
Gold.....	111	106	125	130	113	119	121	119	124	124	124	122	125	-----
Silver.....	71	84	111	98	109	116	101	120	113	127	125	114	122	-----

^p Preliminary.

^r Revised.

¹ Includes also printing paper production shown under "Paper."

NOTE.—For description and back figures see BULLETIN for August 1940, pages 753 to 771 and 825 to 882.

INDUSTRIAL PRODUCTION, BY INDUSTRIES

(Without Seasonal Adjustment)

(Index numbers of the Board of Governors. 1935-39 average = 100)

Industry	1939						1940							
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
Industrial Production—Total	102	103	116	126	126	124	117	113	112	111	116	121	118	♯121
Manufactures—Total	102	105	116	125	126	126	117	114	112	112	116	122	117	♯121
Durable.....	98	99	111	131	136	139	128	121	121	119	125	134	127	♯127
Nondurable.....	104	110	119	120	118	115	109	108	105	105	109	112	110	♯115
Iron and Steel	98	108	125	150	161	159	144	121	113	106	123	151	147	153
Pig iron.....	100	113	126	154	163	160	153	134	124	123	133	149	154	161
Steel ingots.....	97	107	125	159	161	159	143	120	112	104	122	151	147	152
Machinery	98	102	106	117	123	127	123	123	126	126	126	129	129	♯136
Transportation Equipment	79	47	74	103	118	152	136	136	142	139	130	129	94	♯60
Aircraft.....	170	177	175	194	218	239	251	251	263	267	286	321	339	♯382
Automobiles.....	69	29	62	94	111	150	130	130	134	130	118	114	70	23
Railroad cars.....	68	75	75	99	112	132	133	151	158	141	137	124	117	♯125
Locomotives.....	101	103	98	92	95	102	102	103	99	98	102	106	116	♯122
Shipbuilding.....	127	126	132	140	138	146	144	145	162	162	172	176	185	♯200
Nonferrous Metals and Products	97	108	129	147	157	156	151	140	135	129	128	129	129	139
Nonferrous metal smelting ¹	90	99	119	127	135	136	135	129	132	133	127	124	122	122
Copper smelting.....	87	97	119	127	135	136	143	130	137	139	132	131	126	127
Copper deliveries.....	96	100	119	136	154	142	153	139	139	116	116	116	118	133
Lead shipments.....	96	100	119	136	154	142	121	101	100	106	109	113	118	122
Zinc shipments.....	92	99	126	148	162	149	137	128	125	116	115	117	123	127
Tin deliveries.....	94	96	97	102	112	148	169	163	151	141	146	148	143	-----
Lumber and Products	107	114	117	121	120	111	98	101	107	109	114	116	111	♯123
Lumber.....	111	116	119	119	116	105	93	96	104	109	117	119	112	125
Furniture.....	99	110	115	125	125	123	109	113	113	108	108	110	107	♯118
Stone, Clay and Glass Products	128	127	130	137	126	115	90	83	101	114	129	128	126	♯131
Cement.....	140	137	136	139	126	105	69	60	88	115	140	143	136	141
Common and face brick.....	161	150	157	145	137	119	70	50	71	103	131	-----	-----	-----
Common brick.....	167	153	162	148	133	115	60	49	66	102	133	-----	-----	-----
Face brick.....	147	144	145	138	148	129	96	53	84	107	126	-----	-----	-----
Glass containers.....	121	117	112	124	114	107	104	109	117	116	119	117	121	124
Polished plate glass.....	50	78	110	142	127	149	129	106	111	96	91	79	66	93
Textiles and Products	106	109	116	123	131	126	120	115	101	97	99	101	104	112
Textile fabrics.....	101	106	115	121	128	121	115	112	100	95	97	97	99	108
Cotton consumption.....	100	105	117	121	128	125	124	123	114	110	109	107	104	114
Rayon deliveries.....	132	138	146	145	152	150	148	141	132	127	127	131	134	140
Silk deliveries.....	70	75	88	99	101	84	72	65	66	60	55	51	51	57
Wool textiles.....	104	109	110	122	130	118	107	102	77	73	85	88	98	109
Carpet wool consumption.....	89	128	124	122	129	107	105	118	98	91	91	77	67	101
Apparel wool consumption.....	104	112	120	126	126	107	105	99	80	63	82	88	108	113
Woolen yarn.....	102	102	104	111	113	105	100	97	76	73	86	92	102	108
Worsted yarn.....	103	107	119	150	151	123	101	97	72	72	90	93	107	120
Woolen and worsted cloth.....	114	105	101	114	134	118	102	71	68	80	88	88	102	107
Leather and Products	103	111	111	106	99	95	99	106	99	88	85	88	91	♯100
Leather tanning.....	97	96	102	104	104	102	102	104	91	86	86	87	82	-----
Cattle hide leathers.....	95	100	107	105	109	109	105	111	95	86	85	85	82	-----
Calf and kip leathers.....	102	96	103	103	96	91	95	91	79	79	86	90	83	-----
Goat and kid leathers.....	98	87	91	102	95	94	99	96	91	94	87	91	83	-----
Shoes.....	108	121	116	107	97	91	97	107	104	89	85	88	96	♯112
Manufactured Food Products	114	127	135	117	109	107	100	99	100	101	108	116	120	♯132
Wheat flour.....	102	107	136	110	100	98	101	99	97	94	95	92	99	100
Cane sugar meltings.....	120	103	124	104	76	77	79	93	95	98	95	116	116	♯94
Manufactured dairy products.....	151	140	113	85	75	73	71	83	95	112	148	168	161	♯151
Ice cream.....	179	168	129	82	68	62	51	68	85	108	-----	-----	-----	-----
Butter.....	126	116	97	85	81	83	88	94	95	107	132	147	128	114
Cheese.....	131	119	105	97	78	72	73	82	94	113	154	169	147	128
Canned and dried milk.....	126	111	101	89	82	85	97	107	120	133	161	173	148	136
Meat packing.....	107	97	110	113	131	148	146	124	116	111	117	123	109	102
Pork and lard.....	114	98	108	120	157	193	187	154	140	124	135	148	119	106
Beef.....	103	98	115	107	106	104	104	95	93	99	101	99	102	100
Veal.....	95	98	102	106	100	82	85	76	82	85	93	92	96	92
Lamb and mutton.....	95	92	113	105	104	103	113	99	94	95	95	94	93	95
Other manufactured foods.....	111	132	142	123	112	107	97	98	98	98	102	110	118	♯137
Alcoholic Beverages	104	96	98	109	103	86	80	84	94	105	107	120	112	89
Malt liquor.....	127	114	99	92	83	81	82	82	95	111	117	126	127	106
Whiskey.....	30	32	41	54	71	66	77	77	81	86	84	67	40	24
Other distilled spirits.....	52	56	164	318	182	110	73	69	86	79	68	77	70	100
Rectified spirits.....	90	91	123	153	194	123	79	109	103	110	100	161	130	68
Tobacco Products	108	115	117	115	112	94	98	98	97	105	112	124	112	110
Cigars.....	104	109	118	125	119	80	86	90	92	97	102	104	105	108
Cigarettes.....	114	119	118	115	113	102	107	103	99	111	119	140	119	116
Manufactured tobacco and snuff.....	96	110	111	104	102	88	90	96	97	98	101	101	101	97

¹ Revised.

[♯] Preliminary.

[°] Corrected.

Includes also lead and zinc production shown under "Minerals."

Industrial Production, by Industries (Without Seasonal Adjustment)—Continued

[Index numbers of the Board of Governors. 1935-39 average = 100]

Industry	1939						1940							
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<i>Paper and Paper Products</i>	104	111	125	136	133	128	120	116	114	119	127	130	123	-----
Paper and pulp.....	101	109	121	132	131	128	122	118	114	120	128	131	123	-----
Pulp.....	101	107	119	137	137	143	139	137	138	144	150	157	146	-----
Groundwood pulp.....	92	88	96	110	110	121	118	114	118	132	131	120	104	-----
Soda pulp.....	85	97	113	129	131	140	129	121	119	122	135	147	133	-----
Sulphate pulp.....	127	133	141	159	157	167	161	158	154	164	175	184	174	-----
Sulphite pulp.....	89	99	113	134	135	134	134	134	139	138	145	154	144	-----
Paper.....	101	109	121	131	130	126	119	115	110	116	124	127	120	-----
Paperboard.....	106	115	128	137	134	125	122	115	113	116	128	128	123	123
Fine paper.....	86	96	114	123	125	120	112	106	102	108	114	116	110	-----
Newsprint production.....	102	101	106	103	104	106	106	111	112	113	114	116	108	110
Printing paper.....	96	107	117	135	131	131	119	119	114	119	127	132	117	-----
Tissue and absorbent paper.....	115	116	128	137	136	135	116	124	106	121	122	135	124	-----
Wrapping paper.....	101	106	118	126	127	125	121	112	108	115	124	123	122	-----
Paperboard containers.....	113	119	142	154	141	126	114	110	113	115	123	127	125	-----
<i>Printing and Publishing</i> ¹	90	98	111	122	119	120	106	109	111	114	119	119	103	103
Newsprint consumption.....	85	88	105	110	106	109	93	99	107	108	110	107	88	91
<i>Petroleum and Coal Products</i>	107	111	114	122	121	118	116	115	114	115	115	116	113	-----
Petroleum refining.....	108	112	114	121	118	115	112	113	113	114	113	113	109	-----
Gasoline.....	111	114	116	120	119	114	108	109	109	111	111	112	109	-----
Fuel oil.....	105	106	111	117	113	113	122	120	119	115	113	112	109	-----
Lubricating oil.....	101	113	109	132	125	128	122	122	123	125	123	122	111	-----
Kerosene.....	102	110	114	117	111	111	102	121	125	123	126	113	110	-----
Coke.....	96	104	116	133	141	140	138	125	120	118	122	131	135	138
Byproduct coke.....	98	106	117	131	137	137	137	125	120	120	123	131	134	136
Beehive coke.....	36	32	57	198	269	253	170	120	100	76	76	116	171	198
<i>Chemicals</i>	97	97	108	116	113	114	111	111	113	114	113	110	110	112
<i>Rubber Products</i>	107	112	124	128	129	118	122	117	116	114	117	115	106	110
Rubber consumption.....	107	112	124	129	131	119	123	117	116	114	116	114	106	110
Tires and tubes.....	112	118	125	121	114	109	110	114	117	115	121	126	105	104
Pneumatic tires.....	114	119	126	122	115	111	112	116	118	115	122	128	106	104
Inner tubes.....	102	108	116	118	112	98	101	104	108	109	112	113	95	102
<i>Minerals—Total</i>	106	93	121	129	123	111	115	112	110	111	118	118	121	120
<i>Fuels</i>	103	87	114	121	120	114	120	116	114	113	113	111	111	110
Bituminous coal.....	90	100	118	137	135	117	132	121	104	101	103	100	107	112
Anthracite.....	70	85	115	118	99	93	128	86	86	89	90	104	101	83
Crude petroleum.....	112	81	112	115	116	116	114	117	121	121	119	116	114	112
<i>Metals</i>	125	132	160	177	141	93	89	89	87	95	149	161	179	179
Iron ore shipments.....	191	204	239	270	165	-----	-----	-----	-----	14	213	288	315	308
Copper.....	91	-----	-----	-----	-----	-----	144	142	144	150	141	140	133	135
Lead.....	95	106	111	109	116	118	114	116	115	119	122	116	112	114
Zinc.....	92	95	101	116	128	134	133	135	134	131	123	118	120	117
Gold.....	119	114	141	163	130	119	114	109	103	109	118	98	134	-----
Silver.....	66	87	109	100	108	117	100	123	118	130	120	114	113	-----

* Revised.

† Preliminary.

¹ Includes also printing paper production shown under "Paper."

NOTE.—For description and back figures see BULLETIN for August 1940, pages 753 to 771 and 825 to 882

FACTORY EMPLOYMENT, BY INDUSTRIES

(Adjusted for Seasonal Variation)

[Index numbers of the Board of Governors; adjusted to Census of Manufactures through 1937. 1923-25 average=100]

Industry and group	1939						1940							
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
Total	95.3	95.9	97.5	101.2	103.4	104.5	103.9	102.1	100.4	99.2	100.2	101.4	103.5	103.6
Durable goods.....	84.7	85.3	88.9	94.6	97.3	100.0	99.7	97.4	95.9	95.0	95.2	96.2	97.6	101.4
Nondurable goods.....	105.3	105.9	105.7	107.6	109.2	108.9	107.9	106.6	104.8	103.3	103.1	104.1	105.2	105.6
Iron, Steel, Products	90.6	92.5	96.4	105.9	110.8	112.1	110.4	107.0	102.7	100.8	101.2	103.7	107.3	110.9
Blast furnaces, steel works.....	96	97	101	115	122	124	122	117	110	107	109	115	120	123
Bolts, nuts, washers, rivets.....	94	98	102	113	118	120	117	113	112	108	105	104	110	117
Cast-iron pipe.....	72	73	74	77	79	79	75	78	76	75	76	75	76	78
Cutlery, edge tools.....	91	94	97	102	107	109	107	103	101	102	101	102	104	104
Forgings.....	56	56	59	66	70	72	72	71	67	67	66	66	70	73
Hardware.....	70	78	95	99	106	106	104	101	98	97	95	82	84	98
Plumbers' supplies.....	77	78	80	81	83	85	83	81	81	82	82	83	84	86
Stamped, enameled ware.....	147	157	159	162	166	166	160	161	158	155	153	153	156	169
Steam, hot-water heating.....	78	79	80	84	86	87	86	85	85	85	84	85	87	91
Stoves.....	89	88	86	90	91	93	93	91	91	89	88	91	95	95
Structural, ornamental.....	67	69	71	76	76	76	75	75	72	71	71	73	75	77
Tin cans, tinware.....	95	98	97	103	103	100	101	100	99	98	97	100	100	98
Tools.....	81	85	87	91	94	96	96	96	93	93	92	92	95	97
Wirework.....	128	121	149	164	171	176	172	162	161	158	156	151	139	150
Machinery	96.1	97.3	99.8	105.7	110.6	112.9	113.4	113.6	113.3	113.4	113.4	114.9	116.6	120.1
Agricultural implements.....	115	121	123	125	128	131	133	137	136	133	136	136	133	139
Cash registers, etc.....	127	125	127	126	127	129	127	128	128	128	128	130	130	129
Electrical machinery.....	87	88	92	97	100	103	103	102	102	102	101	103	104	108
Engines, turbines, etc.....	95	97	99	108	116	124	133	134	132	134	142	152	165	175
Foundry, machine-shop products.....	83	85	86	91	95	97	98	98	97	97	96	97	98	101
Machine tools.....	149	146	155	170	183	191	197	204	209	215	220	228	238	248
Radios, phonographs.....	131	126	129	145	160	153	144	144	145	153	155	144	145	146
Textile machinery.....	77	78	78	81	85	86	86	85	85	84	82	79	77	76
Typewriters.....	122	119	122	123	125	125	123	119	115	114	113	112	116	119
Transportation Equipment	90.0	88.3	99.5	105.6	101.3	112.6	113.1	110.8	111.1	109.7	109.9	109.9	108.7	119.8
Aircraft.....	1,385	1,414	1,512	1,605	1,767	1,905	2,050	2,062	2,075	2,124	2,260	2,445	2,677	2,872
Automobiles.....	90	88	102	108	100	112	111	107	107	106	105	102	97	110
Cars, electric, steam-railroad.....	32	31	34	42	48	53	57	61	60	54	52	49	51	49
Locomotives.....	28	29	28	25	26	28	30	28	27	28	29	31	33	33
Shipbuilding.....	128	125	128	132	133	139	140	146	148	148	154	164	175	185
Nonferrous Metals, Products	94.6	96.2	99.2	107.0	110.1	111.3	111.7	107.5	106.6	105.9	106.0	108.2	110.7	115.6
Aluminum.....	153	157	152	166	172	170	173	170	168	170	173	177	185	191
Brass, bronze, copper.....	106	109	115	130	137	138	137	128	127	125	124	128	132	140
Clocks, watches.....	84	85	85	87	88	89	92	91	91	90	92	94	95	98
Jewelry.....	94	95	91	92	95	96	95	93	95	96	96	99	100	100
Lighting equipment.....	75	77	88	95	89	95	95	88	84	85	84	86	81	93
Silverware, plated ware.....	70	70	71	70	72	74	74	71	70	70	70	68	71	71
Smelting, refining.....	76	75	77	83	85	86	87	87	87	86	86	87	89	91
Lumber, Products	66.0	66.4	67.4	69.4	72.2	72.4	72.0	70.0	68.1	67.2	67.9	67.4	67.5	68.4
Furniture.....	86	86	87	89	93	93	94	91	90	90	90	89	90	90
Lumber, millwork.....	59	60	61	63	64	64	65	63	62	61	60	61	62	63
Lumber, sawmills.....	60	60	61	63	66	66	65	63	61	60	61	60	60	61
Stone, Clay, Glass Products	78.4	78.1	79.0	81.9	85.0	85.4	85.8	80.8	80.0	79.8	78.9	79.8	81.5	81.7
Brick, tile, terra cotta.....	58	57	59	61	64	65	66	61	59	58	58	58	60	60
Cement.....	67	67	66	68	70	71	68	66	65	68	66	67	66	67
Glass.....	98	99	100	106	109	109	111	103	105	104	103	103	106	108
Marble, granite, slate.....	51	50	48	49	49	50	46	48	45	45	47	47	45	45
Pottery.....	88	87	86	90	93	94	95	93	90	89	88	91	94	92
Textiles, Products	103.9	104.6	103.4	106.0	107.5	105.8	104.4	102.7	99.1	96.6	96.3	96.8	100.2	101.3
Fabrics.....	94.3	95.2	93.9	97.7	99.7	96.9	95.0	93.1	88.6	87.8	87.7	88.0	91.3	92.7
Carpets, rugs.....	74	76	78	83	85	84	85	83	78	79	76	70	71	73
Cotton goods.....	89	91	91	94	96	95	94	93	89	89	88	89	91	93
Cotton small wares.....	83	84	86	91	92	91	88	83	77	76	76	76	77	80
Dyeing, finishing textiles.....	128	129	129	133	132	131	127	124	123	121	123	119	125	128
Hats, fur-felt.....	93	90	87	86	90	92	91	90	84	65	68	74	85	83
Hosiery.....	154	155	149	151	151	146	145	139	139	134	134	133	136	139
Knitted outerwear.....	75	80	75	76	75	68	62	68	65	60	61	65	69	72
Knitted underwear.....	77	79	78	79	80	79	80	77	77	74	72	72	76	75
Knitted cloth.....	138	140	140	148	155	146	142	134	133	130	127	131	138	147
Silk, rayon goods.....	72	72	70	75	77	74	71	66	65	65	67	64	63	62
Woolen, worsted goods.....	89	85	83	90	95	89	85	81	71	70	73	77	85	86
Wearing apparel	121.1	121.4	120.4	120.4	120.4	121.6	121.3	120.0	118.8	112.4	111.6	112.4	116.1	116.3
Clothing, men's.....	107	107	106	107	108	112	110	107	107	100	98	102	105	105
Clothing, women's.....	174	174	172	171	171	171	167	169	167	156	158	158	166	164
Corsets, allied garments.....	115	117	116	117	117	117	117	114	113	111	113	113	106	114
Men's furnishings.....	135	140	136	138	127	122	120	120	120	115	114	111	120	124
Millinery.....	73	77	80	80	74	75	79	83	83	78	72	71	71	72
Shirts, collars.....	123	121	121	121	123	123	132	125	122	122	121	116	116	120

* Revised.

Factory Employment (Adjusted)—Continued

[Index numbers of the Board of Governors; adjusted to Census of Manufactures through 1937. 1923-25 average=100]

Industry and group	1939						1940							
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<i>Leather, Manufactures.....</i>	98.7	97.4	96.8	97.4	99.1	96.9	97.3	95.4	93.8	91.9	87.9	89.6	90.9	89.1
Boots, shoes.....	98	96	95	96	98	96	96	94	93	90	86	88	89	87
Leather.....	87	87	87	88	98	86	87	85	83	82	81	81	81	81
<i>Food, Products.....</i>	127.9	129.7	128.1	126.9	129.6	131.4	130.7	130.8	130.3	128.8	129.1	131.9	129.0	128.9
Baking.....	147	146	146	146	145	145	144	144	145	144	145	146	146	146
Beverages.....	269	269	269	271	279	285	280	278	275	274	273	278	268	272
Butter.....	150	96	95	95	97	97	95	96	96	97	98	97	96	96
Canning, preserving.....	160	160	147	137	150	154	149	155	152	150	147	161	137	140
Confectionery.....	82	86	82	82	86	86	85	86	85	82	84	83	86	88
Flour.....	81	79	82	80	77	79	80	80	80	79	81	80	79	78
Ice cream.....	75	75	76	78	79	79	79	79	80	79	76	77	75	76
Slaughtering, meat packing.....	101	101	102	103	106	108	108	109	110	107	107	109	111	108
Sugar, beet.....	99	105	131	107	105	118	162	102	102	98	99	102	99	97
Sugar refining, cane.....	94	96	90	100	95	98	94	93	97	94	95	96	97	96
<i>Tobacco Manufactures.....</i>	65.7	65.2	64.4	63.5	63.1	64.7	64.2	62.7	64.3	65.0	63.2	65.2	62.8	63.2
Tobacco, snuff.....	61	62	62	62	60	60	62	60	60	59	59	58	56	56
Cigars, cigarettes.....	66	66	65	64	63	65	65	63	65	66	64	66	64	64
<i>Paper, Printing.....</i>	111.8	112.0	112.8	115.0	115.7	116.4	115.5	114.7	114.8	114.3	115.3	115.7	116.4	116.1
Boxes, paper.....	113	115	116	121	122	121	121	118	115	115	116	118	119	119
Paper, pulp.....	106	107	109	114	115	115	114	113	113	112	115	116	117	117
Book, job printing.....	101	99	98	99	100	101	102	100	100	101	100	100	101	100
Newspaper, periodical printing.....	114	115	116	116	115	116	114	116	117	116	117	116	116	116
<i>Chemicals, Petroleum, and Coal Products.....</i>	113.7	111.9	116.4	119.9	121.3	121.9	121.4	120.6	120.0	121.1	122.2	122.6	121.9	122.2
Petroleum refining.....	121	122	122	122	123	122	122	122	123	122	122	123	122	122
Other than petroleum.....	111.9	109.4	115.2	119.4	120.8	121.8	121.3	120.3	119.4	120.9	122.2	*122.6	121.8	122.4
Chemicals.....	115	119	122	132	137	138	138	137	136	137	137	138	138	140
Cottonseed oil, cake, meal.....	85	81	92	98	91	91	92	87	84	97	100	88	84	81
Druggists' preparations.....	114	112	112	113	114	116	119	118	117	119	122	120	120	117
Explosives.....	92	93	98	102	104	106	104	108	109	116	120	127	133	139
Fertilizers.....	105	103	111	109	106	111	105	99	102	109	*119	120	114	113
Paints, varnishes.....	122	125	123	125	126	126	127	124	124	123	121	122	124	126
Rayon, allied products.....	298	254	297	309	310	311	310	309	304	312	311	315	308	306
Soap.....	84	87	87	87	86	87	86	84	81	81	82	82	83	84
<i>Rubber Products.....</i>	79.7	83.6	86.1	91.2	93.0	92.4	90.2	87.9	86.7	83.9	*83.5	*84.2	84.7	86.7
Rubber boots, shoes.....	47	58	58	60	61	61	59	57	57	57	56	57	56	54
Rubber tires, inner tubes.....	67	68	70	74	75	75	74	73	72	70	69	*69	69	71
Rubber goods, other.....	134	138	144	154	169	167	162	145	142	136	138	*140	141	148

r Revised.

NOTE.—Figures for August 1940 are preliminary. For description and back data see the BULLETIN for October 1938, pages 835-866, and for October 1939, pages 878-887. Underlying figures are for payroll period ending nearest middle of month.

TOTAL NONAGRICULTURAL EMPLOYMENT

[Thousands of persons]

Year and month	Total non-agricultural employment ¹	Employees in nonagricultural establishments							
		Total	Manufacturing	Mining	Construction	Transportation and public utilities	Trade, financial, service, and miscellaneous	Government	
1929—average.....	36,710	30,851	10,203	1,064	1,806	3,878	6,404	4,147	3,349
1930—average.....	34,439	28,609	9,087	982	1,422	3,647	6,065	4,028	3,379
1931—average.....	31,515	25,791	7,751	847	1,236	3,221	5,630	3,782	3,425
1932—average.....	28,289	22,706	6,571	706	821	2,789	4,914	3,471	3,434
1933—average.....	28,474	22,924	7,036	714	855	2,647	4,941	3,422	3,408
1934—average.....	30,890	25,135	8,112	844	840	2,727	5,476	3,627	3,509
1935—average.....	32,073	26,234	8,640	855	908	2,762	5,669	3,771	3,628
1936—average.....	34,170	28,125	9,350	896	1,211	2,944	6,941	3,978	3,805
1937—average.....	35,882	29,763	10,273	949	1,148	3,102	6,233	4,144	3,915
1938—average.....	33,602	27,468	8,731	834	1,001	2,835	6,012	4,059	3,997
1939—average.....	34,614	28,471	9,301	790	1,213	2,904	6,078	4,108	4,077
1938—Aug.....	33,481	27,345	8,633	774	1,119	2,817	5,855	4,096	4,051
Sept.....	34,035	27,891	8,887	805	1,140	2,876	6,011	4,126	4,046
Oct.....	34,109	27,968	8,922	831	1,156	2,905	6,052	4,061	4,041
Nov.....	34,035	27,898	8,988	837	1,089	2,856	6,088	4,021	4,019
Dec.....	34,349	28,218	9,048	830	991	2,836	6,450	4,015	4,048
1939—Jan.....	33,401	27,273	8,901	821	954	2,776	5,872	3,976	3,973
Feb.....	33,518	27,388	9,025	819	946	2,787	5,843	3,984	3,984
Mar.....	33,809	27,667	9,085	819	1,012	2,816	5,923	4,016	3,996
Apr.....	33,820	27,672	9,072	846	1,146	2,838	5,979	4,079	4,012
May.....	34,109	27,961	9,983	853	1,270	2,867	6,008	4,133	4,047
June.....	34,544	28,400	9,023	793	1,334	2,924	6,063	4,167	4,066
July.....	34,579	28,436	9,033	787	1,388	2,936	5,992	4,174	4,126
Aug.....	34,856	28,710	9,260	807	1,415	2,946	5,988	4,169	4,125
Sept.....	35,447	29,295	9,583	823	1,399	2,993	6,161	4,209	4,127
Oct.....	35,800	29,651	9,862	871	1,366	3,033	6,228	4,158	4,133
Nov.....	35,647	29,504	9,881	881	1,249	2,988	6,263	4,115	4,127
Dec.....	35,833	29,697	9,902	866	1,076	2,943	6,414	4,116	4,180
1940—Jan.....	34,711	28,579	9,691	853	952	2,887	6,001	4,066	4,129
Feb.....	34,651	28,518	9,691	854	903	2,893	5,961	4,071	4,145
Mar.....	34,869	28,725	9,644	849	953	2,895	6,136	4,089	4,159
Apr.....	34,908	28,774	9,548	835	1,089	2,916	6,061	4,148	4,177
May.....	35,230	29,082	9,502	845	1,248	2,956	6,122	4,194	4,215
June.....	35,485	29,341	9,534	838	1,317	2,991	6,174	4,214	4,273
July.....	35,553	29,413	9,544	837	1,379	3,018	6,078	4,213	4,344
Aug.....	35,986	29,843	9,854	845	1,420	3,035	6,074	4,220	4,395

NOTE.—Figures compiled by the Bureau of Labor Statistics; monthly figures prior to August 1938 may be obtained from that Bureau. Figures for August 1940 are preliminary.

¹ Includes self-employed persons, casual workers, and domestic servants not included in total of employees in nonagricultural establishments.

FACTORY EMPLOYMENT AND PAYROLLS, BY INDUSTRIES

(Without Seasonal Adjustment)

[Index numbers of the Bureau of Labor Statistics; adjusted to Census of Manufactures through 1937. 1923-25 average=100]

Industry and group	Factory employment							Factory payrolls						
	1939		1940					1939		1940				
	July	Aug.	Apr.	May	June	July	Aug.	July	Aug.	Apr.	May	June	July	Aug.
Total	93.5	96.3	99.6	99.0	99.4	99.5	103.5	84.4	89.7	96.3	96.3	97.9	96.5	103.7
Durable goods.....	83.0	83.9	96.0	96.5	97.0	95.6	99.4	76.0	81.5	97.2	97.5	100.0	96.0	104.9
Non-durable goods.....	103.5	108.1	103.0	101.5	101.7	103.3	107.4	93.7	99.0	95.4	94.9	95.5	97.1	102.4
Iron, Steel, Products	89.7	92.3	101.7	101.9	103.7	106.2	110.6	78.6	88.0	94.9	97.1	102.8	104.3	113.6
Blast furnaces, steel works.....	95	97	108	109	114	119	122	82	93	99	103	114	116	125
Bolts, nuts, washers, rivets.....	93	97	109	106	104	109	116	83	104	114	110	111	113	139
Cast-iron pipe.....	75	75	75	76	77	78	80	66	68	62	67	70	75	76
Cutlery, edge tools.....	87	92	104	103	101	99	102	76	80	94	92	92	91	94
Forgings.....	54	56	67	67	66	68	73	55	59	75	73	74	78	86
Hardware.....	69	76	98	96	82	83	95	65	80	104	102	86	86	107
Plumbers' supplies.....	77	78	82	82	83	84	86	65	71	72	73	73	74	80
Stamped, enameled ware.....	144	153	160	156	153	152	164	137	156	164	162	163	166	182
Steam, hot-water heating.....	76	78	85	85	85	84	90	60	68	76	75	77	78	85
Stoves.....	86	90	91	91	93	92	97	73	78	82	84	83	81	89
Structural, ornamental.....	69	72	70	71	74	76	80	59	64	61	62	65	68	73
Tin cans, tinware.....	100	107	95	96	103	106	108	103	115	101	101	114	113	121
Tools.....	80	84	94	92	92	94	96	72	79	91	90	89	92	96
Wirework.....	126	116	162	161	152	136	144	124	116	175	170	161	141	164
Machinery	95.7	96.8	113.6	113.9	115.1	116.1	119.3	94.0	96.9	121.6	122.3	125.1	125.7	131.6
Agricultural implements.....	113	114	141	140	137	131	131	123	124	166	164	158	149	152
Cash registers, etc.....	127	125	129	129	130	130	129	123	119	134	134	138	136	136
Electrical machinery.....	87	88	102	102	103	104	107	91	93	113	114	118	118	126
Engines, turbines, etc.....	96	97	140	149	158	168	175	110	114	183	194	211	224	239
Foundry, machine-shop products.....	83	84	97	97	97	98	101	75	78	95	95	96	96	101
Machine tools.....	147	140	216	221	229	235	238	166	161	287	290	303	308	303
Radios, phonographs.....	130	136	128	137	141	143	157	114	123	116	127	134	139	150
Textile machinery.....	77	78	85	82	79	77	76	75	75	80	77	74	73	74
Typewriters.....	121	118	114	113	111	114	118	113	117	112	114	112	117	125
Transportation Equipment	79.9	75.2	115.4	115.0	112.3	97.6	103.4	76.6	78.3	122.6	116.6	118.8	96.2	112.3
Aircraft.....	1,399	1,414	2,166	2,328	2,519	2,703	2,872	1,338	1,381	2,063	2,213	2,514	2,635	2,973
Automobiles.....	76	70	112	110	105	83	88	73	75	121	111	112	80	97
Cars, electric, steam-railroad.....	32	32	57	56	51	51	50	25	27	52	50	45	43	46
Locomotives.....	29	29	28	28	29	31	33	27	27	26	27	29	31	33
Shipbuilding.....	124	122	153	158	163	170	180	132	128	169	180	186	193	210
Nonferrous Metals, Products	91.3	94.7	105.6	105.3	106.6	106.9	113.8	82.4	88.7	103.1	103.6	105.5	105.8	116.9
Aluminum.....	150	154	172	173	177	181	187	148	163	199	202	204	194	224
Brass, bronze, copper.....	104	108	126	126	127	130	139	104	111	133	134	141	146	162
Clocks, watches.....	80	83	89	90	91	90	95	76	85	92	94	92	91	97
Jewelry.....	87	94	90	89	91	93	99	69	77	72	73	76	76	83
Lighting equipment.....	71	73	86	84	84	77	88	54	58	74	72	70	64	78
Silverware, plated ware.....	63	69	71	70	68	63	70	51	59	63	61	56	51	62
Smelting, refining.....	76	75	86	86	87	89	90	71	71	84	84	86	87	88
Lumber, Products	66.7	68.7	66.9	68.0	68.3	68.2	70.6	56.4	62.9	61.4	63.3	63.6	60.7	67.8
Furniture.....	84	88	86	87	88	88	91	68	76	74	75	74	82	74
Lumber, millwork.....	60	62	61	61	62	63	64	45	50	48	48	49	49	53
Lumber, sawmills.....	61	63	60	62	62	62	64	51	57	55	58	58	54	61
Stone, Clay, Glass Products	79.7	80.8	80.5	82.0	82.9	82.6	84.4	65.9	71.6	72.2	74.6	73.4	71.4	76.5
Brick, tile, terra cotta.....	62	62	58	61	63	64	64	46	50	45	49	51	52	54
Cement.....	73	73	68	71	72	72	73	68	70	64	69	70	68	71
Glass.....	96	99	105	104	105	104	108	92	103	114	112	111	106	117
Marble, granite, slate.....	54	53	46	49	49	48	49	40	41	34	39	36	34	37
Pottery.....	82	85	93	91	90	87	90	65	74	85	84	76	71	78
Textiles, Products	97.9	103.2	98.8	96.0	93.7	94.5	99.9	79.2	88.1	81.4	77.9	75.4	77.7	87.2
Fabrics.....	90.9	93.0	88.3	87.0	85.7	88.0	90.5	76.6	80.2	75.2	73.9	72.5	76.4	80.9
Carpets, rugs.....	74	76	80	76	70	71	73	57	64	68	60	55	54	61
Cotton goods.....	86	87	91	89	87	88	89	73	75	81	78	75	78	79
Cotton small wares.....	80	81	79	76	74	74	77	73	76	73	68	67	69	73
Dyeing, finishing textiles.....	119	122	125	123	116	116	121	98	103	105	99	93	95	102
Hats, fur-felt.....	90	94	65	66	71	83	87	82	84	39	46	58	78	83
Hosiery.....	149	152	140	134	130	131	137	145	162	144	134	128	130	146
Knitted outerwear.....	72	78	60	62	63	66	70	57	64	47	50	51	54	60
Knitted underwear.....	73	77	77	74	73	72	73	65	68	69	65	64	63	66
Knitted cloth.....	136	140	131	127	128	136	148	114	117	101	104	107	117	129
Silk, rayon goods.....	69	72	64	62	60	61	63	51	55	50	49	46	47	51
Woolen, worsted goods.....	86	86	67	72	76	83	87	73	72	53	60	65	74	78
Wearing apparel.....	109.5	122.1	118.6	112.1	107.8	104.9	117.0	79.7	98.3	88.7	81.0	76.6	75.6	94.3
Clothing, men's.....	105	110	104	95	99	103	108	79	86	72	65	71	77	81
Clothing, women's.....	144	174	168	163	148	137	164	97	133	119	112	95	89	128
Corsets, allied garments.....	112	114	115	114	112	103	111	113	112	120	117	109	100	110
Men's furnishings.....	124	131	118	115	110	110	116	106	120	101	96	95	98	114
Millinery.....	56	78	87	75	66	55	72	37	67	74	54	47	37	163
Shirts, collars.....	118	120	125	121	115	111	119	91	103	111	101	92	88	105

† Revised.

Factory Employment and Payrolls—Continued

[Index numbers of the Bureau of Labor Statistics; adjusted to Census of Manufactures through 1937. 1923-25 average=100]

Industry and group	Factory employment							Factory payrolls						
	1939		1940					1939		1940				
	July	Aug.	Apr.	May	June	July	Aug.	July	Aug.	Apr.	May	June	July	Aug.
<i>Leather, Manufactures</i>	99.7	100.7	94.2	86.8	86.8	91.6	92.1	83.6	84.6	70.7	63.6	67.0	76.4	77.2
Boots, shoes.....	99	100	93	85	85	91	91	82	83	67	58	63	75	75
Leather.....	86	86	83	81	80	80	80	82	83	78	77	76	76	77
<i>Food, Products</i>	135.0	147.0	119.7	*121.7	129.7	135.5	144.3	128.6	135.1	117.7	121.5	129.0	131.4	138.1
Baking.....	148	147	143	145	147	147	147	139	135	134	138	141	142	140
Beverages.....	301	295	268	279	*302	300	299	359	350	312	*331	*376	353	356
Butter.....	104	103	94	100	105	105	103	89	87	81	85	91	90	89
Canning, preserving.....	197	289	103	100	141	180	253	154	251	83	90	117	147	240
Confectionery.....	70	79	77	76	75	74	80	64	77	74	75	72	69	78
Flour.....	83	80	78	79	78	80	79	80	77	72	73	72	76	76
Ice cream.....	93	89	75	84	92	92	91	77	74	63	70	*78	78	78
Slaughtering, meat packing.....	101	100	104	106	108	111	107	109	106	110	110	115	118	112
Sugar, beet.....	57	88	44	47	53	58	81	54	86	48	49	54	56	78
Sugar refining, cane.....	98	99	94	95	98	101	98	81	81	77	80	89	91	85
<i>Tobacco Manufactures</i>	65.4	66.6	63.8	62.2	64.9	62.4	64.6	61.8	62.7	58.7	60.7	66.9	62.3	63.0
Tobacco, snuff.....	59	61	59	59	58	56	55	67	67	64	67	67	67	66
Cigars, cigarettes.....	66	67	64	63	66	63	66	61	62	58	60	67	62	63
<i>Paper, Printing</i>	110.1	110.9	113.8	115.0	114.5	114.7	115.0	102.0	103.7	109.7	113.1	112.0	111.2	110.7
Boxes, paper.....	110	114	113	114	115	116	118	117	125	121	125	127	127	131
Paper, pulp.....	106	107	112	115	116	117	117	101	108	115	124	126	126	125
Book, job printing.....	99	98	100	99	97	99	99	86	83	87	88	85	87	86
Newspaper, periodical printing.....	112	112	117	117	116	114	113	102	102	111	112	110	106	106
<i>Chemicals, Petroleum, and Coal Products</i>	110.5	109.2	123.4	120.8	119.1	118.6	119.4	117.8	119.0	133.4	133.6	*133.2	133.5	135.0
Petroleum refining.....	122	123	121	122	123	123	122	132	136	137	137	137	137	138
Other than petroleum.....	107.8	105.9	123.9	120.6	118.1	117.6	118.7	113.6	113.8	132.3	132.6	132.1	132.5	134.2
Chemicals.....	117	119	135	136	138	140	141	131	136	160	162	165	169	171
Cottonseed oil, cake, meal.....	49	57	79	68	55	49	57	42	48	69	60	49	47	53
Druggists' preparations.....	109	110	119	118	116	114	115	119	121	131	129	126	125	128
Explosives.....	91	93	114	118	126	133	140	103	109	133	141	154	167	172
Fertilizers.....	73	74	175	129	89	80	81	63	63	136	*118	*78	70	71
Paints, varnishes.....	122	122	124	126	126	125	124	124	126	132	136	136	132	132
Rayon, allied products.....	297	255	306	304	306	307	308	283	247	311	311	314	315	318
Soap.....	82	86	81	81	82	81	83	99	102	98	98	100	100	102
<i>Rubber Products</i>	78.7	82.6	84.7	*83.8	*83.4	83.5	85.7	81.5	86.3	86.5	87.2	86.4	85.2	90.2
Rubber boots, shoes.....	45	59	56	54	55	54	55	43	58	55	54	56	51	57
Rubber tires, inner tubes.....	67	68	70	69	*69	69	71	77	79	78	80	78	77	80
Rubber goods, other.....	131	133	140	140	*138	138	143	121	127	133	132	133	132	142

* Revised.
NOTE.—Figures for August 1940 are preliminary. Back data may be obtained from the Bureau of Labor Statistics. Underlying figures are for payroll period ending nearest middle of month.

HOURS AND EARNINGS OF WAGE EARNERS IN MANUFACTURING INDUSTRIES

[Compiled by the Bureau of Labor Statistics]

Industry group	Average hours worked per week							Average hourly earnings (cents per hour)						
	1939		1940					1939		1940				
	June	July	Mar.	Apr.	May	June	July	June	July	Mar.	Apr.	May	June	July
Total.....	37.3	36.7	37.5	37.2	37.2	37.5	37.3	64.2	63.7	66.5	66.5	66.9	67.2	66.7
<i>Durable goods</i>	37.4	36.2	38.3	83.2	38.2	38.7	37.9	70.8	70.2	72.8	72.9	73.0	73.2	72.7
Iron, Steel, Products.....	35.6	34.2	36.1	36.0	36.6	37.6	37.2	75.6	75.9	76.3	76.4	76.7	77.4	77.7
Machinery.....	38.6	38.0	40.7	40.5	40.5	40.8	40.5	72.5	72.4	73.9	73.9	74.1	74.3	74.4
Transportation Equipment.....	35.6	35.1	38.4	38.3	36.7	38.1	36.2	89.5	88.6	90.0	90.2	90.2	90.5	89.1
Nonferrous Metals, Products.....	38.2	37.4	38.9	38.6	38.8	39.0	38.6	67.1	67.2	69.7	70.0	70.1	70.2	70.1
Lumber, Products.....	39.4	36.9	38.4	38.4	38.7	38.5	37.0	50.4	49.8	51.5	51.8	52.1	52.3	51.9
Stone, Clay, Glass Products.....	37.2	35.1	35.7	36.5	37.1	36.3	35.5	64.7	64.6	66.4	66.4	66.4	66.4	66.5
<i>Non-durable goods</i>	37.2	37.1	36.9	36.2	36.3	36.4	36.7	59.0	58.7	61.0	60.9	61.5	61.7	61.5
Textiles, Products.....	35.4	35.2	35.1	34.2	33.7	33.5	33.8	47.3	47.2	50.5	49.5	49.6	49.6	50.2
Fabrics.....	35.9	35.9	35.1	34.5	34.3	34.1	34.8	45.9	46.0	48.2	48.2	48.4	48.4	48.6
Wearing apparel.....	34.6	33.6	35.2	33.6	32.7	32.5	31.9	49.9	49.6	54.3	51.9	51.8	51.8	53.4
Leather, Manufactures.....	35.3	37.8	35.6	32.5	30.9	33.2	35.9	52.9	52.2	54.1	54.3	55.5	55.3	55.3
Food, Products.....	40.3	39.9	39.8	39.4	40.1	40.1	39.9	62.2	61.3	64.1	64.3	64.7	64.1	62.4
Tobacco Manufactures.....	36.6	37.0	34.5	34.7	36.4	38.1	36.8	47.4	47.6	49.0	49.3	49.7	50.5	49.9
Paper, Printing.....	38.0	37.5	38.0	38.1	38.8	38.5	38.4	77.6	77.2	78.9	79.3	79.4	79.7	79.1
<i>Chemicals, Petroleum, and Coal Products</i>	38.4	37.8	38.4	38.5	38.8	38.5	38.5	75.7	76.6	74.6	74.2	76.0	77.7	78.3
Petroleum refining.....	36.1	34.7	36.2	36.5	36.2	35.7	35.3	97.2	98.5	97.1	97.4	97.5	98.3	98.6
Other than petroleum refining.....	39.3	39.1	39.2	39.2	39.7	39.6	39.7	67.2	67.8	67.0	66.5	68.6	70.2	70.8
Rubber Products.....	36.5	36.5	35.8	36.0	36.4	36.4	35.7	76.5	77.2	77.9	77.9	77.8	78.0	78.5

CONSTRUCTION CONTRACTS AWARDED, BY TYPES OF CONSTRUCTION

[Figures for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Value of contracts in millions of dollars.]

Month	Total		Residential building		Nonresidential building								Public works and public utilities ¹	
					Factories		Commercial		Educational ¹		Other ¹			
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
January.....	251.7	196.2	80.2	77.4	7.1	12.9	17.3	15.9	31.7	6.1	28.9	17.7	86.5	66.3
February.....	220.2	200.6	79.0	74.9	9.5	15.4	13.5	20.2	21.8	8.1	24.7	26.9	71.6	55.2
March.....	300.7	272.2	125.2	121.7	13.0	21.8	17.4	23.1	27.6	9.3	39.8	19.6	77.7	76.7
April.....	330.0	300.5	114.4	135.4	17.5	23.5	21.3	24.0	21.1	17.4	34.8	24.0	121.0	76.3
May.....	308.5	328.9	133.8	145.9	13.0	23.2	19.5	26.1	16.4	15.3	27.8	25.6	97.9	92.8
June.....	288.3	324.7	111.9	135.3	15.8	15.2	26.8	33.1	12.5	14.3	37.8	29.4	83.6	97.5
July.....	299.9	398.7	109.3	140.4	17.4	49.5	22.9	38.9	19.4	16.5	28.7	34.1	102.1	119.3
August.....	312.3	414.9	127.2	153.0	10.4	39.6	21.1	28.6	13.8	14.4	24.6	36.6	115.3	142.8
September.....	323.2	-----	129.7	-----	20.7	-----	26.6	-----	10.1	-----	24.9	-----	111.1	-----
October.....	261.8	-----	118.3	-----	16.8	-----	22.6	-----	9.5	-----	23.8	-----	70.8	-----
November.....	299.8	-----	116.6	-----	18.5	-----	20.4	-----	9.7	-----	29.2	-----	105.5	-----
December.....	354.1	-----	88.7	-----	15.3	-----	17.4	-----	7.7	-----	17.4	-----	207.7	-----
Year.....	3,550.5	-----	1,334.3	-----	174.8	-----	246.9	-----	201.4	-----	342.5	-----	1,250.6	-----

¹ Not strictly comparable with data for earlier years due to changes in classification.

CONSTRUCTION CONTRACTS AWARDED, BY TYPES OF FINANCING

[Figures for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Value of contracts in millions of dollars.]

Month	Total						Publicly-financed ¹						Privately-financed ¹					
	1935	1936	1937	1938	1939	1940	1935	1936	1937	1938	1939	1940	1935	1936	1937	1938	1939	1940
January.....	100	215	243	192	252	196	55	149	112	118	148	93	45	66	130	75	104	104
February.....	75	140	188	119	220	201	38	79	69	51	111	82	37	62	119	68	109	110
March.....	123	199	231	227	301	272	68	96	66	95	128	95	55	103	165	132	173	177
April.....	124	235	270	222	330	301	53	105	74	99	160	103	71	130	195	123	170	197
May.....	127	216	244	283	308	329	47	94	93	144	135	112	80	122	151	139	174	217
June.....	148	233	318	251	288	325	64	116	137	108	128	147	84	116	180	143	161	177
July.....	159	295	322	240	300	399	67	153	131	98	137	205	93	141	191	142	163	194
August.....	169	275	281	313	312	-----	92	153	104	171	158	-----	76	122	178	142	154	-----
September.....	167	234	207	301	323	-----	87	116	80	160	144	-----	70	119	127	141	179	-----
October.....	201	226	202	358	262	-----	114	101	78	203	-----	-----	87	125	124	154	170	-----
November.....	188	208	198	302	300	-----	118	89	93	179	144	-----	70	119	106	123	156	-----
December.....	264	200	209	389	354	-----	196	82	115	279	225	-----	68	117	94	110	129	-----
Year.....	1,845	2,675	2,913	3,197	3,551	-----	1,007	1,334	1,152	1,705	1,708	-----	837	1,341	1,761	1,492	1,842	-----

¹ Back figures.—See BULLETIN for February 1938, p. 159. Data for years prior to 1932 not available.

CONSTRUCTION CONTRACTS AWARDED, BY DISTRICTS

[Figures for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Value of contracts in thousands of dollars.]

Federal Reserve district	1940		1939
	Aug.	July	Aug.
Boston.....	23,711	53,489	22,639
New York.....	55,220	58,206	72,993
Philadelphia.....	17,951	29,136	25,503
Cleveland.....	35,685	36,752	31,513
Richmond.....	47,363	57,234	32,213
Atlanta.....	97,509	40,459	19,759
Chicago.....	62,485	58,534	52,434
St. Louis.....	25,170	21,016	20,226
Minneapolis.....	12,195	10,075	8,747
Kansas City.....	11,410	14,761	8,464
Dallas.....	26,242	19,011	17,837
Total (11 districts).....	414,941	398,673	312,323

COMMERCIAL FAILURES, BY DISTRICTS

[Figures reported by Dun & Bradstreet. Amounts in thousands of dollars.]

Federal Reserve district	Number				Liabilities		
	1940		1939		1940		1939
	Aug.	July	Aug.	July	Aug.	July	Aug.
Boston.....	77	88	70	1,082	1,513	513	-----
New York.....	408	419	437	4,258	4,215	4,710	-----
Philadelphia.....	62	91	59	680	749	463	-----
Cleveland.....	46	69	53	684	1,825	731	-----
Richmond.....	42	51	39	713	756	249	-----
Atlanta.....	53	64	65	424	466	752	-----
Chicago.....	177	155	177	2,379	2,081	2,289	-----
St. Louis.....	42	33	29	638	419	307	-----
Minneapolis.....	18	11	22	219	58	232	-----
Kansas City.....	52	30	53	239	430	415	-----
Dallas.....	34	38	23	384	2,320	340	-----
San Francisco.....	117	126	99	1,297	1,381	1,588	-----
Total.....	1,128	1,175	1,126	12,997	16,213	12,637	-----

New series. Includes cases of discontinuances where loss to creditors was involved even though actual legal formalities were not invoked. Back figures, available for 1939 only, may be obtained from Dun and Bradstreet, Inc.

MERCHANDISE EXPORTS AND IMPORTS

[In millions of dollars]

Month	Merchandise exports ¹					Merchandise imports ²					Excess of exports				
	1936	1937	1938	1939	1940	1936	1937	1938	1939	1940	1936	1937	1938	1939	1940
January.....	199	223	289	213	370	187	240	171	178	242	11	-18	118	35	128
February.....	182	233	262	219	347	193	278	163	158	200	-11	-45	99	61	147
March.....	195	257	275	268	351	199	307	173	190	217	-4	-51	102	77	135
April.....	193	269	274	231	324	203	287	160	186	212	-10	-18	115	45	112
May.....	201	290	257	249	325	192	285	148	202	211	9	5	109	47	114
June.....	186	265	233	236	350	191	286	146	179	211	-5	-21	87	57	139
July.....	180	268	228	230	317	195	265	141	169	232	-15	3	87	61	85
August.....	179	277	231	250	³ 350	193	246	166	176	² 220	-14	31	65	74	¹ 130
September.....	221	297	246	289	-----	216	233	168	182	-----	5	63	79	107	-----
October.....	265	333	278	332	-----	213	224	178	215	-----	52	108	100	117	-----
November.....	226	315	252	292	-----	196	223	176	235	-----	30	92	76	57	-----
December.....	230	323	269	368	-----	245	209	171	247	-----	-15	115	98	121	-----
Year.....	2,456	3,349	3,094	3,177	-----	2,423	3,084	1,960	2,318	-----	33	265	1,134	859	-----

¹ Preliminary.

² Including both domestic and foreign merchandise.

³ General imports, including merchandise entered for immediate consumption and that entered for storage in bonded warehouses.

Source.—Bureau of Foreign and Domestic Commerce.

Back figures.—See BULLETIN for February 1937, p. 152; July 1933, p. 431; and January 1931, p. 18.

FREIGHT-CAR LOADINGS, BY CLASSES

[Index numbers; 1923-25 average=100]

	1939		1940			
	Aug.	Apr.	May	June	July	Aug.
	Adjusted for seasonal variation					
Total.....	70	70	72	75	75	76
Coal.....	78	75	78	81	83	85
Coke.....	69	73	73	91	105	108
Grain and grain products.....	75	79	74	74	80	74
Livestock.....	37	37	38	38	35	38
Forest products.....	42	43	45	45	46	49
Ore.....	67	102	96	100	96	96
Miscellaneous.....	74	74	77	82	80	82
Merchandise ¹	62	59	60	60	61	61
Without seasonal adjustment						
Total.....	71	67	71	75	77	78
Coal.....	69	63	67	69	70	75
Coke.....	57	62	70	85	89	88
Grain and grain products.....	90	70	66	73	110	89
Livestock.....	37	34	34	31	31	38
Forest products.....	44	44	47	48	46	51
Ore.....	125	42	134	170	182	178
Miscellaneous.....	75	76	80	85	82	83
Merchandise ¹	62	60	60	60	60	61

¹ In less-than-carload lots.

NOTE.—For description and back data see pp. 522-529 of BULLETIN for June 1937. Based on daily average loadings. Basic data compiled by Association of American Railroads. Total index compiled by combining indexes for classes with weights derived from revenue data of the Interstate Commerce Commission.

DEPARTMENT STORE SALES AND STOCKS

[Index numbers based on value figures; 1923-25 average=100]

Month	Sales ¹				Stocks (end of month)			
	Adjusted for seasonal variation		Without seasonal adjustment		Adjusted for seasonal variation		Without seasonal adjustment	
	1939	1940	1939	1940	1939	1940	1939	1940
January.....	88	92	69	71	67	68	60	61
February.....	87	89	69	71	68	71	65	68
March.....	88	89	82	86	68	70	69	71
April.....	88	89	88	86	67	69	69	71
May.....	85	87	87	89	66	68	68	70
June.....	86	91	83	87	67	67	64	64
July.....	86	91	60	64	67	68	60	61
August.....	89	99	69	77	67	69	65	66
September.....	91	-----	97	-----	68	-----	71	-----
October.....	90	-----	99	-----	69	-----	77	-----
November.....	95	-----	106	-----	71	-----	82	-----
December.....	96	-----	168	-----	68	-----	64	-----
Year.....	-----	-----	90	-----	-----	-----	68	-----

¹ Based on daily average sales—with allowance for changes from month to month in number of Saturdays and in number of Sundays and holidays. Adjustment for seasonal variation makes allowance in March and April for the effects upon sales of changes in the date of Easter.

Back figures.—Department store sales, see BULLETIN for August 1936, p. 631, and for October 1933, p. 918; department store stocks, see BULLETIN for March 1938, p. 232.

WHOLESALE PRICES, BY GROUPS OF COMMODITIES

[Index numbers of the Bureau of Labor Statistics, 1926=100]

Year, month, or week	All commodities	Farm products	Foods	Other commodities								
				Total	Hides and leather products	Textile products	Fuel and lighting materials	Metals and metal products	Building materials	Chemicals and allied products	House-furnishing goods	Miscellaneous
1929	95.3	104.9	99.9	91.6	109.1	90.4	83.0	100.5	95.4	94.0	94.3	82.6
1930	86.4	88.3	90.5	85.2	100.0	80.3	78.5	92.1	89.9	88.7	92.7	77.7
1931	73.0	64.8	74.6	75.0	86.1	66.3	67.5	84.5	79.2	79.3	84.9	69.8
1932	64.8	48.2	61.0	70.2	72.9	54.9	70.3	80.2	71.4	73.9	75.1	64.4
1933	65.9	51.4	60.5	71.2	80.9	64.8	66.3	79.8	77.0	72.1	75.8	62.5
1934	74.9	65.3	70.5	78.4	86.6	72.9	73.3	86.9	86.2	75.3	81.5	69.7
1935	80.0	78.8	83.7	77.9	89.6	70.9	73.5	86.4	85.3	79.0	80.6	68.3
1936	80.8	80.9	82.1	79.6	95.4	71.5	76.2	87.0	86.7	78.7	81.7	70.5
1937	86.3	86.4	85.5	85.3	104.6	76.3	77.6	95.7	95.2	82.6	89.7	77.8
1938	78.6	68.5	73.6	81.7	92.8	66.7	76.5	95.7	90.3	77.0	86.8	73.3
1939	77.1	65.3	70.4	81.3	95.6	69.7	73.1	94.4	90.5	76.0	86.3	74.8
1939—July	75.4	62.6	67.5	80.2	92.5	67.6	72.8	93.2	89.7	74.5	85.6	73.4
August	75.0	61.0	67.2	80.1	92.7	67.8	72.6	93.2	89.6	74.2	85.6	73.3
September	79.1	68.7	75.1	82.1	98.5	71.7	72.8	94.8	90.9	76.6	86.6	76.6
October	79.4	67.1	73.3	83.8	104.6	75.5	73.9	95.8	92.8	77.6	87.8	77.6
November	79.2	67.3	72.3	84.0	104.0	76.4	74.1	96.0	93.0	77.4	88.4	77.0
December	79.2	67.6	71.9	83.9	103.7	78.0	72.8	96.0	93.0	77.7	88.5	77.4
1940—January	79.4	69.1	71.7	83.9	103.6	77.9	72.7	95.8	93.4	77.7	87.9	77.7
February	78.7	68.7	71.1	83.2	102.4	75.4	72.4	95.3	93.2	77.5	88.0	77.3
March	78.4	67.9	70.2	82.9	101.8	74.0	72.2	95.5	93.3	77.0	88.0	76.9
April	78.6	69.4	71.6	82.5	101.8	72.9	71.8	94.5	92.5	76.8	88.4	77.7
May	78.4	67.9	71.4	82.5	101.3	72.9	71.7	94.5	92.6	76.7	88.5	77.7
June	77.5	66.2	70.3	82.2	99.2	72.6	71.4	94.7	92.4	76.1	88.5	77.3
July	77.7	66.5	70.3	82.3	99.0	72.4	71.1	95.1	92.7	77.0	88.5	77.7
August	77.4	65.6	70.1	82.0	96.9	72.3	71.1	94.9	93.5	76.7	88.5	76.7
Week ending—												
1940—June 22	77.1	65.6	70.1	82.4	99.6	71.9	71.9	94.8	92.3	76.3	89.9	77.2
June 29	77.1	65.7	69.7	82.3	99.9	72.0	71.9	94.8	92.4	76.0	89.9	76.9
July 6	77.5	66.7	70.4	82.4	100.3	72.0	71.9	94.9	92.6	77.1	90.0	77.0
July 13	77.9	68.0	71.0	82.4	99.9	72.0	71.9	94.9	92.7	77.0	90.0	77.2
July 20	77.6	67.3	70.4	82.4	99.9	71.9	71.8	94.9	92.8	76.9	90.0	77.3
July 27	77.3	66.0	69.6	82.4	99.0	71.8	71.8	94.9	92.7	76.8	90.0	77.7
August 3	77.0	65.2	69.1	82.3	98.1	71.8	71.7	94.9	92.8	76.8	90.0	77.4
August 10	76.9	65.2	69.3	82.2	97.9	71.8	71.6	94.9	92.8	76.7	90.0	76.7
August 17	77.2	65.3	70.1	82.1	97.7	71.7	71.7	94.9	93.1	76.5	90.0	76.4
August 24	77.2	65.6	70.0	82.1	97.0	71.7	71.7	94.9	93.4	76.4	90.0	76.4
August 31	77.7	66.7	71.4	82.2	97.1	71.7	71.7	95.0	93.5	76.5	90.0	76.2
September 7	78.0	67.6	71.6	82.3	97.8	71.8	71.8	95.0	94.2	76.8	90.0	76.4
September 14	77.9	66.8	71.3	82.5	98.6	71.9	71.8	95.3	94.4	76.8	90.0	76.3
September 21	77.7	65.7	71.1	82.5	99.0	72.0	71.9	95.3	94.2	76.8	90.0	76.3
September 28	77.7	65.7	70.8	82.6	99.3	72.1	71.8	95.7	94.7	76.7	90.0	76.1

Subgroups	1939					1940				
	Aug.	May	June	July	Aug.	Aug.	May	June	July	Aug.
Farm Products:										
Grains	51.5	71.2	64.4	60.8	59.3					
Livestock and poultry	66.0	69.6	64.7	69.8	71.5					
Other farm products	60.1	65.5	67.0	65.6	63.3					
Foods:										
Dairy products	67.9	72.8	72.2	73.7	74.3					
Cereal products	71.9	81.0	77.4	76.2	75.1					
Fruits and vegetables	58.5	69.2	73.9	69.0	63.2					
Meats	73.7	73.8	70.7	72.9	76.1					
Other foods	60.3	62.2	61.3	61.3	60.4					
Hides and Leather Products:										
Shoes	100.8	107.9	107.9	107.0	107.0					
Hides and skins	77.2	92.2	81.9	84.6	77.1					
Leather	84.0	93.6	92.4	91.4	88.3					
Other leather products	97.1	100.0	100.0	99.7	99.7					
Textile Products:										
Clothing	81.5	85.0	85.3	85.3	85.6					
Cotton goods	65.5	69.4	68.4	68.8	68.6					
Hosiery and underwear	61.5	61.3	61.6	61.5	61.5					
Silk	44.3	47.0	46.1	43.3	43.0					
Rayon	28.5	29.5	29.5	29.5	29.5					
Woolen and worsted goods	75.5	83.4	83.7	83.9	83.7					
Other textile products	63.7	75.7	74.0	73.0	71.9					
Fuel and Lighting Material:										
Anthracite	72.1	76.5	77.1	78.1	79.0					
Bituminous coal	96.0	95.8	95.7	95.8	96.2					
Coke	104.2	109.6	109.6	109.6	109.6					
Electricity	75.8	73.9								
Gas	86.7	84.4	87.4	88.2						
Petroleum products	51.7	50.7	50.0	49.5	49.2					
Metals and Metal Products:										
Agricultural implements	93.5	92.5	92.5	92.4	92.3					
Farm machinery	94.7	93.7	93.6	93.5	93.5					
Iron and steel	95.1	94.2	94.3	94.6	94.8					
Motor vehicles	92.5	94.8	94.8	95.6	95.6					
Nonferrous metals	74.6	80.3	81.2	80.8	79.1					
Plumbing and heating	79.3	80.6	80.5	80.5	80.5					
Building Materials:										
Brick and tile	90.5	90.2	90.2	90.1	90.1					
Cement	91.3	90.5	90.6	90.6	90.6					
Lumber	91.8	96.6	96.0	96.7	100.3					
Paint and paint materials	82.1	86.0	85.2	84.6	84.2					
Plumbing and heating	79.3	80.6	80.5	80.5	80.5					
Structural steel	107.3	107.3	107.3	107.3	107.3					
Other building materials	89.5	92.2	93.0	93.6	93.4					
Chemicals and Allied Products:¹										
Chemicals	83.8	85.1	85.1	84.9	84.8					
Drugs and pharmaceuticals	77.1	82.0	82.2	95.9	96.2					
Fertilizer materials	65.5	70.8	67.4	67.3	68.0					
Mixed fertilizers	73.1	73.0	72.8	72.8	74.2					
Oils and fats	40.6	46.1	45.1	43.0	39.1					
Housefurnishing Goods:										
Furnishings	90.0	94.8	94.9	94.8	94.8					
Furniture	81.1	81.9	81.7	81.8	81.8					
Miscellaneous:										
Auto tires and tubes	60.5	58.0	58.2	58.8	58.8					
Cattle feed	68.4	93.3	80.0	83.2	74.5					
Paper and pulp	80.0	90.7	91.7	93.5	93.5					
Rubber, crude	34.9	44.1	46.3	44.2	41.0					
Other miscellaneous	81.3	84.3	83.7	83.5	82.8					

¹ Revised series. * Corrected.
² New series.

Back figures.—For monthly and annual indexes of groups, see Annual Report for 1937 (table 86); for indexes of subgroups, see Annual Report for 1937 (table 87).

STATISTICS FOR FEDERAL RESERVE CHART BOOK—CURRENT SERIES

	Chart book page	1940					Chart book page	1940			
		Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25		June	July	Aug.	
WEEKLY FIGURES		<i>Wednesday figures; in billions of dollars</i>					MONTHLY FIGURES		<i>Index numbers 1925-25=100</i>		
RESERVES, GOLD, AND CURRENCY							BUSINESS CONDITIONS				
Reserve Bank credit—total	3, 5	2.48	2.49	2.49	2.50	2.47	Wholesale commodity prices: ⁴				
Bills discounted	5	(1)	.01	.01	(1)	(1)	United States:				
U. S. Gov't. securities	5	2.44	2.43	2.43	2.43	2.43	All commodities.....	31, 32	77.5	77.7	77.4
Gold stock	3	20.87	20.94	20.98	21.09	21.17	Farm products.....	31	66.2	68.5	65.6
Money in circulation	3, 9	8.01	8.09	8.08	8.08	8.09	Foods.....	31	70.3	70.3	70.1
Treasury cash	3	2.29	2.29	2.29	2.31	2.30	Other commodities.....	31	82.2	82.3	82.0
Treasury deposits	3	.81	.79	.76	.79	.79	England.....	32	108.6	¶112.7	¶113.0
Member bank balances	3, 6	13.52	13.52	13.60	13.62	13.70	France.....	32			
Required reserves ⁵	6	7.03	7.03	7.06	7.09	7.06	Germany.....	32	¶82.1	¶82.4	¶82.4
Excess reserves—total ²	7	6.49	¶6.52	¶6.55	¶6.60	7.06	Industrial production ⁶ *	35	121	121	¶122
New York City ²	7	3.37	3.34	3.28	3.31		Durable manufactures ⁶	37	49.6	50.0	¶51.2
Chicago ²	7	.52	.52	.54	.58		Nondurable manufactures ⁶	37	53.3	52.4	¶52.7
Reserve city banks ²	7	1.78	1.80	1.84	1.82		Minerals ⁶	37	18.0	18.2	¶17.6
Country banks ²	7	.82	¶.85	¶.88	¶.88		Factory employment.....	43	99.4	99.5	¶103.5
							Factory payrolls.....	43	97.9	96.5	¶103.7
							Freight-car loadings ⁷	45	75	75	76
							Department store sales ⁸	47	91	91	99
							Department store stocks ⁸	47	67	68	69
WEEKLY REPORTING MEMBER BANKS											
Total, 101 cities:											
Loans and investments	14	24.16	24.19	24.29	24.28	24.17	Construction contracts awarded:⁷				
Investments	14	15.65	15.62	15.63	15.59	15.48	Total.....	41	303	347	¶377
Loans	14	8.51	8.57	8.67	8.69	8.69	Residential.....	41	128	141	¶148
Adjusted demand deposits	15	21.05	20.90	21.08	20.98	21.08	Other.....	41	175	206	¶229
Time deposits	15	5.34	5.36	5.36	5.36	5.35	Exports and imports:				
U. S. Gov't. deposits	15	.53	.53	.53	.53	.53	Exports (incl. re-exports)...	49	350	317	¶350
Domestic bank balances	15	8.39	8.51	8.57	8.69	8.54	General imports.....	49	211	232	¶220
Foreign bank balances	15	.68	.67	.67	.68	.69	Excess of exports.....	49	139	85	¶130
New York City:											
U. S. Gov't. obligations	16	5.40	5.40	5.42	5.39	5.31	Income payments:				
Other securities	16	1.43	1.44	1.43	1.46	1.45	Total ⁹	50	6,066	6,107	¶6,176
Commercial loans	16	1.69	1.69	1.74	1.75	1.75	Total unadjusted.....	50	6,252	6,075	¶5,761
Brokers' loans	16	.26	.28	.29	.30	.30	Salaries and wages ⁹	50	3,822	3,861	¶3,918
100 cities outside New York:											
U. S. Gov't. obligations	17	6.57	6.56	6.55	6.49	6.47	Other ⁹	50	2,244	2,246	¶2,258
Other securities	17	2.25	2.23	2.23	2.24	2.24	Cash farm income:				
Commercial loans	17	2.77	2.79	2.83	2.83	2.82	Total ⁹	51	587	708	¶738
							Crops ⁹	51	183	266	¶300
							Livestock and products ⁹	51	379	407	¶396
							Government payments.....	51	25	35	¶42
MONEY RATES AND SECURITY MARKETS		<i>Averages of daily figures⁸; per cent per annum</i>									
F. R. Bank discount rate, N. Y.	19	1.00	1.00	1.00	1.00	1.00	OTHER				
Commercial paper	19	.56	.56	.56	.56	.56	Central gold reserves:				
Bankers' acceptances	19	.44	.44	.44	.44	.44	United States.....	8	19.96	20.46	20.91
U. S. Treasury bills	21	.05	.05	.05	.04	.04	England.....	8	(1)	(1)	(1)
U. S. Treasury notes	21	.54	.50	.50	.50	.45	France.....	8	¶2.00	¶2.00	¶2.00
U. S. Treasury bonds	21, 25	2.23	2.20	2.20	2.17	2.15	Netherlands.....	8	¶.65	¶.65	¶.65
Corporate Aaa bonds	25	2.84	2.84	2.83	2.82	2.81	U. S. Gov't. interest-bearing debt—total.....	20	42.38	43.19	43.32
Corporate Baa bonds	25	4.75	4.70	4.69	4.68	4.62	Bonds.....	20	29.54	30.27	30.32
							Notes.....	20	6.38	6.38	6.38
							Bills.....	20	1.30	1.30	1.30
							Special issues.....	20	5.15	5.23	5.31
							QUARTERLY FIGURES⁹				
Stock prices, total ⁴	27, 29	78	81	80	81	82	Domestic corporation security issues, total.....	28	517	563	530
Industrial.....	27	90	94	92	93	96	New.....	28	72	111	153
Railroad.....	27	25	28	26	27	27	Refunding.....	28	444	452	377
Public utility.....	27	80	82	81	81	81					
Volume of trading ² (mill. shares)	29	.36	.80	.42	.42	.65	<i>In millions of dollars</i>				
Brokers' loans (mill. dollars)	29	363	390	392	404	415	Customers' rates:				
							New York City.....	23	1.96	2.03	2.00
							7 other Northern and Eastern cities.....	23	2.59	2.67	2.49
							11 Southern and Western cities.....	23	3.32	3.35	3.38
							<i>Per cent per annum</i>				
BUSINESS CONDITIONS		<i>Figures for week³; in unit indicated</i>									
Wholesale commodity prices: ⁴											
All commodities.....	33	77.7	78.0	77.9	77.7	77.7					
Farm products.....	33	66.7	67.6	66.8	65.7	65.7					
Foods.....	33	71.4	71.6	71.3	71.1	70.8					
Other commodities.....	33	82.2	82.3	82.5	82.5	82.6					
Steel plant operations (per cent of capacity)	38	91.3	82.5	91.9	92.9	92.5					
Automobile production (thous. cars)	38	27.6	39.7	63.2	78.8	96.0					
Electric power production (mill. kw. hrs.)	39	2,601	2,463	2,639	2,629	2,670					
Total freight-car loadings (thous. cars)	39	768.8	695.3	804.3	813.3	822.4					

¶ Preliminary. * Estimated. † Revised.
¹ Revised series. These figures relate to new Federal Reserve index of industrial production on a base with the average for 1935-1939 equal to 100, presented in BULLETIN for August. A revised chart will be sent upon request. Back figures are shown in the tables on pages 980 and 982 of the September BULLETIN. Figures comparable with those formerly published in this table are as follows, July then August: industrial production 116, p. 116; manufacturing production, total 115, p. 116, durable 55, p. 55, nondurable 59, p. 61.
² Less than \$5,000,000.

³ Averages of daily figures, see footnote 8.
⁴ Figures are shown under the Wednesday date included in the Weekly period.
⁵ Index numbers, 1926=100.
⁶ Adjusted for seasonal variation.
⁷ Points in total index of industrial production.
⁸ Three-months moving average adjusted for seasonal variation.
⁹ Series revised for the period from January 1936 to November 1939, inclusive. Back figures may be obtained from the Division of Research and Statistics.
¹⁰ Banking statistics for call report dates are shown in table on following page.

NOTE.—Copies of this chart book can be obtained from the Board at a price of 50 cents each.

STATISTICS FOR FEDERAL RESERVE CHART BOOK—BANK CALL REPORT SERIES

[In billions of dollars]

	Chart book page	1937	1938				1939				1940	
		Dec. 31	Mar. 7	June 30	Sept. 28	Dec. 31	Mar. 29	June 30	Oct. 2	Dec. 30	Mar. 26	June 29
BANK DEPOSITS AND CURRENCY												
Total deposits and currency.....	10	56.83	56.78	56.74	57.65	59.12	59.15	61.00	¶63.03	¶64.40	¶65.05	¶67.09
Deposits at all banks in U. S.:												
Demand deposits adjusted.....	10	24.05	24.13	24.39	25.10	26.01	26.01	27.32	¶29.10	¶30.05	¶30.60	¶32.01
Time deposits.....	10	26.26	26.34	26.27	26.27	26.38	26.58	26.83	¶26.91	¶27.00	¶27.30	¶27.45
Currency outside banks.....	10	5.69	5.50	5.47	5.50	5.83	5.68	6.05	¶6.23	¶6.50	¶6.30	¶6.79
MEMBER BANKS												
Demand deposits adjusted.....	11	20.39	20.51	20.89	21.60	22.29	22.36	23.59	25.12	25.68	26.46	27.88
Time deposits.....	11	11.52	11.59	11.56	11.46	11.51	11.62	11.72	11.73	11.85	11.98	12.07
Interbank balances.....	11	5.44	5.62	6.10	6.09	6.51	6.82	7.10	¶8.24	8.51	¶8.72	8.85
Loans and investments.....	11	31.75	31.52	30.72	31.63	32.07	32.10	32.60	33.08	33.94	34.16	34.45
Investments, total.....	11	17.79	17.98	17.78	18.69	18.86	19.05	19.46	19.61	19.98	20.22	20.48
U. S. Government obligations, total.....	12	12.37	12.45	12.34	13.01	13.22	13.35	13.78	13.81	14.33	14.42	14.72
Direct obligations.....	13	10.57	10.63	10.22	10.71	10.88	10.69	10.95	10.89	11.18	11.31	11.60
Guaranteed obligations.....	13	1.80	1.83	2.13	2.30	2.34	2.66	2.83	2.92	3.14	3.11	3.12
Other securities, total.....	12	5.42	5.52	5.44	5.68	5.64	5.70	5.69	5.79	5.65	5.80	5.76
State and local government securities.....	13	2.03	2.19	2.13	2.30	2.45	2.55	2.55	2.76	2.69	2.90	2.89
Other domestic.....	13	3.21	3.15	3.13	3.19	3.01	2.96	2.94	(*)	2.77	(*)	2.70
Foreign securities.....	13	.18	.18	.18	.18	.18	.18	.19	(*)	.19	(*)	.17
Loans, total.....	11	13.96	13.55	12.94	12.94	13.21	13.05	13.14	13.47	13.96	13.94	13.97
Security loans, total ^{1 2}	12	3.70	3.54	3.32	3.30	¶ 1.75	1.57	1.47	(*)	1.49	(*)	1.12
Brokers' loans.....	13	.95	.88	.70	.71	.97	.84	.73	(*)	.79	(*)	.45
Loans on securities (excluding brokers' loans) ²	13	2.75	2.67	2.61	2.59	¶ .78	.73	.74	(*)	.70	(*)	.67
Real estate loans.....	12, 13	2.55	2.56	2.61	2.66	2.72	2.75	2.83	(*)	2.96	(*)	3.07
Other loans, total ^{1 2}	12	7.71	7.45	7.01	6.97	¶ 8.74	8.73	8.85	(*)	9.51	(*)	9.79
Commercial loans ²	13	7.00	6.75	6.40	6.36	¶ 5.45	5.53	5.57	(*)	6.12	(*)	6.27
Open-market paper.....	13	.64	.61	.49	.48	.44	.42	.42	(*)	.45	(*)	.45
Loans to banks.....	13	.07	.10	.12	.13	.12	.10	.06	(*)	.06	(*)	.04
All other loans ²					¶ 2.73	2.67	2.80	(*)	2.89	(*)	3.02	

¶ Preliminary.

¹In chart 12 loans to banks on securities are included in the total of "security loans" prior to June 30, 1937 and in the total of "other loans" since that date.

² Figures are reported on somewhat different basis beginning December 31, 1938. For detailed explanation of the changes and for estimates on old basis as of December 31, 1938, see BULLETIN for April 1939, page 332.

³ Not originally plotted in chart book.

⁴ Partly estimated.

⁵ Detailed breakdown of loans and investments now available on June and December dates only.

SEPTEMBER CROP REPORT, BY FEDERAL RESERVE DISTRICTS

[Based on estimates of the Department of Agriculture, by States, as of September 1, 1940]

[In thousands of units]

Federal Reserve district	Cotton		Corn		Winter wheat		Spring wheat	
	Production 1939	Estimate Sept. 1, 1940	Production 1939	Estimate Sept. 1, 1940	Production 1939	Estimate Sept. 1, 1940	Production 1939	Estimate Sept. 1, 1940
Boston.....	Bales	Bales	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels
New York.....			7,827	7,530			84	88
Philadelphia.....			28,310	25,939	7,058	7,956	108	95
Cleveland.....			51,372	49,464	17,263	16,652	150	173
Richmond.....	1,341	1,554	212,109	148,300	42,034	47,857	115	141
Atlanta.....	2,354	2,497	141,280	133,038	24,270	26,235		
Chicago.....			1,132,703	887,578	5,506	6,438	2,044	2,236
St. Louis.....	1,342 ¹	2,326 ²	342,860	302,378	56,639	61,135	97	83
Minneapolis.....			285,022	242,250	57,927	62,392	157,063	187,228
Kansas City.....	437	616	182,105	211,516	25,846	25,149	4,514	6,428
Dallas.....	3,631	4,127	87,166	108,034	226,488	203,878	75	97
San Francisco.....	625	652	6,873	6,796	28,703	26,999	27,300	31,152
Total.....	11,817	12,772	2,619,137	2,297,186	563,431	555,839	191,540	227,721

Federal Reserve district	Oats		Tame hay		Tobacco		White potatoes	
	Production 1939	Estimate Sept. 1, 1940	Production 1939	Estimate Sept. 1, 1940	Production 1939	Estimate Sept. 1, 1940	Production 1939	Estimate Sept. 1, 1940
Boston.....	Bushels	Bushels	Tons	Tons	Pounds	Pounds	Bushels	Bushels
New York.....	7,189	6,984	3,364	3,495	34,764	32,476	47,632	54,722
Philadelphia.....	26,957	26,833	4,428	5,874	2,276	2,267	30,853	32,376
Cleveland.....	16,003	19,108	1,944	2,373	35,967	36,183	21,638	24,273
Richmond.....	43,759	54,881	5,094	5,737	126,363	100,135	20,229	19,301
Atlanta.....	21,103	20,796	3,708	4,036	1,121,254	621,933	23,205	28,054
Chicago.....	14,594	15,256	3,172	3,201	205,900	178,006	14,664	15,097
St. Louis.....	359,529	516,038	17,428	20,540	32,608	34,549	46,211	47,396
Minneapolis.....	46,847	61,011	7,643	7,758	282,074	228,959	12,048	13,329
Kansas City.....	257,914	295,163	10,182	10,522	2,724	3,018	44,752	49,495
Dallas.....	76,924	123,537	5,902	6,715	4,724	4,154	31,219	26,872
San Francisco.....	31,319	37,658	1,430	1,637			3,349	3,813
Total.....	34,577	29,636	11,433	12,237			68,216	68,444
Total.....	937,215	1,206,901	75,726	84,125	1,848,654	1,241,680	364,016	383,172

¹ Includes 20,000 bales grown in miscellaneous territory.

² Includes 17,000 bales grown in miscellaneous territory.

INTERNATIONAL FINANCIAL STATISTICS

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Tables on the following pages include the principal available statistics of current significance relating to gold, international capital transactions of the United States, and financial developments abroad. The data are compiled for the most part from regularly published sources such as central and commercial bank statements and official statistical bulletins; some data are reported to the Board directly. Figures on international capital transactions of the United States are collected by the Federal Reserve Banks from banks, bankers, brokers, and dealers in the United States in accordance with the Treasury Regulation of November 12, 1934. Back figures may in most cases be obtained from earlier BULLETINS and from Annual Reports of the Board of Governors for 1937 and earlier years. Daily and monthly press releases giving daily and monthly average foreign exchange rates will be sent without charge to those wishing them. Other data on the following pages are not regularly released prior to publication.

GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS

[In millions of dollars]

End of month	Total	United States	Argentina	Belgium	Brazil	British India	Bulgaria	Canada	Chile	Colombia	Czecho-Slovakia	Denmark	Egypt	France	Germany	Greece
1934-Dec.	21,123	8,238	403	590	8	275	19	134	29	19	112	60	55	5,445	32	40
1935-Dec.	21,704	10,125	444	611	17	275	19	189	29	16	112	54	55	4,395	33	34
1936-Dec.	22,716	11,258	501	632	25	275	20	188	29	19	91	54	55	2,995	27	26
1937-Dec.	24,045	12,760	469	597	32	274	24	184	30	16	92	53	55	2,564	28	24
1938-Dec.	25,544	14,512	431	581	32	274	24	192	30	24	83	53	55	2,430	29	27
1939-Aug.	26,172	16,646	431	614	35	274	24	218	30	20	60	53	55	2,709	/29	28
Sept.	25,308	16,932	449	615	36	274	24	218	30	21	58	53	55	2,709	/29	28
Oct.	25,461	17,091	449	611	37	274	24	212	30	21	57	53	55	2,709	/29	28
Nov.	25,672	17,358	453	608	38	274	24	213	30	21	56	53	55	2,709	/29	28
Dec.	25,776	17,644	466	609	40	274	24	214	30	21	56	53	55	2,709	/29	28
1940-Jan.	25,993	17,931	466	/609	41	274	24	211	30	23	56	53	55	2,709	/29	28
Feb.	26,274	18,177	472	/609	42	274	24	213	30	24	56	53	55	2,709	/29	28
Mar.	25,777	18,433	482	/609	42	274	24	211	30	23	56	53	55	2,000	/29	28
Apr.	/26,020	18,770	403	/609	44	274	24	212	30	23	56	53	55	2,000	/29	28
May	/26,273	19,209	403	/609	45	274	/24	3	30	23	56	53	/55	2,000	/29	28
June	/27,038	19,963	403	/609	46	/274	/24	8	30	22	/56	53	/55	/2,000	/29	28
July	/27,509	20,463	403	/609	/46	/274	/24	8	30	18	/56	/53	/55	/2,000	/29	28
Aug.	/27,954	20,913	403	/609	/46	/274	/24	8	30	15	/56	/53	/55	/2,000	/29	/28

End of month	Hungary	Iran (Persia)	Italy	Japan	Java	Mexico	Netherlands	New Zealand	Norway	Peru	Poland	Portugal	Rumania	South Africa	Spain
1934-Dec.	23	20	518	394	77	23	575	25	61	19	96	68	104	184	740
1935-Dec.	23	24	270	425	54	44	439	23	84	20	84	68	109	212	735
1936-Dec.	25	25	208	463	60	46	491	23	98	20	75	68	114	203	/718
1937-Dec.	25	25	210	261	79	24	933	23	82	20	83	69	120	189	/718
1938-Dec.	37	26	193	164	80	29	998	23	94	20	85	69	133	220	/525
1939-Aug.	24	26	/193	164	88	29	771	23	107	20	/84	69	148	222	/525
Sept.	24	26	/193	164	88	30	754	23	107	20	/84	69	149	234	/525
Oct.	24	26	/193	164	88	32	757	23	103	19	/84	69	150	243	/525
Nov.	24	26	/193	164	88	34	703	23	103	19	/84	69	151	254	/525
Dec.	24	26	144	164	90	32	692	23	94	20	-----	69	152	249	/525
1940-Jan.	24	/26	/144	164	90	27	692	23	84	20	-----	69	152	253	/525
Feb.	24	/26	/144	164	90	23	692	23	84	20	-----	69	153	268	/525
Mar.	24	/26	137	164	90	25	692	23	84	19	-----	69	153	272	/525
Apr.	24	/26	/137	164	100	27	650	23	/84	20	-----	69	154	279	/525
May	24	/26	/137	164	100	28	/650	23	/84	20	-----	69	155	298	/525
June	24	/26	/137	164	98	31	/650	23	/84	/20	-----	69	155	302	/525
July	24	/26	/137	164	/102	33	/650	23	/84	/20	-----	69	156	305	/525
Aug.	/24	/26	/137	/164	/102	30	/650	/23	/84	/20	-----	/69	/156	/305	/525

End of month	Sweden	Switzerland	Turkey	United Kingdom	Uruguay	Venezuela	Yugoslavia	B.I.S.	Other countries ⁴	Government gold reserves ¹ not included in previous figures					
										End of month	United States	United Kingdom	France	Belgium	
1934-Dec.	159	627	22	1,584	82	39	53	4	161	1934-Dec.	-----	-----	-----	31	
1935-Dec.	185	456	24	1,645	77	58	43	8	*166	1935-Dec.	-----	-----	-----	53	
1936-Dec.	240	657	26	2,584	77	59	48	11	*182	1936-Dec.	-----	-----	-----	93	
1937-Dec.	244	650	29	2,689	74	52	51	5	*184	1937-Dec.	-----	-----	-----	81	
1938-Dec.	321	701	29	2,690	69	52	57	14	*141	1938-Mar.	-----	1,489	-----	-----	
1939-Aug.	355	587	30	1,162	68	/52	57	9	/133	June	-----	44	-----	62	
Sept.	357	587	29	1	68	/52	59	5	/129	Sept.	-----	759	-----	-----	
Oct.	332	581	29	1	68	/52	59	6	/153	Oct.	-----	-----	403	-----	
Nov.	333	560	29	1	68	/52	59	7	/153	Nov.	-----	-----	130	-----	
Dec.	308	549	29	1	68	/52	59	7	/148	Dec.	80	-----	331	44	
1940-Jan.	258	536	29	1	68	/52	60	10	137	1939-Jan.	-----	-----	381	-----	
Feb.	218	527	92	1	68	/52	61	10	147	Feb.	-----	-----	465	-----	
Mar.	173	520	88	1	68	/52	61	10	149	Mar.	154	1,732	559	-----	
Apr.	179	515	88	1	68	/52	62	9	*154	Apr.	-----	-----	455	-----	
May	189	501	88	1	68	/52	64	9	*155	May	-----	-----	477	-----	
June	199	493	88	1	/68	/52	67	10	/154	June	85	-----	-----	17	
July	173	488	86	1	/68	/52	68	10	154	Sept.	164	-----	-----	-----	
Aug.	/173	/488	/86	1	/68	/52	/68	/10	154	Dec.	156	-----	-----	17	
									154	1940-Mar.	145	-----	-----	-----	-----

² Preliminary.

³ Revised.

¹ Figure carried forward from last previous official report, as indicated by last previous figure without footnote 1, except in the case of Spain, Germany, Venezuela, and Poland; Spanish figures officially reported on Aug. 1, 1936 and April 30, 1938, last official German report dated June 15, 1939, last Venezuelan report is for end of March 1939, and last Polish report dated July 31, 1939.

² Totals do not include Government gold reserves shown in separate section at end of table, or other central reserves which are unreported or which are too minor to be included. Among unreported reserves are those of the U. S. S. R., those in the Canadian, Swiss, and Netherlands stabilization funds, and certain German holdings. Totals may include some figures which are preliminary or carried forward from previous report dates (see footnote 1).

³ Beginning April 1940, reports on certain Argentine gold reserves no longer available.

⁴ On May 1, 1940, gold belonging to Bank of Canada transferred to Foreign Exchange Control Board.

⁵ These countries are: Albania, Algeria, Australia, Austria through Mar. 7, 1938, Belgian Congo, Bolivia, China, Danzig through Aug. 31, 1939, Ecuador, El Salvador, Estonia, Guatemala, Finland, Latvia, Lithuania, Morocco, and Thailand (Siam). Figures for certain of these countries have been carried forward from latest report date (see footnote 1).

NOTE.—For description of table and back figures see BULLETIN for September 1940, pp. 925-934 and pp. 1000-1007; details regarding special internal gold transfers affecting the reported figures through April 1940 appear on p. 926 in that issue.

¹ Reported at infrequent intervals or on delayed basis: U. S.—Exchange Stabilization Fund (Special A/c No. 1); U. K.—Exchange Equalization Account; France—Exchange Stabilization Fund and Renten Fund; Belgium—Treasury.

² Figure for Mar. 1937, first date reported.

³ Figure for Sept. 1937.

⁴ First date reported.

NOTE.—For details regarding special gold transfers in 1939-40 between the British E. E. A. and the Bank of England, and between the French E. S. F. and the Bank of France, see BULLETIN for September 1940, p. 926.

INTERNATIONAL CAPITAL TRANSACTIONS OF THE UNITED STATES

NET CAPITAL MOVEMENT TO UNITED STATES SINCE JANUARY 2, 1935

[In millions of dollars. Minus sign indicates net movement from United States]

TABLE 1.—TOTAL CAPITAL MOVEMENT

From Jan. 2, 1935, through—	Total	Increase in foreign banking funds in U. S.			Decrease in U. S. banking funds abroad	Foreign securities: Return of U. S. funds	Domestic securities: Inflow of foreign funds	Inflow in brokerage balances
		Total	Central bank funds in N. Y. ¹	Other				
1935—Dec. 31.....	1,412.5	603.3	9.8	593.5	361.4	125.2	316.7	6.0
1936—Dec. 30.....	2,608.4	930.5	81.1	849.4	431.5	316.2	917.4	12.9
1937—Dec. 29.....	3,410.3	1,188.5	243.9	924.6	449.1	583.2	1,162.0	47.5
1938—Mar. 30.....	3,207.2	949.8	149.9	799.9	434.4	618.5	1,150.4	54.2
June 29.....	3,045.8	786.2	125.9	660.4	403.3	643.1	1,155.3	57.8
Sept. 28.....	3,452.9	1,161.2	168.0	993.2	477.2	625.0	1,125.4	64.1
Dec. 28.....	3,779.2	1,432.7	216.3	1,216.5	478.1	610.0	1,210.9	47.6
1939—Mar. 29.....	4,134.7	1,693.0	256.8	1,436.2	550.5	646.7	1,180.6	63.9
June 7.....	4,550.0	2,008.2	327.8	1,680.4	601.3	658.4	1,210.6	71.6
June 14.....	4,555.9	2,019.8	364.4	1,655.5	593.7	661.5	1,208.3	72.6
June 21.....	4,684.2	2,031.7	364.5	1,667.3	608.7	664.3	1,205.6	73.8
June 28.....	4,693.6	2,048.3	361.8	1,686.5	607.5	664.5	1,199.3	74.0
July 5.....	4,611.6	2,049.7	306.9	1,742.9	608.0	678.5	1,199.3	76.1
July 12.....	4,688.9	2,031.2	293.6	1,737.5	607.9	677.1	1,194.4	78.4
July 19.....	4,591.0	2,042.5	288.6	1,753.9	604.5	677.0	1,185.0	81.9
July 26.....	4,613.4	2,066.2	301.2	1,765.0	606.9	678.0	1,180.0	82.3
Aug. 2.....	4,635.1	2,093.9	327.1	1,766.8	596.8	680.2	1,182.2	82.1
Aug. 9.....	4,662.7	2,139.1	323.2	1,815.8	609.9	652.8	1,176.5	84.5
Aug. 16.....	4,709.8	2,182.2	305.5	1,876.7	622.8	654.5	1,164.9	85.4
Aug. 23.....	4,827.9	2,287.3	352.5	1,934.9	633.0	656.9	1,165.1	85.5
Aug. 30.....	4,863.3	2,334.2	371.6	1,962.6	620.6	657.8	1,165.7	85.0
Sept. 6.....	4,882.3	2,341.5	409.0	1,932.5	623.5	661.7	1,171.3	84.2
Sept. 13.....	4,940.3	2,389.3	464.7	1,924.6	621.7	668.9	1,181.3	79.2
Sept. 20.....	4,976.0	2,434.6	510.7	1,923.9	612.5	674.4	1,173.4	81.1
Sept. 27.....	4,955.4	2,412.4	485.1	1,927.3	618.4	676.9	1,164.4	83.1
Oct. 4.....	4,896.8	2,386.5	483.6	1,902.9	594.6	684.6	1,150.2	80.9
Oct. 11.....	4,872.8	2,370.6	462.8	1,907.7	598.1	685.2	1,144.4	74.6
Oct. 18.....	4,871.2	2,360.6	441.6	1,919.0	601.7	686.7	1,141.7	80.5
Oct. 25.....	4,882.0	2,384.7	442.9	1,941.9	601.0	687.3	1,130.6	78.5
Nov. 1.....	4,858.6	2,366.9	494.8	1,872.0	599.6	688.7	1,123.7	79.8
Nov. 8.....	4,825.0	2,341.6	490.3	1,851.3	597.3	690.4	1,115.9	79.9
Nov. 15.....	4,862.7	2,362.4	481.6	1,880.8	618.8	693.2	1,109.2	79.2
Nov. 22.....	4,822.9	2,329.3	433.9	1,895.3	615.3	694.3	1,107.1	76.9
Nov. 29.....	4,875.6	2,377.4	435.9	1,941.5	622.0	695.4	1,103.7	77.1
Dec. 6.....	4,867.6	2,366.9	430.9	1,936.1	626.8	699.0	1,098.9	75.9
Dec. 13.....	4,860.0	2,366.6	413.3	1,953.3	619.7	700.7	1,096.5	76.5
Dec. 20.....	4,904.8	2,398.5	441.0	1,957.5	619.6	711.8	1,096.8	78.1
Dec. 27.....	4,893.0	2,383.5	430.0	1,953.5	612.8	720.1	1,098.5	78.1
1940—Jan. 3.....	4,881.1	2,321.8	433.5	1,888.3	650.4	725.7	1,102.6	80.6
Jan. 10.....	4,920.4	2,360.2	445.2	1,915.0	644.5	731.7	1,102.3	81.7
Jan. 17.....	4,922.6	2,368.4	435.2	1,933.2	636.1	733.7	1,100.6	83.8
Jan. 24.....	4,943.1	2,384.2	456.1	1,928.2	640.1	736.1	1,099.0	83.6
Jan. 31.....	4,918.9	2,368.5	449.6	1,918.9	626.1	738.0	1,098.1	88.2
Feb. 7.....	4,912.3	2,363.4	427.8	1,935.6	623.3	741.0	1,097.4	87.3
Feb. 14.....	4,930.1	2,380.8	452.0	1,928.7	621.5	743.3	1,097.8	86.7
Feb. 21.....	4,902.8	2,343.1	409.9	1,933.3	627.0	745.5	1,099.1	88.1
Feb. 28.....	4,930.7	2,365.4	432.9	1,932.5	627.7	748.7	1,102.0	87.0
Mar. 6.....	4,906.5	2,323.7	395.3	1,928.4	638.5	752.4	1,103.4	88.4
Mar. 13.....	4,928.8	2,348.0	404.3	1,943.8	633.5	755.2	1,102.2	89.9
Mar. 20.....	4,973.4	2,386.6	423.8	1,962.8	638.7	757.2	1,100.6	90.2
Mar. 27.....	4,989.6	2,409.6	431.2	1,978.4	636.9	758.1	1,097.8	87.3
Apr. 3.....	5,002.8	2,426.0	426.1	1,999.9	631.6	761.6	1,094.8	88.7
Apr. 10.....	4,988.2	2,407.7	414.4	1,993.3	634.1	762.4	1,095.5	88.6
Apr. 17.....	5,022.6	2,425.2	419.4	2,005.8	644.9	764.7	1,098.4	89.4
Apr. 24.....	5,064.9	2,453.5	409.0	2,044.5	659.0	767.2	1,096.9	88.2
May 1.....	5,049.3	2,449.4	398.5	2,050.9	643.4	771.1	1,097.0	88.3
May 8.....	5,058.2	2,453.7	404.1	2,049.7	647.0	773.2	1,095.7	88.5
May 15.....	5,065.3	2,448.4	444.5	2,003.9	657.3	774.8	1,096.8	88.0
May 22.....	5,123.9	2,500.3	499.7	2,000.6	664.1	774.9	1,090.3	94.2
May 29.....	5,076.4	2,440.2	487.5	1,952.7	684.0	775.6	1,081.5	95.1
June 5.....	5,110.5	2,461.2	511.3	1,949.8	679.1	778.9	1,094.1	97.2
June 12.....	5,076.9	2,427.9	511.2	1,916.7	674.5	780.4	1,097.2	96.9
June 19.....	5,284.4	2,628.0	722.9	1,905.1	681.2	782.1	1,094.6	98.5
June 26.....	5,280.4	2,617.7	726.7	1,891.0	690.0	782.6	1,092.4	97.6
July 3.....	5,377.3	2,716.6	808.8	1,907.8	684.1	785.7	1,092.0	98.9

^c Corrected.

¹ Including funds in accounts transferred from central bank to government names; for original explanation of funds included under this heading see BULLETIN for April 1939, p. 285.

NOTE.—Statistics reported by banks, bankers, brokers, and dealer. For back figures and description of the statistics, see BULLETIN for April 1939, pp. 284-296; April 1938, pp. 267-277; and May 1937, pp. 391-431.

INTERNATIONAL CAPITAL TRANSACTIONS OF THE UNITED STATES

NET CAPITAL MOVEMENT TO THE UNITED STATES SINCE JANUARY 2, 1935—Continued

[In millions of dollars. Minus sign indicates net movement from United States]

TABLE 2.—TOTAL CAPITAL MOVEMENT, BY COUNTRIES

From Jan. 2, 1935, through—	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Asia ¹	All other ¹
1935—Dec. 31.....	1,412.5	554.9	210.2	114.5	130.4	36.6	24.0	130.0	1,200.6	(?)	70.9	128.3	12.7
1936—Dec. 30.....	2,608.4	829.3	299.5	229.7	335.5	83.1	45.6	228.5	2,051.3	150.5	201.2	184.0	21.4
1937—Dec. 29.....	3,410.3	993.7	281.7	311.9	607.5	123.9	22.1	312.2	2,653.0	106.3	410.6	224.6	15.9
1938—Dec. 28.....	3,779.2	1,186.1	339.5	324.6	554.0	140.7	33.0	463.8	3,041.7	157.2	389.5	156.8	34.1
1939—Sept. 27.....	4,955.4	1,368.1	459.6	448.4	671.1	151.1	32.9	686.0	3,817.2	260.9	528.0	276.4	72.9
Oct. 25.....	4,882.0	1,301.4	430.9	446.8	686.5	159.1	48.0	710.3	3,783.1	239.0	522.2	260.2	77.5
Nov. 29.....	4,875.6	1,157.2	453.1	457.8	719.1	162.9	55.8	725.3	3,731.2	263.2	504.0	287.3	89.9
Dec. 27.....	4,893.0	1,117.3	442.3	469.9	759.1	163.3	55.9	753.8	3,761.5	229.2	605.9	299.4	96.9
1940—Jan. 31.....	4,918.9	1,029.1	471.2	466.1	798.3	166.3	61.7	811.2	3,803.9	227.8	503.9	297.3	86.1
Feb. 28.....	4,930.7	1,006.2	468.1	469.0	826.3	166.0	60.7	838.0	3,834.4	225.4	507.7	285.7	77.5
Mar. 27.....	4,989.6	961.6	462.9	466.0	855.4	167.3	68.5	863.6	3,845.2	232.2	527.1	315.2	69.9
Apr. 24.....	5,064.9	964.5	468.9	486.4	879.8	166.9	87.7	859.5	3,913.7	219.4	535.2	325.7	70.8
May 29.....	5,076.4	975.7	494.8	471.9	851.3	171.5	78.3	874.1	3,917.7	215.9	558.4	311.9	72.6
June 5.....	5,110.5	978.9	495.3	471.4	870.4	171.2	71.1	867.0	3,925.5	212.6	567.8	325.8	78.9
June 12.....	5,076.9	990.4	468.6	463.8	864.8	171.4	62.8	867.4	3,899.2	214.9	561.4	333.0	78.3
June 19.....	5,284.4	986.0	680.2	464.8	864.6	171.4	64.9	861.2	4,083.1	210.4	572.0	331.3	77.6
June 26.....	5,280.4	981.6	663.9	463.8	868.5	170.7	63.3	866.2	4,078.1	217.6	565.5	342.8	76.3
July 3.....	5,377.3	1,013.1	681.4	459.6	876.8	171.4	66.3	885.3	4,153.9	230.2	579.2	338.4	75.7

TABLE 3.—FOREIGN BANKING FUNDS IN UNITED STATES, BY COUNTRIES

From Jan. 2, 1935, through—	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Asia ¹	All other ¹
1935—Dec. 31.....	603.3	128.6	129.6	55.7	72.4	—	7.3	60.7	453.5	46.0	33.5	58.8	11.5
1936—Dec. 30.....	930.5	183.5	144.2	65.9	109.8	2.7	23.0	79.7	588.9	86.8	140.3	90.4	15.2
1937—Dec. 29.....	1,168.5	189.3	111.8	76.3	288.4	9.6	6.9	109.4	791.7	76.3	166.3	126.2	8.0
1938—Dec. 28.....	1,432.7	366.7	158.8	84.4	203.7	—9.8	3.8	203.0	1,010.6	135.1	134.0	132.7	20.4
1939—Sept. 27.....	2,412.4	584.5	263.8	172.0	266.2	—21.9	—1.6	399.5	1,682.5	225.2	262.0	188.5	54.3
Oct. 25.....	2,384.7	558.5	227.8	172.0	293.8	—20.0	12.8	428.7	1,673.5	209.0	258.1	186.4	57.0
Nov. 29.....	2,377.4	429.4	244.1	180.7	320.4	—18.4	16.7	446.9	1,620.0	227.4	240.0	218.5	71.4
Dec. 27.....	2,383.5	396.2	231.6	190.8	352.0	—22.2	16.7	473.1	1,638.2	185.0	243.6	239.9	77.8
1940—Jan. 31.....	2,368.5	332.3	258.5	186.3	381.8	—20.5	24.9	522.1	1,685.4	166.8	231.2	226.2	58.0
Feb. 28.....	2,365.4	304.4	256.4	184.2	397.3	—21.2	25.7	546.6	1,695.4	168.5	233.6	217.4	50.4
Mar. 27.....	2,409.6	271.2	252.9	184.6	418.0	—20.5	35.5	570.9	1,712.5	173.1	251.0	230.4	42.6
Apr. 24.....	2,459.5	271.5	259.0	200.5	434.6	—21.5	34.5	562.5	1,761.1	148.5	264.6	236.4	42.9
May 29.....	2,440.2	282.4	287.0	184.4	399.9	—19.7	46.2	572.4	1,752.6	135.8	281.5	223.6	46.6
June 5.....	2,461.2	286.2	287.6	183.8	418.5	—19.4	24.4	564.9	1,746.0	135.0	288.7	238.5	53.0
June 12.....	2,427.9	301.1	260.8	175.7	412.9	—19.1	13.9	564.0	1,709.3	139.9	283.3	242.9	52.4
June 19.....	2,628.0	268.0	471.3	176.4	412.7	—19.3	13.7	557.8	1,910.6	135.4	291.8	238.7	51.4
June 26.....	2,617.7	295.2	455.3	175.4	418.6	—20.1	10.1	562.0	1,896.4	143.1	289.4	238.5	50.3
July 3.....	2,716.6	325.8	472.7	170.8	427.4	—19.9	11.0	578.8	1,966.6	159.0	300.5	242.2	48.3

TABLE 4.—UNITED STATES BANKING FUNDS ABROAD, BY COUNTRIES

From Jan. 2, 1935, through—	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Asia ¹	All other ¹
1935—Dec. 31.....	361.4	208.8	48.1	—	1.6	29.7	13.7	8.8	310.2	—4.6	20.1	37.3	—1.6
1936—Dec. 30.....	431.5	178.0	62.0	—3.3	2.7	66.0	16.3	22.0	343.7	36.9	24.9	30.4	—4.4
1937—Dec. 29.....	449.1	207.4	65.3	—4.4	2.6	105.1	6.5	26.9	409.3	—21.7	51.6	18.7	—8.7
1938—Dec. 28.....	478.1	204.5	65.5	—6.9	2.6	140.3	13.9	33.0	453.0	30.6	66.8	—65.0	—7.2
1939—Sept. 27.....	618.4	226.1	70.0	9.1	5.2	164.1	15.1	38.2	527.7	46.6	57.4	—6.4	—6.9
Oct. 25.....	601.0	227.7	70.2	9.3	4.2	170.5	15.4	31.3	528.6	45.2	54.0	—20.0	—6.7
Nov. 29.....	622.0	245.6	73.3	12.0	3.4	172.7	17.8	27.8	552.6	52.7	52.0	—26.7	—8.5
Dec. 27.....	612.8	247.8	73.8	12.0	3.1	177.2	16.3	26.8	557.0	50.0	48.5	—34.3	—8.4
1940—Jan. 31.....	626.1	236.0	73.5	11.4	3.0	178.9	13.5	30.3	546.7	56.2	55.8	—32.0	—
Feb. 28.....	627.7	247.4	73.4	12.9	2.6	179.4	11.7	30.5	557.8	52.1	56.2	—37.7	—
Mar. 27.....	636.9	245.1	72.9	9.8	1.7	180.3	10.0	30.4	550.2	53.6	56.5	—22.8	—
Apr. 24.....	659.0	255.4	73.0	13.1	1.6	181.0	10.3	31.6	566.0	60.2	53.0	—20.0	—
May 29.....	684.0	262.0	70.8	15.4	3.1	183.8	8.9	35.2	579.3	69.5	52.6	—16.9	—
June 5.....	679.1	263.2	70.9	15.4	3.5	183.2	10.3	35.4	581.8	64.2	52.6	—18.8	—
June 12.....	674.5	260.5	71.3	15.7	3.8	183.2	8.5	36.3	579.2	60.6	52.5	—17.1	—
June 19.....	681.2	259.9	73.1	15.8	3.9	183.3	10.2	35.9	582.1	65.4	53.0	—18.7	—
June 26.....	690.0	259.0	72.9	15.8	4.0	183.4	12.3	36.6	583.9	66.7	47.4	—7.4	—
July 3.....	684.1	260.1	72.6	16.0	4.3	183.9	13.0	38.8	588.6	61.0	49.0	—15.3	—

¹ Prior to Jan. 3, 1940, the figures shown under Asia represent the Far East only, the remaining Asiatic countries being included under "All other".

² Inflow less than \$50,000.

NOTE.—Statistics reported by banks, bankers, brokers, and dealers. For back figures and description of the statistics, see BULLETIN for April 1939, pp. 284-296; April 1938, pp. 267-277; and May 1937, pp. 394-431.

INTERNATIONAL CAPITAL TRANSACTIONS OF THE UNITED STATES
NET CAPITAL MOVEMENT TO THE UNITED STATES SINCE JANUARY 2, 1935—Continued

[In millions of dollars. Minus sign indicates net movement from United States]

TABLE 5.—FOREIGN SECURITIES, BY COUNTRIES
 Net Purchases by Foreigners

From Jan. 2, 1935, through—	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Asia ¹	All other ¹
1935—Dec. 31.....	125.2	67.8	6.8	7.4	-1.2	13.3	2.9	46.1	143.1	-39.7	12.7	7.9	1.1
1936—Dec. 30.....	316.2	116.1	18.2	10.4	13.7	22.5	9.4	87.9	278.3	1.7	15.7	17.0	3.5
1937—Dec. 29.....	583.2	136.8	22.8	21.2	30.4	26.6	13.5	115.2	366.4	10.5	175.0	24.5	6.8
1938—Dec. 28.....	610.0	129.1	26.2	27.3	37.1	33.1	20.5	165.9	439.1	-38.9	166.3	33.8	9.7
1939—Sept. 27.....	676.9	124.9	33.8	29.7	43.4	36.4	24.8	183.1	476.0	-29.5	180.4	39.3	10.7
Oct. 25.....	687.3	124.8	41.1	29.4	43.3	36.4	24.9	185.0	485.0	-29.7	181.1	39.8	11.1
Nov. 29.....	695.4	124.3	41.7	29.2	43.3	36.5	26.1	186.5	487.6	-26.7	182.3	40.8	11.4
Dec. 27.....	720.1	125.6	42.1	29.4	44.8	36.6	27.6	188.6	494.6	-11.5	183.0	42.8	11.3
1940—Jan. 31.....	738.0	126.2	42.5	29.6	46.0	36.5	27.8	190.6	499.1	-2.2	184.5	43.2	11.3
Feb. 28.....	748.7	129.0	42.6	30.2	47.7	36.4	27.9	191.7	505.5	1.7	185.6	44.2	11.6
Mar. 27.....	758.1	130.7	42.7	31.4	48.8	36.3	27.7	192.7	510.3	4.0	186.8	45.2	11.7
Apr. 24.....	767.2	131.6	42.7	31.2	49.8	36.2	27.5	194.0	513.3	8.4	188.2	45.6	12.1
May 29.....	775.6	132.4	42.8	31.0	49.0	36.2	27.8	194.5	513.7	12.6	190.6	46.2	12.4
June 5.....	778.9	132.3	42.9	31.0	48.9	36.2	27.9	194.7	513.8	15.3	191.2	46.3	12.5
June 12.....	780.4	132.3	42.9	31.0	48.9	36.2	27.9	194.7	513.8	15.8	191.8	46.4	12.5
June 19.....	782.1	132.0	42.9	31.0	49.0	36.2	27.9	194.7	513.6	16.0	192.3	47.5	12.6
June 26.....	782.6	131.9	42.9	31.0	48.8	36.2	28.0	194.8	513.5	16.0	192.7	47.7	12.6
July 3.....	785.7	131.8	42.9	31.0	48.8	36.2	28.0	194.8	513.5	17.6	194.3	47.7	12.6

TABLE 6.—DOMESTIC SECURITIES, BY COUNTRIES
 Net Purchases by Foreigners

From Jan. 2, 1935, through—	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Asia ¹	All other ¹
1935—Dec. 31.....	316.7	149.8	23.4	50.5	55.1	-5.4	-1.1	12.9	286.2	2.8	3.7	21.4	2.6
1936—Dec. 30.....	917.4	367.7	64.7	157.6	200.2	-7.5	-3.3	38.5	818.0	32.6	15.5	44.1	7.1
1937—Dec. 29.....	1,162.0	448.7	70.3	213.8	275.3	-17.4	-4.9	55.7	1,041.6	37.6	18.2	54.7	9.8
1938—Dec. 28.....	1,210.9	472.6	76.6	212.9	301.7	-22.7	-5.4	56.6	1,092.3	27.8	23.4	56.4	11.0
1939—Sept. 27.....	1,164.4	408.4	73.7	228.2	320.9	-27.4	-5.5	58.3	1,056.7	8.9	26.1	58.5	14.1
Oct. 25.....	1,130.6	369.8	72.9	227.0	329.1	-27.6	-5.4	59.4	1,025.1	5.3	27.0	59.2	13.9
Nov. 29.....	1,103.7	338.2	74.9	226.2	336.3	-28.0	-4.9	59.1	1,001.8	.7	28.6	58.7	13.8
Dec. 27.....	1,088.6	328.2	76.3	227.1	342.8	-28.2	-4.9	60.1	1,001.4	-3.1	29.8	56.1	14.3
1940—Jan. 31.....	1,088.1	315.7	77.1	229.4	349.2	-28.3	-4.7	62.4	1,000.8	-5.9	30.6	58.2	14.5
Feb. 28.....	1,102.0	306.5	76.8	230.4	359.7	-28.4	-4.7	63.4	1,003.8	-7.5	31.5	59.8	14.4
Mar. 27.....	1,097.8	295.6	75.7	231.2	367.2	-28.7	-4.9	64.2	1,000.4	-8.0	31.6	59.5	14.4
Apr. 24.....	1,096.9	287.5	76.3	231.4	372.6	-28.7	-4.9	65.7	999.9	-8.0	29.5	61.2	14.3
May 29.....	1,081.5	281.3	75.8	230.7	380.9	-28.7	-4.7	64.8	1,000.0	-12.4	27.3	53.3	13.4
June 5.....	1,094.1	281.0	75.5	230.6	380.9	-28.7	8.5	64.5	1,012.3	-12.3	27.0	53.9	13.3
June 12.....	1,097.2	280.2	75.3	230.5	380.5	-28.7	12.4	64.8	1,015.0	-13.0	27.1	54.6	13.3
June 19.....	1,094.6	279.7	74.7	230.5	380.4	-28.7	12.9	64.8	1,014.2	-18.0	27.2	57.7	13.4
June 26.....	1,092.4	279.0	74.7	230.4	379.3	-28.7	12.9	64.8	1,012.5	-19.1	27.8	58.1	13.2
July 3.....	1,092.0	278.8	74.7	230.4	378.3	-28.7	14.3	64.8	1,012.6	-19.4	27.9	57.7	13.2

TABLE 7.—BROKERAGE BALANCES,¹ BY COUNTRIES

From Jan. 2, 1935, through—	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Asia ¹	All other ¹
1935—Dec. 31.....	6.0	(²)	2.4	1.3	2.5	-2	.1	1.4	7.6	-4.5	1.0	2.9	-9
1936—Dec. 30.....	12.9	4.0	10.4	-9	9.1	-7	.3	.4	22.6	-7.6	-4.2	2.1	(³)
1937—Dec. 29.....	47.5	11.5	11.5	5.0	10.8	(⁴)	.1	5.0	44.0	3.5	-5	.5	(⁴)
1938—Dec. 28.....	47.6	13.2	12.6	6.8	8.8	-2	.2	5.3	46.7	2.6	-9	-1.0	.2
1939—Sept. 27.....	83.1	24.2	18.4	9.4	15.3	-1	.2	7.0	74.3	9.7	2.1	-3.6	.7
Oct. 25.....	78.5	20.7	19.0	9.0	16.1	-1	.2	6.0	70.9	9.2	2.0	-5.2	1.5
Nov. 29.....	77.1	19.6	19.0	9.6	15.7	(⁵)	.1	5.0	69.1	9.0	1.1	-4.0	1.8
Dec. 27.....	78.1	19.5	18.5	10.7	16.4	-2	.1	5.2	70.2	8.9	1.1	-4.0	2.0
1940—Jan. 31.....	88.2	18.9	19.6	9.4	18.3	-2	.1	5.7	71.9	10.9	1.7	1.7	2.0
Feb. 28.....	87.0	18.9	19.0	9.2	19.1	-2	.1	5.8	71.9	10.5	.8	2.0	1.9
Mar. 27.....	87.3	19.0	18.7	9.0	19.7	-2	.1	5.5	71.8	9.5	1.2	2.9	1.8
Apr. 24.....	88.2	18.5	17.9	10.2	21.2	-1	.1	5.7	73.6	10.4	-1	2.6	1.8
May 29.....	95.1	17.6	18.4	10.5	18.5	(⁶)	.2	7.1	72.1	10.3	6.3	5.8	.6
June 5.....	97.2	16.3	18.5	10.7	18.6	(⁶)	.1	7.6	71.7	10.4	8.4	6.0	.7
June 12.....	96.9	16.3	18.3	10.8	18.7	-1	.1	7.7	71.8	11.6	6.5	6.2	.8
June 19.....	98.5	16.5	18.2	11.1	18.7	(⁶)	.1	7.9	72.5	11.6	7.6	6.0	.8
June 26.....	97.6	16.4	18.2	11.2	17.8	-1	.1	8.1	71.7	10.8	8.4	6.0	.7
July 3.....	98.9	16.6	18.5	11.4	18.0	(⁶)	.1	8.1	72.7	12.0	7.6	6.0	.7

¹ Prior to Jan. 3, 1940, the figures shown under Asia represent the Far East only, the remaining Asiatic countries being included under "All other".

² For explanation see BULLETIN for May 1937, pp. 395-396.

³ Inflow less than \$50,000.

⁴ Outflow less than \$50,000.

INTERNATIONAL CAPITAL TRANSACTIONS OF THE UNITED STATES

OUTSTANDING SHORT-TERM ACCOUNTS, BY COUNTRIES

[Outstanding amounts in millions of dollars]

TABLE 9.—SHORT-TERM FOREIGN ASSETS, BY COUNTRIES

Date	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Asia ¹	All other ¹
<i>Reported by Banks in New York City</i>													
1931—Dec. 30.....	1,103.3	166.2	29.5	20.9	12.6	467.2	18.7	149.2	864.3	58.1	136.5	41.8	2.6
1932—Dec. 28.....	937.9	87.3	62.9	13.0	6.2	434.9	11.8	97.0	713.1	42.2	155.2	24.0	3.5
1933—Dec. 27.....	898.8	192.5	66.9	18.4	12.3	290.9	16.7	83.2	651.0	32.3	159.7	49.7	6.2
1934—Nov. 28 ²	827.1	201.3	94.1	15.9	8.5	178.8	10.7	60.2	569.5	84.4	124.4	46.2	2.6
<i>Reported by Banks in United States</i>													
1934—Dec. 5 ³	1,137.8	266.4	108.2	19.2	8.3	239.6	26.5	81.3	749.5	91.2	170.7	118.1	8.3
1935—Jan. 2.....	1,139.9	296.9	80.5	18.6	8.2	231.7	27.2	80.0	743.2	96.3	174.6	117.4	8.5
Dec. 31.....	773.6	88.1	32.5	19.0	6.6	202.0	13.5	71.2	433.0	100.9	154.5	80.1	10.1
1936—Mar. 25.....	736.3	82.7	26.5	22.9	5.4	198.6	12.6	64.8	413.5	78.7	158.7	74.3	11.2
June 24.....	691.6	77.3	23.9	21.2	4.5	187.0	12.7	57.8	384.4	78.0	144.0	73.9	11.4
Sept. 30.....	647.9	75.8	81.6	21.5	5.2	160.6	11.0	52.0	407.6	49.1	126.6	54.4	10.2
Dec. 30.....	672.6	114.1	16.8	21.9	5.4	165.1	10.9	57.8	392.1	59.4	141.1	67.2	12.9
1937—Mar. 31.....	693.1	99.7	15.8	17.1	4.9	162.2	13.0	58.1	370.7	71.7	135.3	100.0	15.5
June 30.....	637.7	75.6	13.2	13.7	3.5	143.9	14.8	55.2	319.9	87.8	132.0	83.6	14.5
Sept. 29.....	586.0	75.3	11.1	19.1	4.2	132.0	16.8	52.8	311.3	82.5	107.0	71.7	13.5
Dec. 29.....	655.0	84.8	13.5	23.0	5.5	126.1	20.8	52.9	326.5	118.0	114.4	78.9	17.2
1938—Mar. 30.....	669.7	120.6	11.4	23.5	4.8	112.0	18.1	51.0	341.4	93.3	113.5	104.1	17.4
June 29.....	700.8	141.4	16.2	25.2	5.9	102.6	16.1	49.0	356.4	87.6	116.6	126.4	13.8
Sept. 28.....	628.9	121.9	11.4	22.6	4.4	99.1	17.0	46.3	322.7	84.0	94.2	113.6	12.4
Dec. 28.....	626.0	87.7	13.3	25.5	5.4	90.9	13.3	46.7	282.8	65.7	99.2	162.6	15.7
1939—Jan. 25.....	603.2	98.5	8.7	23.8	4.5	88.6	14.4	43.9	282.4	52.4	95.7	157.9	14.8
Feb. 22.....	559.1	82.0	12.4	22.4	4.2	84.0	13.3	48.0	266.3	49.0	98.3	140.4	15.0
Mar. 29.....	553.6	83.0	13.8	20.1	3.6	81.4	16.4	48.8	267.1	46.3	99.5	125.7	14.9
April 26.....	492.3	64.2	11.7	17.9	3.6	79.4	13.5	44.7	235.0	48.0	94.9	103.6	10.9
May 31.....	504.3	55.4	10.7	18.7	3.4	79.2	11.9	41.1	220.4	49.4	111.1	110.6	12.8
June 28.....	496.6	55.4	10.7	19.7	4.5	77.4	9.5	39.9	217.0	54.0	110.3	100.5	14.8
July 26.....	497.2	55.2	7.3	21.7	3.2	74.7	9.3	39.1	210.3	52.7	111.8	108.7	13.6
Aug. 30.....	483.5	66.9	8.7	10.3	2.5	73.0	12.6	44.7	218.6	44.0	104.1	103.3	13.5
Sept. 27.....	485.7	66.0	8.7	9.6	2.9	67.1	12.2	41.6	208.1	49.7	108.5	104.0	15.4
Oct. 25.....	558.1	64.5	8.6	9.3	3.9	60.7	11.8	48.5	207.2	51.1	112.0	172.6	15.2
Nov. 29.....	537.1	46.5	8.4	6.6	4.7	56.5	9.4	52.0	183.1	43.6	114.0	179.3	17.0
Dec. 27.....	546.3	44.4	5.0	6.6	4.9	53.9	10.9	53.0	178.7	46.3	117.5	186.9	16.9
1940—Jan. 31.....	533.0	56.2	5.3	7.2	5.1	52.3	13.7	49.5	189.1	40.1	110.2	184.6	9.1
Feb. 28.....	531.4	44.7	5.4	5.7	5.5	51.8	15.5	49.3	177.9	44.2	109.8	190.3	9.2
Mar. 27.....	522.2	47.0	5.8	8.9	6.3	50.8	17.3	49.4	185.6	42.7	109.5	175.4	9.1
Apr. 24.....	500.0	36.7	5.8	5.5	6.5	50.2	16.9	48.2	169.8	36.1	112.9	172.6	8.7
May 29.....	475.0	30.1	7.9	3.2	5.0	47.3	18.3	44.6	186.5	26.7	113.3	169.5	9.0
June 5.....	480.0	28.9	7.8	3.3	4.6	48.0	16.9	44.4	154.0	32.1	113.4	171.4	9.1
June 12.....	494.6	31.6	7.4	3.0	4.3	48.0	18.7	43.5	156.6	35.7	113.4	169.7	9.2
June 19.....	477.9	32.3	5.7	2.9	4.2	47.8	17.0	43.9	153.6	30.9	113.0	171.3	9.1
June 26.....	469.0	35.1	5.9	2.8	4.0	47.8	14.9	43.2	151.8	29.6	118.6	160.0	9.0
July 3.....	475.0	32.0	6.2	2.6	3.8	47.3	14.2	41.0	147.2	35.3	117.0	167.9	7.7

Additional Detail Available from January 3, 1940⁴

Date	5 European countries					6 Latin American countries						4 Asiatic countries						
	Total	Belgium	Denmark	Finland	Norway	Sweden	Total	Argentina	Brazil	Chile	Cuba	Mexico	Panama and C. Z.	Total	China	Hong Kong	Japan	Philippine Islands
1940—Jan. 3..	23.4	6.5	3.2	1.4	3.6	8.7	76.1	16.8	32.2	9.7	10.5	5.9	1.0	152.5	22.0	1.9	102.1	26.4
Jan. 31..	22.2	7.2	3.7	1.2	3.7	6.5	71.5	12.9	31.2	9.6	10.4	6.5	.9	161.9	22.5	1.6	111.2	26.6
Feb. 28..	20.4	7.4	2.9	.8	4.0	5.4	69.9	12.0	31.8	9.7	11.1	4.4	.9	168.0	25.4	3.2	111.2	28.2
Mar. 27..	19.7	8.1	2.2	.8	3.9	4.7	70.1	12.2	31.6	9.4	11.2	4.7	1.0	165.4	25.7	1.5	109.6	28.6
Apr. 24..	18.3	8.4	1.4	1.0	3.6	3.9	72.9	12.4	34.5	9.6	10.2	5.0	1.2	161.7	24.3	1.4	108.1	28.0
May 29..	14.1	5.1	1.1	1.5	2.4	4.2	73.9	16.4	32.1	9.5	9.8	5.0	1.1	160.1	24.5	1.9	103.2	30.5
June 5..	13.6	4.5	1.4	1.5	2.2	4.0	74.2	16.3	31.9	9.7	10.2	4.8	1.1	161.6	24.3	1.9	104.0	31.5
June 12..	12.7	4.2	1.0	1.5	2.0	4.0	74.0	16.2	32.3	10.5	9.2	4.7	1.2	159.5	24.0	1.8	102.3	31.4
June 19..	12.0	4.1	.9	1.5	1.8	3.7	73.2	16.3	31.9	9.5	9.2	5.0	1.3	160.1	25.0	2.5	100.4	32.3
June 26..	11.3	3.9	.8	1.5	1.7	3.5	78.3	16.7	34.0	9.8	11.4	5.1	1.2	148.5	24.7	2.5	89.7	31.6
July 3..	10.6	3.4	.7	1.5	1.5	3.4	77.5	16.7	33.7	9.7	11.4	4.8	1.3	155.2	30.2	1.6	90.6	32.7

¹ Prior to January 3, 1940, the figures shown under Asia represent the Far East only, the remaining Asiatic countries being included under "All other".

² Last report date on old basis.

³ First report date on new basis.

⁴ The figures in this supplementary table represent a partial analysis of the figures in the main table under the headings Other Europe, Latin America, and Asia.

NOTE.—The figures given in this table are not fully comparable throughout as a result of certain changes or corrections in the reporting practice of reporting banks which occurred on August 12, 1936, and October 18, 1939 (see BULLETIN for May 1937, p. 431, and April 1940, p. 363).

CENTRAL BANKS

Bank of England (Figures in millions of pounds sterling)	Assets of issue dept.		Assets of banking department					Note circulation	Liabilities of banking department			
	Gold ¹	Other assets ²	Cash reserves		Dis-counts and advances	Securities	Bankers'		Deposits		Other liabilities	
			Coin	Notes					Public	Other		
1929—Dec. 25	145.8	260.0	.2	26.3	22.3	84.9	379.6	71.0	8.8	35.8	17.9	
1930—Dec. 31	147.6	260.0	.6	38.8	49.0	104.7	368.8	132.4	6.6	36.2	18.0	
1931—Dec. 30	120.7	275.0	.6	31.6	27.3	133.0	364.2	126.4	7.7	40.3	18.0	
1932—Dec. 28	119.8	275.0	.8	23.6	18.5	120.1	371.2	102.4	8.9	33.8	18.0	
1933—Dec. 27	190.7	260.0	1.0	58.7	16.8	101.4	392.0	101.2	22.2	36.5	18.0	
1934—Dec. 26	192.3	260.0	.5	47.1	7.6	98.2	405.2	89.1	9.9	36.4	18.0	
1935—Dec. 25	200.1	260.0	.6	35.5	8.5	94.7	424.5	72.1	12.1	37.1	18.0	
1936—Dec. 30	313.7	200.0	.6	46.3	17.5	155.6	467.4	150.6	12.1	39.2	18.0	
1937—Dec. 29	326.4	220.0	.8	41.1	9.2	135.5	505.3	120.6	11.4	36.6	18.0	
1938—Dec. 28	326.4	230.0	.8	51.7	28.5	90.7	504.7	101.0	15.9	36.8	18.0	
1939—June 28	³ 226.4	300.0	.7	27.4	6.8	136.7	499.0	101.4	15.4	37.0	17.9	
July 26	³ 246.4	300.0	.6	35.5	8.0	128.0	510.9	91.4	26.0	36.7	18.1	
Aug. 30	263.0	300.0	.7	33.3	6.4	137.8	529.5	90.1	31.1	39.0	18.2	
Sept. 27	⁴ 1	580.0	.7	38.3	2.5	144.2	541.8	107.1	19.8	40.5	18.3	
Oct. 25	.2	580.0	.9	53.0	4.6	127.7	527.1	116.8	117.6	39.2	17.7	
Nov. 29	.2	580.0	1.1	51.6	4.5	132.1	528.7	103.5	27.8	40.2	17.8	
Dec. 27	.2	580.0	1.0	25.6	4.3	176.1	564.6	117.3	29.7	42.0	17.9	
1940—Jan. 31	.2	580.0	.8	52.5	3.1	143.9	527.7	98.1	39.7	44.3	18.0	
Feb. 28	.2	580.0	1.0	49.0	2.8	149.4	531.2	99.4	45.7	38.9	18.1	
Mar. 27	.2	580.0	1.1	37.1	6.1	157.2	543.1	98.0	43.1	42.2	18.2	
Apr. 24	.2	580.0	1.0	43.1	4.9	153.5	537.1	103.4	40.7	40.6	17.7	
May 29	.2	580.0	1.4	23.4	2.9	171.6	556.9	94.9	36.1	50.5	17.8	
June 26	.2	630.0	1.5	28.1	4.7	174.6	602.2	82.7	58.0	50.3	17.9	
July 31	.2	630.0	.9	20.7	3.3	174.4	609.5	106.3	22.7	52.3	18.0	
Aug. 28	.2	630.0	.7	20.2	3.9	172.6	610.0	118.7	8.8	51.8	18.1	

Bank of France (Figures in millions of francs)	Assets								Liabilities				
	Gold ⁴	Foreign exchange	Domestic bills			Advances to Government ⁷	Loans on—		Other assets	Note circulation	Deposits		Other liabilities
			Open market ⁵	Special ⁶	Other		Short-term Government securities	Other securities			Government	Other	
1929—Dec. 27	41,668	25,942	5,612		8,624			2,521	5,603	68,571	11,737	7,850	1,812
1930—Dec. 26	53,578	26,179	5,304		8,429			2,901	6,009	76,436	12,624	11,698	2,241
1931—Dec. 30	68,863	21,111	7,157		7,389			2,790	8,545	85,725	5,898	22,183	1,989
1932—Dec. 30	83,017	4,484	6,802		3,438			2,515	9,196	85,028	2,311	20,072	2,041
1933—Dec. 29	77,098	1,158	6,122		4,739			2,921	8,251	82,613	2,322	13,414	1,940
1934—Dec. 28	82,124	963	5,837		3,971			3,211	8,288	83,412	3,718	15,359	1,907
1935—Dec. 27	66,296	1,328	5,800		9,712			573	3,253	7,879	2,862	8,716	2,113
1936—Dec. 30	60,359	1,460	5,640	1,379	8,465	17,698	715	3,583	8,344	89,342	2,089	13,655	2,557
1937—Dec. 30	58,933	911	5,580	652	10,066	31,909	675	3,781	7,277	93,837	3,461	19,326	3,160
1938—Dec. 29	87,265	821	7,422	1,797	7,880	20,627	443	3,612	14,442	110,935	5,061	25,595	2,718
1939—Mar. 30	87,266	758	8,631	2,054	5,733	20,627	172	3,332	14,558	119,748	3,955	16,702	2,726
April 27	⁸ 92,266	756	8,609	2,165	6,012	20,577	127	3,362	14,452	124,666	3,755	17,255	2,649
May 25	92,266	754	8,164	2,276	4,774	20,577	78	3,401	14,264	121,391	4,573	17,570	3,020
June 29	92,266	722	8,074	2,279	5,009	20,577	374	3,471	14,753	122,611	5,188	16,909	2,816
July 27	92,266	722	8,316	2,275	5,000	20,577	472	3,461	14,458	123,239	5,468	16,058	2,781
Aug. 31	⁹ 97,266	218	9,396	1,708	15,009	20,577	2,412	3,805	16,016	142,359	3,304	18,038	2,708
Sept. 28	97,266	212	9,734	1,958	14,830	22,777	930	3,661	16,482	144,562	2,342	18,022	2,926
Oct. 26	97,266	85	10,038	2,007	8,298	25,473	336	3,576	17,100	144,379	2,004	14,790	3,006
Nov. 30	97,266	120	10,565	1,626	5,206	30,473	454	3,581	17,769	149,370	1,953	12,392	3,346
Dec. 28	97,267	112	11,273	2,345	5,149	34,673	174	3,482	16,438	151,322	1,914	14,751	2,925
1940—Jan. 25	97,268	111	11,861	2,235	5,011	35,673	229	3,444	15,963	151,738	1,834	14,965	3,259
Feb. 29	97,275	109	12,505	1,810	4,630	40,523	465	3,403	16,917	156,150	1,203	17,128	3,156
Mar. 28	⁸ 84,614	111	42,645	1,870	5,005	20,550	320	3,376	15,970	156,032	1,154	14,262	3,014
Apr. 25	84,615	112	42,694	1,781	5,769	20,900	228	3,411	15,666	156,285	1,171	14,681	3,038
May 30	84,616	102	44,083	1,889	14,473	32,600	2,320	3,716	16,694	170,853	1,046	25,782	2,811

¹ Effective Mar. 1, 1939, gold valued at current prices instead of legal parity (see BULLETIN for April 1939, p. 271).

² Securities and silver coin held as cover for fiduciary issue, which has been fixed at £630,000,000 since June 12, 1940; for information concerning previous status of fiduciary issue see BULLETIN for November 1939, p. 1024, and April 1939, p. 339.

³ On Jan. 6, 1939, £200,000,000 of gold (at legal parity) transferred from Bank to Exchange Equalization Account; on Mar. 1, 1939, about £5,500,000 (at current price) transferred from Exchange Account to Bank; on July 12, 1939, £20,000,000 of gold transferred from Exchange Account to Bank; on Sept. 6, 1939, £279,000,000 transferred from Bank to Exchange Account.

⁴ By decree of Feb. 29, 1940 (see BULLETIN for May 1940, pp. 406-407), gold revalued on basis of 23.34 milligrams gold 0.900 fine per franc. Increment of about 17,000,000 francs supplemented by certain other funds was applied to the full repayment of advances to the Government granted under authority of the decree of Nov. 12, 1938, in the amount of 20,473,000,000 francs. Gold also revalued in Oct. 1936, July 1937, and Nov. 1938. For further details see BULLETIN for November 1936, pp. 878-880; September 1937, p. 853; and January 1939, p. 29.

⁵ Negotiable bills of Caisse Autonome, bills bought under authority of decree of June 17, 1938 (see BULLETIN for August 1938, p. 650) and, from Mar. 28, 1940, 30,000,000 francs of negotiable Treasury bills received in return for gold transferred to Exchange Stabilization Fund on Mar. 7, 1940.

⁶ Bills and warrants endorsed by National Wheat Board (law of Aug. 15, 1936—see BULLETIN for October 1936, pp. 785-786), and bills rediscounted for account of Banques Populaires (law of Aug. 19, 1936—see BULLETIN for October 1936, p. 788).

⁷ Includes advances granted under authority of Conventions between Bank of France and Treasury of June 18, 1936, June 30, 1937, March 22, 1938, and April 14, 1938, as modified by Convention of Nov. 12, 1938; Convention of Sept. 29, 1938, approved by decree of Sept. 1, 1939; and Convention of Feb. 29, 1940 (see BULLETIN for May 1940, pp. 406-407).

⁸ On April 20, and again on Aug. 3, 1939, 5,000,000,000 francs of gold transferred from Exchange Stabilization Fund to Bank of France; on Mar. 7, 1940, 30,000,000,000 francs of gold transferred from Bank of France to Stabilization Fund.

NOTE.—For further explanation of table see BULLETIN for July 1935, p. 463, and February 1931, pp. 81-83.

Central Banks—Continued

Reichsbank (Figures in millions of reichsmarks)	Assets						Liabilities			
	Reserves of gold and foreign exchange		Bills (and checks), including Treasury bills	Security loans	Securities		Other assets	Note circulation	Deposits	Other liabilities
	Total reserves	Gold ¹			Eligible as note cover	Other				
1929—Dec. 31	2,687	2,283	2,848	251	-----	92	656	5,044	755	736
1930—Dec. 31	2,685	2,216	2,572	256	-----	102	638	4,778	652	822
1931—Dec. 31	1,156	984	4,242	245	-----	161	1,065	4,776	755	1,338
1932—Dec. 31	920	806	2,806	176	-----	398	1,114	3,560	540	1,313
1933—Dec. 30	396	386	3,226	183	259	322	735	3,645	640	836
1934—Dec. 31	84	79	4,066	146	445	319	827	3,901	984	1,001
1935—Dec. 31	88	82	4,552	84	349	315	853	4,285	1,032	923
1936—Dec. 31	72	66	5,510	74	221	303	765	4,980	1,012	953
1937—Dec. 31	76	71	6,131	60	106	286	861	5,493	1,059	970
1938—Dec. 31	76	71	8,244	45	557	298	1,621	8,223	1,527	1,091
1939—Aug. 31	77	-----	10,272	60	1,013	296	1,964	10,907	1,480	1,294
Sept. 30	77	-----	10,105	24	1,324	393	1,963	10,995	1,602	1,287
Oct. 31	77	-----	9,358	35	1,440	366	2,375	10,820	1,520	1,312
Nov. 30	77	-----	10,148	36	997	365	2,257	10,974	1,574	1,332
Dec. 30	78	-----	11,392	30	804	393	2,498	11,798	2,018	1,378
1940—Jan. 31	77	-----	11,143	33	374	401	2,487	11,505	1,628	1,382
Feb. 29	77	-----	11,825	37	172	367	2,380	11,877	1,559	1,422
Mar. 30	78	-----	12,242	31	144	394	2,557	12,176	1,760	1,509
Apr. 30	78	-----	12,188	31	221	364	2,651	12,480	1,714	1,338
May 31	77	-----	12,569	31	142	363	2,135	12,594	1,470	1,253
June 29	78	-----	12,611	25	143	454	2,595	12,785	1,854	1,266
July 31	77	-----	12,613	28	114	408	2,377	12,750	1,620	1,248
Aug. 31 ²	77	-----	12,891	(³)	(³)	(³)	(³)	13,026	(³)	(³)

² Preliminary.

¹ Not shown separately on Reichsbank statement after June 15, 1939.

³ Figures not yet available.

NOTE.—For explanation of above table see BULLETIN for July 1935, p. 463, and February 1931, pp. 81-83.

Central Bank (Figures as of last report date of month)	1940			1939	Central Bank (Figures as of last report date of month)	1940			1939
	Aug.	July	June	Aug.		Aug.	July	June	Aug.
National Bank of Albania (thousands of francs):			(Mar.) ¹		National Bank of Belgium (millions of belgas):			(Apr.) ¹	
Gold			7,567	7,567	Gold and foreign exchange			4,614	4,554
Foreign assets			65,135	39,531	Discounts			991	374
Loans and discounts			10,315	4,965	Loans			69	273
Other assets			7,829	8,286	Other assets			512	472
Note circulation			28,419	25,034	Note circulation			5,880	5,299
Other sight liabilities			46,830	21,515	Demand deposits—Treasury			1	4
Other liabilities			15,598	13,799	Other			182	247
					Other liabilities			124	124
Central Bank of the Argentine Republic (millions of pesos):					Central Bank of Bolivia (thousands of bolivianos):				
Gold reported separately			1,224	1,224	Gold at home and abroad			96,831	62,397
Other gold and foreign exchange			168	105	Foreign exchange			79,406	62,246
Negotiable Government bonds			239	282	Loans and discounts			229,145	61,225
Other assets			226	238	Securities—Government			423,713	407,549
Note circulation			1,220	1,135	Other			12,982	5,121
Deposits—Member bank			401	430	Other assets			20,236	45,862
Government			159	169	Note circulation			422,171	316,676
Other			3	3	Deposits			348,805	259,768
Foreign exchange sold forward			18	60	Other liabilities			91,338	67,955
Other liabilities			59	52					
Commonwealth Bank of Australia (thousands of pounds):					National Bank of Bulgaria (millions of leva):			(Apr.) ¹	
Issue department:					Gold			2,006	2,006
Gold and English sterling			16,082	16,030	Net foreign exchange in reserve			4	
Securities			53,645	41,500	Foreign exchange			1,800	842
Banking department:					Loans and discounts			1,110	1,814
Coin, bullion, and cash			5,377	1,467	Government debt			3,393	3,417
London balances			42,993	15,874	Other assets			2,030	1,118
Loans and discounts			33,480	17,620	Note circulation			4,526	3,960
Securities			34,282	59,550	Deposits			3,421	3,014
Deposits			108,212	87,262	Other liabilities			2,396	2,223
Note circulation			60,875	48,525					
Bank of Belgian Congo (millions of Belgian francs):			(Jan.) ¹		Bank of Canada (thousands of Canadian dollars):				
Gold			171	171	Gold ¹				209,775
Foreign (gold) exchange			5		Sterling and United States exchange	2,723	5,700	3,251	52,860
Loans and discounts			617	523	Canadian Gov't. securities:				
Other assets			526	518	2 years or less	430,113	392,235	402,914	111,018
Note circulation			421	389	Over 2 years	121,189	123,598	118,485	52,078
Deposits			735	686	Other assets	18,222	9,318	11,289	7,125
Other liabilities			164	137	Note circulation	306,534	291,676	272,565	179,704
					Deposits—Chartered banks	215,539	194,423	208,584	201,318
					Dominion Gov't.	32,857	24,140	36,576	30,695
					Other	3,610	8,222	4,360	11,216
					Other liabilities	13,707	12,389	13,854	9,923

¹ Latest month for which report is available for this institution.

² On May 1, 1940, gold transferred to Foreign Exchange Control Board in return for short-term government securities (see BULLETIN for July 1940, pp. 677-678).

Central Banks—Continued

Central bank [Figures as of last report date of month]	1940			1939	Central bank [Figures as of last report date of month]	1940			1939
	Aug.	July	June	Aug.		Aug.	July	June	Aug.
Central Bank of Chile (millions of pesos):					Central Reserve Bank of El Salvador—Cont.				
Gold		146	146	146	Deposits		5,587	6,101	7,374
Discounts for member banks		160	147	67	Other liabilities		5,149	3,979	3,550
Loans to government		746	746	754	Bank of Estonia (thousands of krooni):			(May) ¹	
Other loans and discounts		371	367	231	Gold			40,903	40,904
Other assets		22	24	43	Foreign exchange (net)			4,303	9,454
Note circulation		1,028	1,027	845	Loans and discounts			48,851	31,476
Deposits—					Other assets			34,084	40,293
Bank		154	159	157	Note circulation			62,726	56,981
Other		104	88	86	Demand deposits			34,039	28,027
Other liabilities		160	157	153	Other liabilities			31,376	37,119
Bank of the Republic of Colombia (thousands of pesos):					Bank of Finland (millions of markkaa):			(Oct. 1939) ¹	
Gold	26,870	30,945	37,739	35,453	Gold			1,180	1,183
Foreign exchange	11,012	8,566	4,833	7,843	Foreign assets			2,085	2,487
Loans and discounts	24,859	22,242	22,805	19,434	Loans and discounts			2,059	1,155
Government loans and securities	40,321	38,379	38,467	37,167	Domestic securities			328	332
Other assets	31,612	31,925	29,873	31,787	Other assets			343	304
Note circulation	55,237	54,957	57,037	53,628	Note circulation			3,378	2,262
Deposits	53,232	51,766	50,593	45,786	Deposits—Treasury			553	242
Other liabilities	26,204	25,333	26,087	31,969	Other			2,004	2,050
National Bank of Bohemia and Moravia (millions of koruny):			(May) ¹		Bank of Greece (millions of drachmas):				
Gold			1,596	1,698	Gold and foreign exchange (net)	4,790	4,600	4,600	3,097
Foreign exchange			728	796	Loans and discounts	14,580	15,078	15,078	12,388
Discounts			445	1,855	Government obligations	4,049	4,105	4,105	4,211
Loans			542	804	Other assets	3,087	2,755	2,755	2,164
Other assets			5,566	4,354	Note circulation	10,603	11,475	11,475	9,980
Note circulation			5,601	6,056	Deposits	13,556	13,046	13,046	9,993
Demand deposits			839	702	Other liabilities	2,346	2,017	2,017	1,887
Other liabilities			3,437	2,750	National Bank of Hungary (millions of pengö):				
National Bank of Denmark (millions of kroner):					Gold	124	124	124	124
Gold			117	117	Foreign exchange reserve	57	57	57	101
Foreign exchange			9	89	Discounts	693	670	670	576
Clearing accounts (net)			113	25	Loans—To Treasury	337	343	343	343
Discounts			25	25	Other	47	46	46	45
Loans—To Government agencies			228	97	Other assets	382	325	325	352
Other			175	150	Note circulation	1,158	1,078	1,078	1,038
Securities			184	189	Demand deposits	114	162	162	181
Other assets			156	108	Certificates of indebtedness	94	94	94	99
Note circulation			697	452	Other liabilities	275	234	234	221
Deposits			169	127	Reserve Bank of India (millions of rupees):				
Other liabilities			141	195	Issue department:			(May) ¹	
Central Bank of Ecuador (thousands of sucres):			(May) ¹		Gold at home and abroad			444	444
Gold			31,929	39,031	Sterling securities			1,235	595
Foreign exchange (net)			7	7,193	Indian Gov't. securities			425	374
Loans and discounts			68,179	60,011	Rupee coin			466	755
Other assets			25,416	18,459	Note circulation			2,485	1,789
Note circulation			62,886	64,742	Banking department:				
Demand deposits			36,032	44,252	Notes of issue department			85	379
Other liabilities			26,605	15,701	Balances abroad			199	74
National Bank of Egypt ¹ (thousands of pounds):			(Apr.) ¹		Treasury bills discounted			28	4
Gold			6,544	6,545	Loans to Government			20	6
Foreign exchange			2,729	1,708	Investments			87	68
Loans and discounts			8,141	5,744	Other assets			15	13
British, Egyptian, and other Government securities			30,608	27,010	Deposits			315	428
Other assets			6,995	11,973	Other liabilities			119	116
Note circulation			25,489	22,186	Bank of Japan (millions of yen):				
Deposits—Government			2,392	3,945	Gold	501	501	501	501
Other			18,076	18,248	Special foreign exchange fund			300	300
Other liabilities			9,060	8,603	Discounts			618	387
Central Reserve Bank of El Salvador (thousands of colones):					Loans—To Government			3	3
Gold	13,219	13,216	13,208		Other			82	58
Foreign exchange	2,660	2,256	5,172		Government bonds	2,495	2,547	1,850	1,850
Loans and discounts	2,435	2,473	837		Other assets	423	420	447	447
Government debt and securities	5,298	5,296	5,104		Note circulation	3,326	3,597	2,461	2,461
Other assets	1,311	1,216	1,092		Deposits—Government			651	652
Note circulation	14,187	14,376	14,490		Other			93	83
					Other liabilities			352	351

¹ Latest month for which report is available for this institution.
² Items for issue and banking departments consolidated.

Central Banks—Continued

Central bank [Figures as of last report date of month]	1940			1939	Central bank [Figures as of last report date of month]	1940			1939
	Aug.	July	June	Aug.		Aug.	July	June	Aug.
Bank of Java (millions of guilders):					National Bank of Rumania—Cont.				
Gold.....			144	129	Other assets.....	12,824	12,433	12,490	
Foreign bills.....			20	9	Note circulation.....	58,961	56,331	42,351	
Loans and discounts.....			103	67	Demand deposits.....	15,000	15,803	11,004	
Other assets.....			122	91	Other liabilities.....	8,939	8,720	13,150	
Note circulation.....			207	193	South African Reserve Bank (thou- sands of pounds):				
Deposits.....			154	77	Gold.....	37,032	36,656	26,910	
Other liabilities.....			28	25	Foreign bills.....	1,435	1,510	6,421	
Bank of Latvia (millions of lats):					Other bills and loans.....	3,958	1,746	2,719	
Gold.....			72	98	Other assets.....	33,880	35,213	15,848	
Foreign exchange reserve.....			30	35	Note circulation.....	21,788	22,757	16,712	
Loans and discounts.....			217	153	Deposits.....	50,325	48,587	31,676	
Other assets.....			43	52	Other liabilities.....	4,192	3,781	3,511	
Note circulation.....			117	89	Bank of Sweden (millions of kronor):				
Deposits.....			188	204	Gold.....	380	438	782	
Other liabilities.....			57	45	Foreign assets (net).....	578	437	549	
Bank of Lithuania (millions of litu):					Domestic loans and investments.....	727	895	258	
Gold.....			66	60	Other assets.....	839	840	545	
Foreign exchange.....			10	6	Note circulation.....	1,430	1,478	1,126	
Loans and discounts.....			199	132	Demand deposits.....	295	140	825	
Other assets.....			63	43	Other liabilities.....	800	992	183	
Note circulation.....			193	173	Swiss National Bank (millions of francs):				
Deposits.....			104	89	Gold ⁵	2,114	2,135	2,419	
Other liabilities.....			41	30	Foreign exchange.....	489	399	288	
Netherlands Bank (millions of gui- lders):			(Apr.) ¹		Discounts.....	248	292	63	
Gold.....			1,160	1,129	Loans.....	66	115	43	
Silver (including subsidiary coin).....			12	17	Other assets.....	268	256	684	
Foreign bills.....			1	2	Note circulation.....	2,161	2,252	2,024	
Discounts.....			10	48	Other sight liabilities.....	752	668	828	
Loans.....			226	260	Other liabilities.....	271	276	646	
Other assets.....			71	68	Central Bank of the Republic of Turkey (thousands of pounds):				
Note circulation.....			1,166	1,132	Gold.....	107,923	110,295	36,906	
Deposits—Government.....			25	48	Foreign Exchange—Free In clearing accounts.....	39	59	11	
Other.....			228	344	Loans and discounts.....	21,451	21,427	3,556	
Other liabilities.....			59	48	Securities.....	297,411	270,496	154,080	
Reserve Bank of New Zealand (thousands of pounds):					Other assets.....	195,692	196,012	193,539	
Gold.....	2,802	2,802	2,802		Note circulation.....	38,603	36,260	28,053	
Sterling exchange reserve.....	13,027	14,826	5,680		Deposits—Gold.....	356,938	354,938	229,521	
Advances to State or State un- dertakings.....	25,226	23,517	19,634		Other.....	78,124	78,124	.....
Investments.....	2,544	2,540	3,658		Other liabilities.....	90,661	63,298	65,461	
Other assets.....	426	406	357		Bank of the Republic of Uruguay (thousands of pesos):	135,394	138,188	121,165	
Note circulation.....	19,623	18,617	15,802		Issue department:				
Demand deposits.....	22,168	23,178	14,377		Gold and silver.....		86,235	86,235	
Other liabilities.....	2,233	2,295	1,962		Note circulation.....		96,728	89,548	
Bank of Norway (millions of kroner):			(Mar.) ¹		Banking department:				
Gold.....			186	236	Gold.....		21,454	20,826	
Foreign assets.....			102	128	Notes and coin.....		46,034	50,194	
Total domestic credits and securities.....			435	309	Loans and discounts.....		113,630	108,563	
Discounts.....			(?)	136	Other assets.....		119,807	108,389	
Loans.....			(?)	47	Deposits.....		99,931	87,450	
Securities.....			(?)	126	Other liabilities.....		200,994	200,521	
Other assets.....			(?)	43	National Bank of the Kingdom of Yugoslavia (millions of dinars):				
Note circulation.....			599	505	Gold.....	2,286	2,244	1,924	
Demand deposits—Government.....			9	21	Foreign exchange.....	513	520	509	
Other.....			112	109	Loans and discounts.....	1,855	1,901	2,132	
Other liabilities.....			(?)	81	Government debt.....	3,073	3,073	2,231	
Central Reserve Bank of Peru (thousands of soles):			(May) ¹		National defense bills.....	4,091	3,787	.....
Gold and foreign exchange.....			46,150	48,666	Other assets.....	3,117	3,389	3,332	
Discounts.....			19,251	21,914	Note circulation.....	12,179	12,210	7,986	
Government loans.....			112,533	99,408	Other sight liabilities.....	1,941	1,862	1,350	
Other assets.....			5,134	4,372	Other liabilities.....	815	841	791	
Note circulation.....			126,474	121,645	Bank for International Settle- ments (thousands of Swiss gold francs) ⁶ :				
Deposits.....			39,098	36,921	Gold in bars.....	31,007	29,742	28,588	
Other liabilities.....			17,496	15,793	Cash on hand and on current account with banks.....	29,480	42,223	26,582	
Bank of Portugal (millions of escudos):					Sight funds at interest.....	16,270	16,577	12,980	
Gold.....		921	921	920	Rediscountable bills and accept- ances (at cost).....	145,876	145,405	177,241	
Other reserves (net).....		356	419	456	Time funds at interest.....	21,228	21,353	35,627	
Non-reserve exchange.....		155	379	219	Sundry bills and investments.....	209,195	211,062	229,588	
Loans and discounts.....		552	455	413	Other assets.....	2,303	2,384	1,570	
Government debt.....		1,033	1,033	1,036	Demand deposits (gold).....	14,092	12,176	14,112	
Other assets.....		1,628	1,532	1,250	Short-term deposits (various currencies):				
Note circulation.....		2,704	2,593	2,230	Central banks for own ac- count.....		19,820	30,722	
Other sight liabilities.....		938	1,004	1,040	Other.....		2,456	2,368	
Other liabilities.....		1,003	1,140	1,024	Long-term deposits: Special ac- counts.....		229,001	229,001	
National Bank of Rumania (mil- lions of lei):					Other liabilities.....		189,990	194,479	
Gold ³		31,747	31,606	20,267				253,512	
Special exchange accounts.....		4,344	3,773	4,195				188,265	
Loans and discounts.....		25,146	24,199	17,930					
Special loans ⁴		881	884	1,441					
Government debt.....		7,959	7,958	10,183					

¹ Revised.

² Latest month for which report is available for this institution.

³ Figures not yet available.

⁴ Gold revalued on May 19, 1940, at 0.0043 gram fine gold per leu.

⁵ Agricultural and urban loans in process of liquidation.

⁶ Gold revalued May 31, 1940, at 0.2053 gram fine gold per franc.

⁷ See BULLETIN for December 1936, p. 1025.

MONEY RATES IN FOREIGN COUNTRIES

DISCOUNT RATES OF CENTRAL BANKS

[Per cent per annum]

Central bank of—	Rate Sept. 28	Date effective	Central bank of—	Rate Sept. 28	Date effective	Central bank of—	Rate Sept. 28	Date effective	Central bank of—	Rate Sept. 28	Date effective
Albania.....	5½	Mar. 21, 1940	Ecuador.....	7	May 26, 1938	Lithuania.....	6	July 15, 1939	Switzerland...	1½	Nov. 26, 1936
Argentina.....	3½	Mar. 1, 1936	El Salvador...	3	Mar. 30, 1939	Mexico.....	3	Mar. 1, 1937	Turkey.....	4	July 1, 1938
Belgium.....	2	Jan. 25, 1940	Estonia.....	4½	Oct. 1, 1935	Netherlands...	3	Aug. 29, 1939	United Kingdom.....	2	Oct. 26, 1939
Bolivia.....	6½	Aug. 9, 1938	Finland.....	4	Dec. 3, 1934	New Zealand.....	2	May 27, 1940	U. S. S. R.....	4	July 1, 1936
British India...	3	Nov. 28, 1935	France.....	2	Jan. 4, 1939	Norway.....	3	May 13, 1940	Yugoslavia.....	5	Feb. 1, 1935
Bulgaria.....	6	Aug. 15, 1935	Germany.....	3½	Apr. 9, 1940	Peru.....	5	Aug. 1, 1940			
Canada.....	2½	Mar. 11, 1935	Greece.....	6	Jan. 4, 1937	Portugal.....	4-4½	Aug. 11, 1937			
Chile.....	3-4½	Dec. 16, 1936	Hungary.....	4	Aug. 29, 1935	Rumania.....	3½	May 5, 1938			
Colombia.....	4	July 18, 1933	Italy.....	4½	May 18, 1936	South Africa...	3½	May 15, 1933			
Czecho-Slovakia...	3	Jan. 1, 1936	Japan.....	3.29	Apr. 7, 1936	Spain.....	4	Mar. 29, 1939			
Denmark.....	4½	May 22, 1940	Java.....	3	Jan. 14, 1937	Sweden.....	3½	May 17, 1940			
			Latvia.....	5	Feb. 17, 1940						

° Corrected.
 † Not officially confirmed.
 Changes since Aug. 29: none.

OPEN MARKET RATES

[Per cent per annum]

Month	United Kingdom (London)				Germany (Berlin)		Hungary		Sweden (Stockholm)	Switzerland
	Bankers' acceptances 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Private discount rate	Day-to-day money	Prime commercial paper	Day-to-day money	Loans up to 3 months	Private discount rate
1937—July.....	.56	.53	.79	1½	2.88	2.64	4-6½	2½	2½-5	1.00
1938—July.....	.55	.52	.75	1½	2.93	2.96	4½-6½	2½	2½-5	1.00
1939—July.....	.79	.77	.75	1½	2.75	2.65	4½-6½	1½	2½-5	1.00
1939—November.....	1.96	1.18	1.00	1½	2.65	2.19	4½-6½	1½	2½-5	1.25
December.....	1.23	1.24	1.03	1½	2.63	2.39	4½-6½	1½	3-5	1.25
1940—January.....	1.10	1.09	1.02	1½	2.50	2.03	4½-6½	1½	3-5	1.25
February.....	1.04	1.02	1.00	1½	2.50	2.08	4½-6½	1½	3-5	1.25
March.....	1.03	1.02	.99	1½	2.50	2.16	4½-6½	1½	3-5	1.25
April.....	1.03	1.03	1.00	1½	2.38	1.90	4½-6½	1½	3-5	1.25
May.....	1.03	1.02	1.00	1½	2.38	1.98	4½-6½	1½	3½-5½	1.41
June.....	1.03	1.02	1.00	1½					3½-5½	1.50
July.....	1.03	1.02	1.00	1½					3½-5½	1.50

NOTE.—For back data, figures for other countries, and references to explanation of table see BULLETIN for September 1940, p. 1018.

COMMERCIAL BANKS

United Kingdom ¹ (Figures in millions of pounds sterling)	Assets							Liabilities			
	Cash reserves	Money at call and short notice	Bills discounted	Treasury deposit receipts ²	Securities	Loans to customers	Other assets	Deposits			Other liabilities
								Total	Demand ³	Time ³	
10 London clearing banks											
1930—December.....	208	144	322	285	933	240	1,876	992	847	254	
1931—December.....	184	119	246	297	905	222	1,737	868	846	237	
1932—December.....	207	127	408	472	778	208	1,983	991	963	216	
1933—December.....	213	119	311	565	740	237	1,941	1,015	900	244	
1934—December.....	216	151	255	594	759	247	1,971	1,044	910	251	
1935—December.....	221	159	322	605	784	231	2,091	1,140	924	231	
1936—December.....	236	187	316	630	864	238	2,238	(4)	(4)	232	
11 London clearing banks ⁵											
1936—December.....	244	195	322	660	890	249	2,315	1,288	1,012	245	
1937—December.....	244	163	300	635	984	256	2,330	1,284	1,026	252	
1938—December.....	243	160	250	635	971	263	2,254	1,256	997	269	
1939—July.....	235	155	278	597	988	251	2,240	1,241	999	263	
August.....	233	148	279	599	990	270	2,245	1,239	1,007	273	
September.....	268	146	236	603	1,016	276	2,278	1,272	1,006	266	
October.....	256	159	289	605	1,020	271	2,327	1,299	1,028	272	
November.....	245	142	353	611	1,000	242	2,345	1,303	1,042	248	
December.....	274	174	334	609	1,015	290	2,441	1,398	1,043	256	
1940—January.....	242	154	388	610	1,010	267	2,410	1,373	1,036	261	
February.....	247	149	353	609	1,007	259	2,366	1,347	1,019	258	
March.....	249	142	336	611	1,014	273	2,363	1,355	1,008	260	
April.....	254	153	338	618	991	260	2,354	1,351	1,003	261	
May.....	257	144	409	633	972	260	2,413	1,382	1,031	261	
June.....	270	166	384	636	983	295	2,469	1,443	1,026	264	
July.....	262	146	415	26	658	940	2,454			264	

¹ Averages of weekly figures through August 1939; beginning September 1939 figures refer to one week near end of month.
² Represents six-month loans to the Treasury at 1½ per cent, callable by the banks in emergency under discount at the bank rate.
³ Through December 1937 excludes deposits in offices outside England and Wales, which are included in total.
⁴ Beginning 1936, figures on this basis available only for 11 banks—see footnote 5.
⁵ District Bank included beginning in 1936.
 NOTE.—For other back figures and explanation of tables see BULLETIN for October 1933, pp. 639-640.

Commercial Banks—Continued

France (4 large banks. End of month figures in millions of francs)	Assets					Liabilities				
	Cash reserves	Due from banks	Bills dis- counted	Loans	Other assets	Deposits			Own accept- ances	Other liabilities
						Total	Demand	Time		
1930—December	2,419	4,675	20,448	10,743	2,361	36,681	35,284	1,397	921	4,357
1931—December	11,311	2,168	18,441	9,274	2,130	33,245	37,023	1,222	576	4,503
1932—December	9,007	1,766	22,014	7,850	1,749	37,759	36,401	1,268	295	4,331
1933—December	5,870	1,416	19,848	8,309	1,827	32,635	31,773	862	273	4,362
1934—December	5,836	1,421	18,304	8,159	1,717	30,943	30,039	904	193	4,301
1935—December	3,739	2,484	16,141	8,025	1,900	27,553	26,859	694	337	4,399
1936—December	3,100	2,975	17,582	7,631	1,957	28,484	27,955	529	473	4,289
1937—December	3,403	4,116	18,249	7,624	2,134	30,348	29,748	600	661	4,517
1938—December	3,756	4,060	21,435	7,592	1,940	33,578	33,042	537	721	4,484
1939—March	3,604	3,519	23,945	6,654	1,310	34,793	34,127	667	541	3,697
April	3,522	3,745	25,667	6,414	1,353	36,368	35,700	667	558	3,775
May	5,148	3,769	25,102	7,061	1,409	38,120	37,444	676	519	3,849
June	3,538	3,857	25,263	6,538	1,472	36,231	35,547	684	486	3,951
July	3,464	3,580	25,717	6,850	1,532	36,650	35,991	659	490	4,063
August	6,357	3,718	18,784	7,353	1,674	33,293	32,668	626	455	4,138
September	5,062	3,862	20,888	7,710	1,735	34,642	34,048	594	427	4,190
October	4,534	3,698	23,170	7,809	1,936	36,285	35,675	610	534	4,328
November	4,171	3,714	25,649	7,907	2,068	38,423	37,835	588	631	4,455
December	4,599	3,765	29,546	7,546	2,440	42,443	41,872	571	844	4,609
1940—January	4,066	4,080	29,808	7,756	1,745	42,850	42,302	548	938	3,667
February	4,293	3,993	30,810	7,579	1,849	43,737	43,195	542	1,034	3,753
March	4,110	3,920	34,123	7,499	1,961	46,608	46,064	544	1,105	3,901

Germany ² (5 large banks. End of month figures in millions of reichsmarks)	Assets						Liabilities				
	Cash reserves	Due from banks	Bills dis- counted	Loans	Securi- ties	Other assets	Deposits			Credits obtained from banks	Other liabilities
							Total	Demand	Time		
1930—November	191	1,483	2,453	7,416	482	880	9,091	3,857	5,233	1,986	1,828
1931—November	173	817	1,431	5,377	807	1,127	6,062	3,252	2,810	1,328	2,341
1932—November	143	583	1,631	4,570	938	991	6,161	2,958	3,203	1,146	1,550
1933—November	131	471	1,702	3,731	860	1,003	5,754	2,624	3,130	661	1,481
1934—November	115	393	2,037	3,331	874	983	5,816	2,731	3,085	485	1,432
1935—November	139	316	2,162	2,884	1,027	983	5,376	2,435	2,941	686	1,449
1936—November	137	269	2,567	2,729	1,112	851	5,751	2,661	3,090	579	1,334
1937—November	148	299	3,205	2,628	1,020	812	6,264	2,912	3,352	513	1,355
1938—August	199	255	3,589	2,731	1,098	844	6,933	3,219	3,714	416	1,368
September	270	295	3,384	2,817	1,097	876	6,915	3,311	3,603	424	1,400
October	179	261	3,620	2,743	1,183	895	7,031	3,373	3,658	422	1,427
November	195	270	3,643	2,685	1,406	893	7,234	3,531	3,703	420	1,438
1939—January	184	285	3,934	2,708	1,178	895	7,334	3,619	3,716	414	1,436
February	175	307	3,888	2,798	1,145	902	7,377	3,576	3,801	410	1,427
March	219	308	3,904	2,833	1,112	901	7,458	3,693	3,765	401	1,418
April	189	271	4,364	2,761	1,082	891	7,745	3,870	3,875	398	1,414
May	237	292	4,537	2,772	1,073	852	7,981	3,996	3,985	396	1,365
June ³	214	306	4,108	2,988	1,080	829	7,793	3,793	3,999	390	1,342

Canada (10 chartered banks. End of month figures in millions of Canadian dollars)	Assets						Liabilities				
	Entirely in Canada			Security loans abroad and net due from foreign banks	Securi- ties	Other assets	Note circula- tion	Deposits payable in Can- ada excluding interbank deposits			Other liabilities
	Cash reserves	Security loans	Other loans and dis- counts					Total	Demand	Time	
1930—December	207	205	1,275	171	604	602	133	2,115	689	1,426	816
1931—December	201	135	1,253	146	694	510	129	2,058	698	1,360	752
1932—December	211	103	1,104	155	778	439	115	1,916	538	1,378	760
1933—December	197	106	1,036	134	861	432	121	1,920	563	1,357	725
1934—December	228	103	977	155	967	449	124	2,035	628	1,407	718
1935—December	228	83	945	141	1,155	485	111	2,180	694	1,486	745
1936—December	240	114	791	161	1,384	507	103	2,303	755	1,548	790
1937—December	255	76	862	102	1,411	510	96	2,335	752	1,583	785
1938—December	263	65	940	166	1,463	474	88	2,500	840	1,660	782
1939—July	266	51	947	202	1,520	468	86	2,520	822	1,697	849
August	265	49	957	245	1,507	461	88	2,524	822	1,702	873
September	279	51	1,020	214	1,502	475	95	2,583	891	1,692	862
October	304	53	1,083	209	1,662	474	90	2,837	1,128	1,709	858
November	295	56	1,102	157	1,665	475	89	2,809	1,074	1,735	851
December	292	53	1,088	132	1,646	490	85	2,774	1,033	1,741	842
1940—January	290	48	1,073	134	1,654	466	82	2,755	1,005	1,751	827
February	273	57	1,104	140	1,638	476	86	2,772	1,113	1,659	829
March	265	52	1,115	166	1,599	451	88	2,724	1,063	1,661	836
April	281	54	1,072	180	1,592	488	84	2,743	1,071	1,672	840
May	300	44	1,063	194	1,617	475	91	2,785	1,142	1,643	818
June	272	39	1,067	184	1,583	469	93	2,706	1,098	1,609	814
July	277	39	1,053	166	1,576	454	89	2,674	1,062	1,613	802

¹ No figures available since March 1940.

² Combined monthly balance sheets not published for December. Prior to merger of two of the banks in February 1932 figures refer to six large Berlin banks. Beginning in 1935 figures are not entirely comparable with those shown for previous years due to changes in reporting practice (see BULLETIN for June 1935, p. 339).

³ No figures available since June 1939.

NOTE.—For other back figures and explanation of tables see BULLETIN for August 1939, p. 699; June 1935, pp. 388-390; and October 1933, pp. 641-646.

FOREIGN EXCHANGE RATES

[Averages of certified noon buying rates in New York for cable transfers. In cents per unit of foreign currency]

Year or month	Argentina (peso)	Australia (pound)		Belgium (belga)	Brazil (milreis)		British India (rupee)	Bulgaria (lev)	Canada (dollar)		Chile (peso)		China (yuan Shanghai)	Colombia (peso)	Czechoslovakia (koruna)
		Official	Free		Official	Free			Official	Free	Official	Export			
1933	72.801		337.07	17.900	7.9630		31.816	1.0039		91.959	7.6787		28.598	81.697	3.8232
1934	33.579		490.95	23.287	8.4268		37.870	1.2852		101.006	10.1452		34.094	61.780	4.2424
1935	32.659		388.86	18.424	8.2047		36.984	1.2951		99.493	5.0833		36.571	56.011	4.1642
1936	33.137		395.04	16.017	8.5681		37.523	1.2958		99.413	5.1240		29.751	57.083	4.0078
1937	32.959		393.04	16.876	8.6437		37.326	1.2846		100.004	5.1697	4.0000	29.606	56.726	3.4980
1938	32.597		389.55	16.894	8.6435		36.592	1.2424		99.419	5.1716	4.0000	21.360	55.953	3.4674
1939	30.850		353.38	16.852	6.0027		33.279	1.2111		96.018	5.1727	4.0000	11.879	57.061	3.4252
1939—Aug.	31.116		367.32	16.968	6.0579	5.0236	34.407	1.2111		99.404	5.1691	4.0000	7.163	57.061	
Sept.			318.38	17.028	6.0594	5.0162	30.928			91.255	5.1776	4.0000	6.696	57.068	
Oct.	29.770		319.51	16.729	6.0575	5.0503	30.296			89.331	5.1713	4.0000	7.638	57.151	
Nov.	29.772		312.66	16.490	6.0580	5.0322	30.127			87.755	5.1714	4.0000	8.353	57.206	
Dec.	29.773		313.13	16.577	6.0576	5.0263	30.092			87.615	5.1705	4.0000	7.487	57.022	
1940—Jan.	29.772		315.82	16.834	6.0562	5.0132	30.140			88.018	5.1670	4.0000	7.833	57.205	
Feb.	29.773		315.79	16.859	6.0569	5.0237	30.163			86.654	5.1655	4.0000	7.012	57.264	
Mar.	29.773		299.50	16.980	6.0574	5.0269	30.179			90.909	5.1650	4.0000	6.409	57.130	
April.	29.773	322.80	280.90	16.891	6.0576	5.0291	30.198			90.909	5.1649	4.0000	5.992	56.990	
May.	29.773	322.80	260.80	16.736	6.0488	5.0232	30.120			90.909	5.1670	4.0000	5.782	57.046	
June.	29.773	322.80	287.04		6.0527	5.0320	30.106			90.909	5.1678	4.0000	5.680	57.220	
July.	29.773	322.80	303.11		6.0575	5.0259	30.149			90.909	5.1678	4.0000	6.048	57.066	
Aug.	29.773	322.80	317.02		6.0575	5.0219	30.132			90.909	5.1680	4.0000	5.476	56.985	

Year or month	Denmark (krone)	Egypt (pound)	Finland (markka)	France (franc)	Germany (reichsmark)	Greece (drachma)	Hong Kong (dollar)	Hungary (pengő)	Italy (lira)	Japan (yen)	Mexico (peso)	Netherlands (guilder)	New Zealand (pound)	Norway (krone)
1934	22.500	516.85	2.2277	6.5688	39.375	.9402	38.716	29.575	8.5617	29.715	27.742	67.383	402.46	25.316
1935	21.883	502.60	2.1627	6.6013	40.288	.9386	48.217	29.602	8.2471	28.707	27.778	67.715	391.26	24.627
1936	22.189	509.68	2.1903	6.1141	40.297	.9289	31.711	29.558	7.2016	29.022	27.760	64.481	398.92	24.974
1937	22.069	506.92	2.1811	4.0460	40.204	.9055	30.694	19.779	5.2607	28.791	27.750	55.045	396.91	24.840
1938	21.825	501.30	2.1567	2.8781	40.164	.8958	30.457	19.727	5.2605	28.451	22.122	55.009	392.35	24.566
1939	20.346	478.33	1.9948	2.5103	40.061	.8153	27.454	19.238	5.1959	25.963	19.303	53.335	354.82	23.226
1939—Aug.	20.834	472.41	2.0456	2.6137	39.859	.8520	28.213	19.576	5.2515	26.870	16.800	53.484	368.82	23.376
Sept.	19.317	432.04	1.9000	2.2651	39.864	.7575	24.863		5.1445	23.459	19.023	53.182	319.75	22.655
Oct.	19.291		1.8943	2.2736	40.092	.7345	25.030		5.0465	23.510	20.151	53.115	320.81	22.697
Nov.	19.294		1.8964	2.2246	40.127	.7244	24.491		5.0444	23.440	20.497	53.080	313.96	22.708
Dec.	19.297		1.8136	2.2269	40.097	.7157	24.482		5.0452	23.441	18.185	53.107	315.03	22.701
1940—Jan.	19.304		1.8156	2.2461	40.118	.7155	24.629		5.0470	23.438	16.663	53.208	317.09	22.706
Feb.	19.310		1.7078	2.2459	40.117	.7176	24.672		5.0467	23.438	16.654	53.137	317.06	22.709
Mar.	19.311		1.5252	2.1296	40.114	.7007	23.247		5.0470	23.438	16.652	53.101	300.72	22.712
April.	19.307		1.7743	1.9980	40.115	.6546	21.834		5.0452	23.438	16.656	53.082	282.05	22.707
May.			1.8961	1.8516	40.025	.6270	20.298		5.0426	23.438	16.654	53.079	261.87	
June.			1.9776	2.0052	39.965	.6529	22.388		5.0361	23.432	18.365		288.19	
July.			1.9643		39.978	.6654	23.582		5.0323	23.432	19.913		304.32	
Aug.			1.9691		39.951	.6628	22.510		5.0334	23.431	19.988		318.25	

Year or month	Poland (zloty)	Portugal (escudo)	Rumania (leu)	South Africa (pound)	Spain (peseta)	Strait Settlements (dollar)	Sweden (krona)	Switzerland (franc)	Turkey (pound)	United Kingdom (pound)		Uruguay (peso)		Yugoslavia (dinar)
										Official	Free	Controlled	Non-controlled	
1933	14.414	3.9165	.7795	414.98	10.719	49.232	22.032	24.836	60.440		423.68	60.336		1.7607
1934	18.846	4.6089	1.0006	498.29	13.615	59.005	25.982	32.366	79.047		503.93	79.956		2.2719
1935	18.882	4.4575	.9277	484.66	13.678	57.173	25.271	32.497	80.312		490.18	80.251		2.2637
1936	18.875	4.5130	.7382	491.65	12.314	58.258	25.626	30.189	80.357		497.09	79.874		2.2965
1937	18.923	4.4792	.7294	489.62	6.053	57.973	25.487	22.938	80.130		494.40	79.072		2.3060
1938	18.800	4.4267	.7325	484.16	5.600	56.917	25.197	22.871	80.109		488.94	64.370		2.3115
1939	18.835	4.0375	.7111	440.17	10.148	51.736	23.991	22.525	80.243		443.54	62.011	36.789	2.2716
1939—Aug.	18.754	4.2234	.7043	456.10	11.000	53.996	24.002	22.573	80.022		461.07	60.659	35.698	2.2729
Sept.		3.6564		394.57	10.492	46.712	23.763	22.576	79.500		399.51		38.180	
Oct.		3.6444		396.12	10.148	47.017	23.792	22.433			401.05		39.022	
Nov.		3.6067	.7088	397.15	10.039	46.246	23.798	22.428			392.47	65.830	37.063	2.2649
Dec.		3.6044	.7055	397.41	9.950	46.102	23.796	22.422			393.01	65.830	36.457	2.2657
1940—Jan.		3.6259	.6896	397.86	9.950	46.484	23.806	22.419			396.39	65.830	36.360	2.2595
Feb.		3.6228		398.00	9.950	46.483	23.807	22.418			396.34	65.830	37.466	2.2560
Mar.		3.4985		398.00	9.814	46.760	23.816	22.417			403.50	375.91	65.830	38.839
April.		3.4090		398.00	9.144	47.136	23.691	22.418			403.50	352.59	65.830	39.090
May.		3.2650		398.00	9.130	47.119	23.791	22.253			403.50	327.36	65.830	38.603
June.		3.5969		398.00	9.130	47.114	23.804	22.461			403.50	360.16	65.830	37.714
July.		3.8021		398.00	9.130	47.113	23.836	22.684			403.50	380.47	65.830	35.956
Aug.		3.8311		398.00	9.130	47.116	23.813	22.755			403.50	397.88	65.830	34.939

NOTE.—Developments affecting averages since July 1940 have been as follows: Averages based on nominal quotations for at least 5 days a month as follows: Aug.—Germany, Italy, and Yugoslavia. For further information concerning nominal status of exchange quotations, special factors affecting the averages, and changes in the bases of quotation, see BULLETIN for September 1940, p. 1021; September 1939, p. 831; March 1939, p. 236; and March 1938, p. 244.

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES

WHOLESALE PRICES—ALL COMMODITIES

[Index numbers]

Year or month	United States	Canada	United Kingdom	France	Germany	Italy	Japan	Netherlands	Switzerland
	(1926=100)	(1926=100)	(1930=100)	(1913=100)	(1913=100)	(1928=100)	(October 1900=100)	(1926-30=100)	(July 1914=100)
1926	100	100	124	695	134		237	106	144
1929	95	96		627	137	95	220	100	141
1930	86	87	100	554	125	85	181	90	126
1931	73	72	88	500	111	75	153	76	110
1932	65	67	86	427	97	70	161	65	96
1933	66	67	86	398	93	63	180	63	91
1934	75	72	88	376	98	62	178	63	90
1935	80	72	89	358	102	68	186	62	90
1936	81	75	94	411	104	76	198	64	96
1937	86	85	109	581	106	89	238	76	111
1938	79	79	101	653	106	95	251	72	107
1939	77	75	103	681	107	97	278	74	111
1939—July	75	73	98	678	107	96	270	70	107
August	75	72	98	674	107	(²)	272	71	107
September	79	78	106	(⁴)	107		288	75	117
October	79	79	111		107		293	81	120
November	79	80	119		107		300	84	123
December	79	82	122		108		314	85	125
1940—January	79	83	125		108		320	86	128
February	79	83	128		108		317	88	130
March	78	83	129		108		312	88	132
April	79	83	132		110		314	(⁵)	134
May	78	82	134		110		312		135
June	78	82	135		110		308		139
July	78	82	140		111		306		141
August	77		140		111		306		

^p Preliminary.

¹ Approximate figure, derived from old index (1913=100).

² Average based on figures for 8 months for France, 7 months for Italy.

³ No figures available since July 1939.

⁴ No figures available since August 1939.

⁵ No figures available since March 1940.

WHOLESALE PRICES—GROUPS OF COMMODITIES

[Indexes for groups included in total index above]

Year or month	United States (1926=100)			United Kingdom (1930=100)		France (1913=100)		Germany (1913=100)			
	Farm products	Foods	Other commodities	Foods	Industrial products	Farm and food products	Industrial products	Agricultural products	Provisions	Industrial raw and semi-finished products	Industrial finished products
1926	100	100	100			581	793	129	132	130	150
1929	105	100	92			579	669	130	125	132	157
1930	88	91	85	100	100	526	579	113	113	120	150
1931	65	75	75	89	87	542	464	104	96	103	136
1932	48	61	70	88	85	482	380	91	86	89	118
1933	51	61	71	83	87	420	380	87	75	88	113
1934	65	71	78	85	90	393	361	96	76	91	116
1935	79	84	78	87	90	327	348	102	84	92	119
1936	81	82	80	92	96	426	397	105	86	94	121
1937	86	86	85	102	112	562	598	105	96	96	125
1938	69	74	82	97	104	641	663	106	91	94	126
1939	65	70	81	98	106	1 653	1 707	108	1 93	95	126
1939—July	63	68	80	91	102	629	721	109	92	95	126
August	61	67	80	90	102	616	726	109	92	95	126
September	69	75	82	101	108	(²)	(²)	108	(²)	95	126
October	67	73	84	109	111			108		96	126
November	67	72	84	114	121			108		97	126
December	68	72	84	118	124			108		97	127
1940—January	69	72	84	122	127			108		98	127
February	69	71	83	126	129			108		98	127
March	68	70	83	124	131			110		99	128
April	69	72	83	126	135			111		98	128
May	68	71	83	128	136			112		98	128
June	66	70	82	130	137			112		98	129
July	67	70	82	134				112		98	130
August	66	70	82	136				112		99	131

^p Preliminary.

¹ Average based on figures for 8 months.

² No figures available since August 1939.

Sources.—See BULLETIN for April 1937, p. 372; March 1937, p. 276; October 1935, p. 678; March 1935, p. 180; and March 1931, p. 159.

Price Movements—Continued

RETAIL FOOD PRICES

[Index numbers]

COST OF LIVING

[Index numbers]

Year or month	RETAIL FOOD PRICES						COST OF LIVING						
	United States (1935-39 =100)	United Kingdom (July 1914 =100)	France (July 1914 =100)	Germany (1913-14 =100)	Netherlands (1911-13 =100)	Switzerland (June 1914 =100)	Year or month	United States (1935-39 =100)	United Kingdom (July 1914 =100)	France (1930 =100)	Germany (1913-14 =100)	Netherlands (1911-13 =100)	Switzerland (June 1914 =100)
1926		161	554	146	161	160	1926		170		142	168	162
1929	133	154	611	156	162	156	1929	123	164		154	168	161
1930	126	145	614	146	150	152	1930	119	158	100	147	161	158
1931	104	131	611	131	136	141	1931	109	148	97	136	151	150
1932	87	126	536	116	119	125	1932	98	144	91	121	141	138
1933	84	120	491	113	120	117	1933	92	140	87	118	139	131
1934	94	122	481	118	124	115	1934	96	141	83	121	140	129
1935	100	125	423	120	118	114	1935	98	143	78	123	136	128
1936	101	130	470	122	120	120	1936	99	147	86	125	132	130
1937	105	139	601	122	127	130	1937	103	154	102	125	137	137
1938	98	141	702	122	130	130	1938	101	156	117	126	139	137
1939	95	141	742	123	130	132	1939	99	158	122	126	140	138
1939-July	94	139	741	125		132	1939-July		156	(9)	127		138
August	94	137	749	125	124	131	August		155		127		137
September	98	138	(9)	122	128	133	September	101	155		126		138
October	98	154		122	133	136	October		165		126		140
November	97	157		123	136	138	November		169		126		142
December	95	157		123	137	138	December	100	173		126		142
1940-January	95	157		124	138	139	1940-January		174		127		144
February	97	161		124	140	139	February		177		127		145
March	96	161		126	(7)	140	March	100	179		129	(7)	145
April	96	158				142	April		178		129		147
May	97	159				143	May		180		130		148
June	98	158				145	June	101	181		131		150
July	97	168				145	July		187		132		151
August	96						August		185				

¹ Revised series. Monthly data back to 1935 for retail foods and quarterly data back to 1933 for cost of living may be obtained from the Bureau of Labor Statistics.

² Revised index from March 1936 (see BULLETIN for April 1937, p. 373).

³ Average based on figures for 8 months.

⁴ Average based on two quarterly quotations.

⁵ No figures available since May 1939.

⁶ No figures available since August 1939.

⁷ No figures available since February 1940.

Sources.—See BULLETIN for October 1939, p. 943, and April 1937, p. 373.

SECURITY PRICES

[Index numbers except as otherwise specified]

Year or month	Bonds					Common stocks				
	United States (average price) ¹	United Kingdom (December 1921=100)	France (1913=100)	Germany (average price)	Netherlands ²	(1926=100)				Netherlands (1930=100)
						United States	United Kingdom	France	Germany	
Number of issues	60	87	36	139	8	420	278	300	329	100
1926	97.6	110.0	57.4			100.0	100.0	100.0	100.0	
1929	98.1	110.2	85.1	81.4	100.0	190.3	119.5	217.6	122.8	
1930	99.3	111.8	95.8	83.3	104.3	149.8	102.6	187.6	100.2	100
1931	90.9	108.4	96.9	83.4	104.1	94.7	78.9	132.2	78.0	70
1932	69.5	113.2	88.6	67.1	94.8	48.6	67.9	105.2	50.3	46
1933	73.4	119.7	81.3	82.5	105.3	63.0	78.6	99.6	61.7	52
1934	84.5	127.5	82.1	90.7	113.4	72.4	85.7	83.3	71.1	55
1935	88.6	129.9	83.5	95.3	107.8	78.3	86.3	79.7	82.9	55
1936	97.5	131.2	76.3	95.8	109.1	111.0	97.0	77.2	91.6	66
1937	93.4	124.6	75.1	98.7	101.8	111.8	96.3	97.4	102.6	104
1938	78.9	121.3	77.3	99.9	105.9	83.3	80.8	89.7	100.1	96
1939	81.6	112.3	84.9	99.0	90.9	89.2	75.9	98.2	94.1	90
1939-July	81.6	112.5	84.3	99.0	94.4	86.1	75.8	100.4	91.7	89.3
August	81.0	110.9	82.9	99.0	92.6	86.3	75.3	94.0	93.2	88.6
September	80.9	106.9	(*)	98.9	79.6	92.4		(*)	92.8	92.1
October	82.9	109.5		98.9	80.3	95.3	74.9		92.3	87.7
November	83.0	112.3		99.0	80.9	94.2	76.0		94.5	85.8
December	82.1	112.4		99.0	77.2	91.8	75.7		97.8	84.3
1940-January	82.4	117.6		99.1	77.9	92.7	75.7		101.0	85.4
February	82.2	119.9		99.6	76.7	91.5	77.1		103.1	84.7
March	82.1	119.8		99.9	76.4	91.5	77.9		106.6	85.7
April	82.5	119.4		100.2	(?)	92.9	77.4		109.3	(?)
May	79.4	116.8		100.7		83.0	73.1		112.2	
June	78.5	113.4		100.8		73.3	64.9		112.6	
July	81.2	116.4				76.1	63.5			
August	81.5					77.5				

¹ Prices derived from average yields for 60 corporate bonds as published by Standard Statistics Co.

² Indexes of reciprocals of average yields. For old index, 1929-1936, 1929=100; average yield in base year was 4.57 per cent. For new index beginning January 1937, January-March 1937=100; average yield in base period was 3.39 per cent.

³ Exchange closed from July 13 to Sept. 2, 1931, and from Sept. 19, 1931, to Apr. 11, 1932. Index for 1931 represents average of months January, June; index for 1932 represents average of months May-December.

⁴ New Index. See note 2.

⁵ Average based on figures for 8 months.

⁶ No figures available since August 1939.

⁷ No figures available since March 1940.

Sources.—See BULLETIN for November 1937, p. 1172; July 1937, p. 698; April 1937, p. 373; June 1935, p. 394; and February 1932, p. 121.

Federal Reserve Publications

Copies of the publications and releases listed below may be obtained from Board of Governors of the Federal Reserve System, Washington, D. C.

CURRENT RELEASES

DAILY

Foreign Exchange Rates (for previous day)

WEEKLY

Monday:
Condition of Reporting Member Banks in 101 Leading Cities
Bank Debits

Tuesday:
Money Rates—Open-Market Rates in New York City

Wednesday:
Weekly Review of Periodicals

Thursday:
Condition of Federal Reserve Banks
Condition of Reporting Member Banks in New York City and Chicago (Also a part of statement of Condition of Reporting Member Banks in 101 Leading Cities released on following Monday)

Friday:
Department Store Sales

MONTHLY

Federal Reserve Bulletin—released about the 4th of the month (subscription price \$2.00 per annum, single copies 20 cents; outside of the United States, Canada, Mexico, and the insular possessions, annual subscription \$2.60, single copies 25 cents)

Federal Reserve Inter-District Collection System (Par List)—including list of State bank members. Semi-annual issues, January-July, and monthly supplements—released about 7th of the month

National Summary of Business Conditions—released about the 16th of the month

Business Indexes—released about the 16th of the month

Bank Debits—released between the 6th and 12th of the month

Foreign Exchange Rates—released about the 1st of the month

Money Rates—released about the 3rd of the month

QUARTERLY

Member Bank Call Report (3 or 4 times a year depending upon number of calls for condition reports)

List of Stocks Registered on National Securities Exchanges. Issued annually in February with quarterly supplements (subscription price 25 cents for the List and three supplements; five or more copies on one order, 20 cents per copy; fifty or more copies on one order, 15 cents per copy.)

ANNUALLY

Bank Debits—released ordinarily in February Annual Report (covers calendar year)

BOOKS AND PAMPHLETS

(Partial List)

THE FEDERAL RESERVE SYSTEM—ITS PURPOSES AND FUNCTIONS. Obtainable in cloth binding at 50 cents a copy and in paper cover without charge. 128 pages.

A set of FEDERAL RESERVE CHARTS ON BANK CREDIT, MONEY RATES, AND BUSINESS has been published by the Board and is for sale to the public at 50 cents a copy. Data available as of June 14, 1940, are plotted on the latest edition.

DIGEST OF RULINGS—from 1914 to October 1, 1937. Digests of rulings of Board; compilation showing textual changes made in the Federal Reserve Act; digests of court decisions and opinions of the Attorney General involving a construction of the Federal Reserve Act; and digests of court decisions involving Federal Reserve Banks. Price \$1.25 per copy. 683 pages.

PROBLEMS OF BANKING AND BANK SUPERVISION. Excerpts from the 1938 Annual Report of the Board of Governors of the Federal Reserve System. 33 pages.

MONETARY MEASURES AND OBJECTIVES. Three statements by the Board on objectives of monetary policy, on proposals to maintain prices at fixed levels through monetary action, and on legislative proposals relating to monetary measures and objectives. 8 pages. July 1937, April 1939, and May 1939.

THE HISTORY OF RESERVE REQUIREMENTS FOR BANKS IN THE UNITED STATES. Legislation, designation of reserve cities, and changes in the reserve position of banks. 20 pages. November 1938.

SUPPLY AND USE OF MEMBER BANK RESERVE FUNDS. Explanation of analysis of sources of member bank reserve funds and uses to which such funds are put as indicated by Federal Reserve and Treasury statements. 31 pages. July 1935.

ANALYSES OF THE BANKING STRUCTURE—As of December 31, 1935. Number, deposits, and loans and investments of banks classified by size of bank and town and by other factors. 33 pages.

THE PAR COLLECTION SYSTEM OF THE FEDERAL RESERVE BANKS, by George B. Vest—reprint of article, 8 pages, February 1940.

THE BANKS AND IDLE MONEY, by Woodlief Thomas—reprint of article, 9 pages, March 1940.

CHEAP MONEY AND THE FEDERAL RESERVE SYSTEM, by E. A. Goldenweiser—reprint of article, 5 pages, May 1940.

OWNERSHIP AND UTILIZATION OF THE MONETARY GOLD STOCK—Reprint of article, 3 pages, May and June 1940.

NEW FEDERAL RESERVE INDEX OF INDUSTRIAL PRODUCTION—Reprint of article, 77 pages, August 1940.

MEASUREMENT OF PRODUCTION—Reprint of article, 16 pages, September 1940.

GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS—Reprint of article, 18 pages, September 1940.

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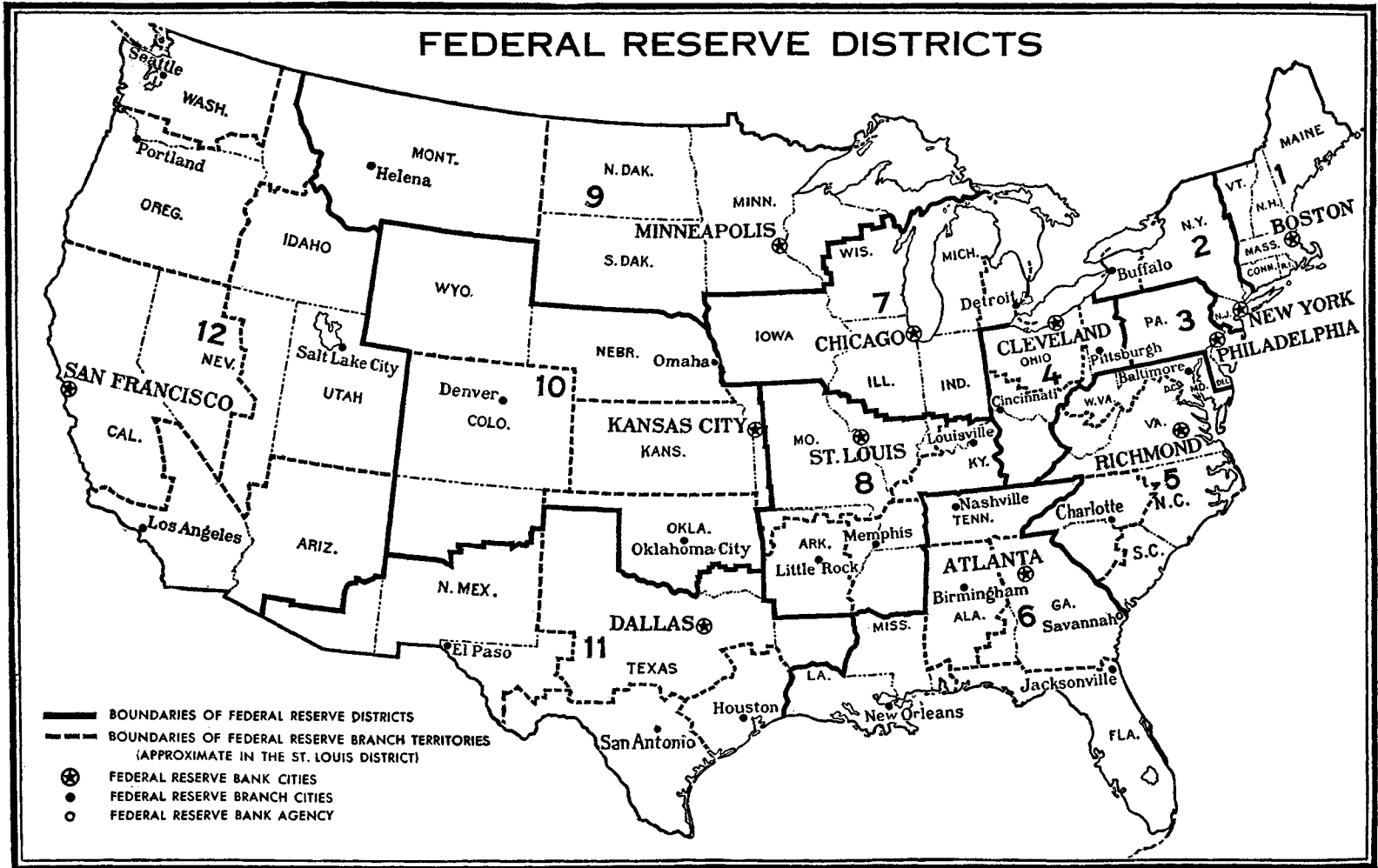
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¹ Cashier.

² Also cashier.

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Memphis Branch.....	William H. Glasgow		



This map incorporates recent intra-district transfers of territory described in the Bulletin for August 1940 on page 778.