

FEDERAL RESERVE BULLETIN

SEPTEMBER 1939

3

Growth and Distribution of Banking Funds
Interest Rates on Customers' Loans
Estimated Expenditures for Durable Goods



BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM
CONSTITUTION AVENUE AT 20TH STREET
WASHINGTON

TABLE OF CONTENTS

	Page
Review of the month—Recent growth and distribution of banking funds.....	709-714
National summary of business conditions.....	715-716
Summary of financial and business statistics.....	718
Law Department:	
Amendment to Regulation L.....	719
Revision of Regulation J.....	719
Rulings of the Board:	
Whether Regulation T permits domestic broker to borrow from foreign broker.....	721
Capital contribution loans between members of a national securities exchange.....	722
Social Security Act made applicable to member banks.....	723
Proclamation and amendment to regulations relating to silver.....	723
Rates charged by banks on customers' loans.....	725-726
All member banks—Condition on June 30, 1939, by classes of banks.....	727
All member banks—Classification of loans, investments, real estate, and capital on June 30, 1939, by classes of banks.....	728
Number of banks and branches 1933-1939; analysis of changes in number of banks and branches; January 1-June 30, 1939.....	729-730
Estimated expenditures for new durable goods 1919-1938.....	731-736
New German Reichsbank Law.....	737-742
Cuban Monetary Legislation.....	742-745
Annual report of the Bank for International Settlements.....	746-772
Annual report of the German Reichsbank.....	773-778
Financial, industrial, and commercial statistics, United States:	
Member bank reserves, Reserve bank credit, and related items.....	780
Federal Reserve bank statistics.....	781-785
Reserve position of member banks; deposits in larger and smaller centers.....	786
Money in circulation.....	787
Gold stock and gold movements; bank suspensions; bank debits.....	788
All banks in the United States.....	789
All member banks.....	790-791
Condition of reporting member banks in leading cities.....	792-795
Acceptances, commercial paper, and brokers' balances.....	796
Federal Reserve bank discount rates.....	797
Money rates and bond yields.....	798
Security markets.....	799
Treasury finance.....	800-801
Governmental corporations and credit agencies; Postal Savings System.....	802-803
Production, employment, and trade.....	804-812
Wholesale prices.....	813
Crop report.....	814
Statistics for Federal Reserve chart book.....	815-816
International financial statistics:	
Gold reserves of central banks and governments.....	818
Gold production.....	819
Gold movements.....	819-820
International capital transactions of the United States.....	821-823
Central banks.....	824-827
Bank for International Settlements.....	828
Money rates.....	828
Discount rates of central banks.....	829
Commercial banks.....	829-830
Foreign exchange rates.....	831
Price movements:	
Wholesale prices.....	832
Retail food prices and cost of living.....	833
Security prices.....	833
Federal Reserve directory:	
Board of Governors and staff; Open Market Committee and staff; Federal Advisory Council.....	836
Senior officers of Federal Reserve banks; managing directors of branches.....	837

FEDERAL RESERVE BULLETIN

VOL. 25

SEPTEMBER, 1939

No. 9

REVIEW OF THE MONTH

Since early in 1938 bank deposits and reserves have increased steadily, and they are now at record high levels.

Growth and distribution of banking funds

This increase is a resumption of a growth that continued from early in 1934 to the end of 1936 but was interrupted in 1937. The recent growth has been the result of a continued inflow of gold to this country, a factor responsible for most of the increase in reserves and a large part of the growth in deposits during the earlier period. In 1937 when the Treasury followed a policy of holding newly purchased gold in an inactive account, the gold inflow had little effect on the supply of banking funds, but in April 1938 the Treasury made use of the inactive gold fund to build up its balance with the Reserve banks, and as the proceeds were expended by the Treasury they increased bank deposits and reserves. During the past twelve months the gold inflow from abroad has been larger than in any previous period of the same length.

The gold inflow has increased both deposits and reserves; deposits, in addition, were increased from the beginning of 1934 to the end of 1936 as a result of considerable expansion in bank loans and investments. In 1937 and the first half of 1938 loans and investments declined somewhat, causing a decrease in bank deposits during most of that period. In the past year the growth in loans and investments has been resumed but at a less rapid rate than in the 1934-1936 period.

Most of the growth in reserves and about half of that in deposits during the past year has been at New York City banks. While banks in other cities and country banks now hold larger deposits and reserves than at any

previous time, they have not shared in the recent increase to the same extent that they did in the growth from 1934 to 1936. Partly because the gold inflow during the past year has reflected to a larger extent than formerly a growth in balances held by New York City banks for the account of foreigners and partly because of smaller purchases of Government securities by New York City banks during the past year than in the 1934-1936 period, redistribution of the new reserve funds among banks throughout the country has proceeded more slowly. In both periods there was a growth of interbank deposits in New York, which shifted reserves from the accounts of interior banks to those of New York City banks.

Since early in 1938 member bank reserve balances have risen to successive new high levels and excess reserves, which had been substantially reduced in 1936 and 1937 by increases in reserve requirements, reached a new high level by the end of 1938. From early in December 1938 to the latter part of March 1939, although temporary factors caused sharp fluctuations in reserves, excess reserves continued in the neighborhood of \$3,400,000,000. Since March, they have risen almost steadily and on August 23 exceeded \$4,700,000,000. The rise in reserve balances during this period amounted to \$1,800,000,000, but was accompanied by an increase of \$500,000,000 in required reserves, due to a growth in deposits. Changes in member bank reserves and the principal factors accounting for them are shown in the chart on page 717 of this BULLETIN.

The increase in monetary gold stock, the principal factor in the growth in reserves

this year, has amounted to nearly \$2,000,000,000 since the end of December. Approximately half of the movement occurred in the months of March and April—the period of world political tension accompanying German occupation of Czecho-Slovakia. In January and February and again in the period from May until early August the increase in the gold stock averaged about \$40,000,000 a week. Imports of gold in this period were in excess of the increase in gold stock, owing to an offsetting increase in gold earmarked for foreign central bank account at the Reserve banks. In the latter part of August there was an accelerated expansion in the gold stock, reflecting both imports and releases of gold from earmark.

There have also been changes of some importance in other factors affecting bank reserves. Treasury cash balances and deposits with the Federal Reserve banks, which had been reduced somewhat following abandonment of the inactive gold account in April 1938, and then built up again by new borrowing in September, December, and February, have been reduced by about \$900,000,000 since March. Increases in reserves since March as a result of the gold inflow and the reduction in Treasury balances have been offset somewhat, however, by a growth of about \$350,000,000 in money in circulation since early in March and by a recent reduction of \$140,000,000 in Federal Reserve bank holdings of Treasury bills.

The reduction in holdings of Treasury bills in the Federal Reserve System Open Market

System open-market operations

Account occurred in the eight weeks ending August 16, in accordance

with the announcement by the Federal Open Market Committee on June 30, 1939. This announcement pointed out that for some time past Treasury bills had been purchased for the System Account at or near a no-yield basis and that the Account at times had had difficulty in replacing its maturing bills. The Committee decided that it would serve no useful purpose to continue full replacement

of maturing bills, the supply of which is not always equal to the market demand. This action was in response to technical conditions in the bill market and did not represent a change in general credit policy.

In the first half of 1938 the amount of Treasury bills outstanding had declined to \$1,300,000,000, as compared with about \$2,300,000,000 outstanding in 1936 and 1937. With this reduction in the supply of bills the average rate on new issues of 90-day Treasury bills declined, and late in 1938 and during the early part of 1939 these issues sold either on or near a no-yield basis. Treasury bills held by the Federal Reserve banks were reduced from \$477,000,000 on June 21 to \$336,000,000 on August 16. This decline represented replacements of \$154,000,000 against maturities of \$296,000,000. Following this action the supply of bills in the market available for investment by banks, corporations, and other investors became correspondingly larger, and the average rate on new issues of bills increased somewhat to 0.042 per cent on August 23, compared with 0.003 per cent on June 21.

The following table shows changes in the distribution of holdings of Treasury bills during the period under discussion. It will be noted that banks outside the 101 leading cities and other investors purchased 60 per cent of the supply of bills made available by the reduction in System Account holdings. Reporting member banks took 40 per cent with New York City banks by far the largest buyers among the classes of banks shown.

DISTRIBUTION OF UNITED STATES TREASURY BILLS

(In millions of dollars)

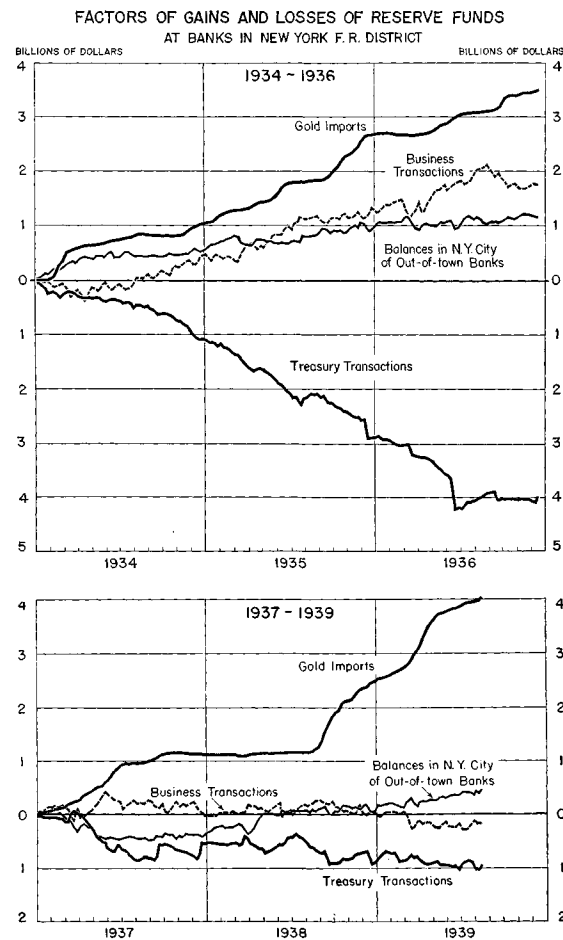
	June 21, 1939	Aug. 16, 1939	Change
System Open Market Account.....	477	336	-141
Reporting member banks in leading cities—total.....	440	495	+55
New York.....	173	220	+47
Chicago.....	185	206	+21
Other.....	82	69	-13
Other holders.....	391	476	+85
Total outstanding.....	1,308	1,307	-1

That a large part of the growth in banking funds during recent months has occurred in New York City is due to some extent to the source of these funds. Because most foreign exchange transactions take place in New York the effect of a gold inflow on member bank deposits and reserves is likely in the first instance to add to balances of New York City banks. To the extent to which purchases of dollars by foreigners are for the purpose of making payments in the United States for merchandise exports or services, foreign funds sent here are likely to be distributed over the country. The purchase of securities by foreigners in this country may also result in some distribution of the funds to centers other than New York. In the past year, however, an unusually large proportion of gold movements to this country has been accounted for by the building up of balances for foreign account with American banks. Since the end of July 1938 the increase in foreign balances in American banks, other than balances of foreign central banks with the Reserve banks, has exceeded \$1,000,000,000, a larger amount than in any other twelve-month period for which comparable figures are available. Since these balances are largely held on deposit with New York City Banks, they are not as widely distributed through the country as are those funds with which foreigners purchase commodities, services, or securities.

In the 1934-1936 period, a part of the additional reserves obtained by New York City banks as a result of the gold inflow was redistributed among interior banks as a result of purchases of Government securities by the New York banks and expenditure by the Treasury of the funds thus obtained. The public debt has increased in the past two years just as it did in the earlier period, but banks have purchased a relatively smaller part of the obligations sold by the Treasury, and individual and institutional investors throughout the country have purchased relatively more. Also substantial amounts of

special obligations have been issued to Government agencies and trust funds, representing investment of social security taxes collected throughout the country.

The accompanying chart shows the principal factors accounting for movements of funds in and out of the New York Federal Reserve district. The chart is divided into



Weekly figures of gains and losses cumulative from January 1, 1934 to December 30, 1936 on upper chart, and from December 30, 1936 to August 16, 1939 on lower chart. Curves above zero line represent funds gained, below zero line funds lost.

two sections, showing in one section cumulative movements for the period 1934-1936 and in the other section similar movements for the period 1937-1939. In both of these periods the gold inflow brought close to \$4,000,000,000 of reserve funds into the New York Federal Reserve district. During the

1934-1936 period, funds also flowed to New York to build up the balances of out-of-town banks, and as the net result of business and financial transactions between New York and the rest of the country. In part the latter inflow reflected funds sent to New York for the purchase of government obligations, and subsequently withdrawn by the Treasury for expenditure elsewhere. Total Treasury withdrawals from the New York district (or the excess of funds raised there through the sale of government obligations and through taxes over disbursements and redemptions) amounted to about \$4,000,000,000 and substantially offset the inflow of funds on other account. In 1937 both the Treasury and correspondent banks withdrew funds from New York. Since the middle of 1938, however, when gold imports have again been exceptionally large, Treasury withdrawals from New York have been relatively small, largely for reasons previously explained.

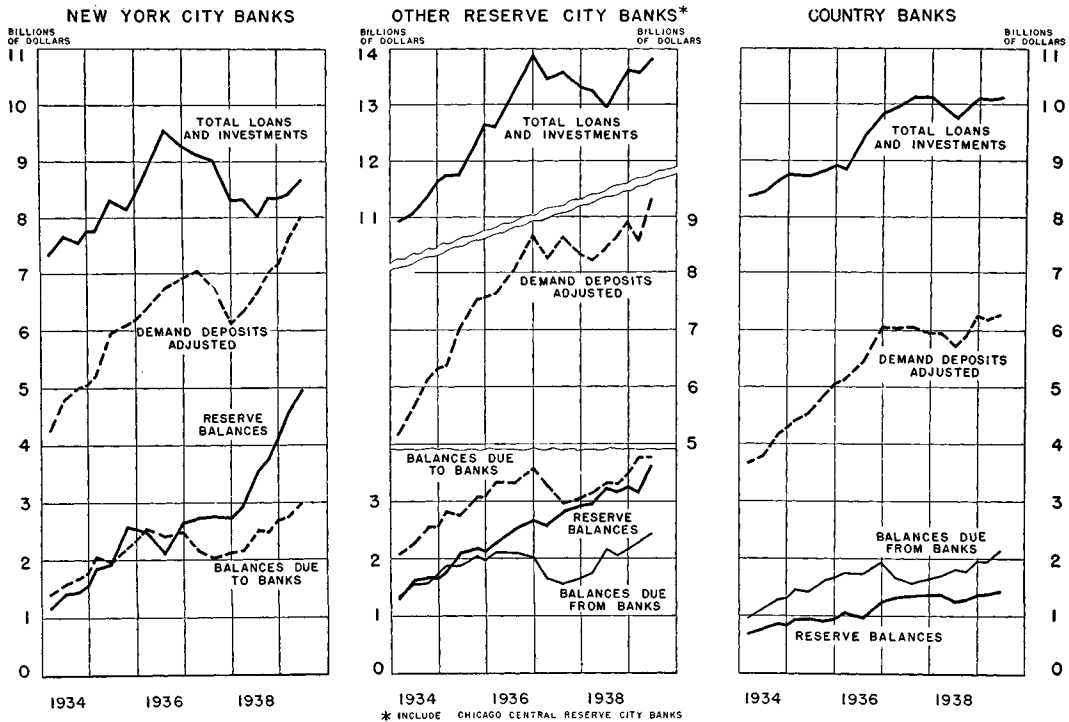
There have been moderate withdrawals for business account, largely counter-balanced by a renewed increase in balances of out-of-town banks with New York City correspondents. As a consequence funds brought into New York by the gold inflow have largely remained in New York City banks. Since last March, when New York City banks have been increasing their holdings of Government obligations and the Treasury has been reducing its balances, reserves of banks outside New York have increased somewhat more than they did in 1938, but the movement has not been as pronounced as in earlier years.

Changes in deposits, reserves, and total loans and investments for the different classes of member banks are shown in the following set of three charts. These charts, which are based upon figures from the member bank call report, depict the extent of the growth in deposits,

Recent changes in condition of banks

CONDITION OF MEMBER BANKS BY CLASSES OF BANKS

CALL REPORT DATES, 1934-1939



reserves and total loans and investments at New York City banks, at banks in other reserve cities including Chicago, and at country banks. They show that, although all classes of banks have had a growth in deposits in the past year, the increase at banks outside New York City has not been as large relatively as that in New York City or as that which occurred in the same classes of banks in the 1934-1936 period. Loans and investments at member banks have increased in the past year. At banks outside New York on June 30, 1939, they were close to the level reached at the end of 1936, but at New York City banks only a small part of the 1937 decline has been regained.

In the first six months of 1939, at New York City banks adjusted demand deposits increased by \$850,000,000 and balances of other domestic banks by \$300,000,000. Among assets the growth in reserves amounted to \$870,000,000 and in total loans and investments to \$350,000,000. At banks in other reserve cities, including Chicago, the gain in adjusted demand deposits was less than half that of New York City banks, but, as at New York City banks, corresponded closely to the increase in reserves. An increase in amounts due to domestic banks by these city banks was approximately matched by the increase in their own balances with other banks. Their total loans and investments increased by \$185,000,000. At country member banks adjusted demand deposits showed only a small growth in the first half of 1939 but time deposits increased by about \$100,000,000. These banks increased their balances due from domestic banks somewhat and their balances with reserve banks slightly. There was practically no change in their total loans and investments.

Call report figures as of June 30 show that while city banks increased their holdings of investments during the first half of 1939, country banks' investments were further reduced. Loans, on the other hand, increased somewhat at coun-

try banks and declined substantially at New York City banks. The net effect for member banks in the aggregate, as shown in the following table, was a further growth in investments and little change in loans.

The changes in investment holdings reflected in part shifts in outstanding amounts of different types of Government obligations. Most of the increase in investments was in obligations fully guaranteed by the United States Government, additional offerings of which were made by Federal agencies in the period. Holdings of Treasury notes declined and those of Treasury bonds increased, representing in part conversion of notes into bonds at the March financing. Commercial, agricultural, and real estate loans increased, while security loans declined. "Other" loans, which include personal loans, increased somewhat.

LOANS AND INVESTMENTS OF ALL MEMBER BANKS
JUNE 30, 1939

[In millions of dollars]

	June 30, 1939	Change since Dec. 31, 1938			
		All member banks	New York central reserve city banks	Other reserve city banks ¹	Country banks
Total loans.....	13,141	-67	-274	+47	+161
Commercial loans.....	4,783	+46	+18	-20	+47
Agricultural loans.....	788	+76	+1	+28	+48
Open market paper.....	420	-22	-11	-13	+2
Loans to brokers and dealers.....	731	-242	-231	-8	-3
Loans to others on securities.....	736	-39	-5	-19	-14
Real estate loans.....	2,828	+112	+9	+54	+49
Loans to banks.....	58	-67	-58	-8	-----
Other loans.....	2,796	+68	+4	+33	+31
Total investments.....	19,462	+599	+627	+137	-165
United States Government obligations—total.....	13,777	+555	+626	+34	-106
Direct obligations:					
Bills.....	441	+155	+9	+147	-----
Notes.....	2,720	-669	-234	-267	-169
Bonds.....	7,785	+578	+622	-21	-23
Fully guaranteed obligations.....	2,831	+491	+229	+175	+86
Obligations of States and political subdivisions.....	2,554	+106	-37	+100	+43
Other securities.....	3,131	-61	+38	+3	-102
Total loans and investments.....	32,603	+533	+353	+184	-4

¹ Includes Chicago central reserve city banks.

At New York City banks, loans declined during the first six months of 1939, because of a sharp reduction in loans to brokers and

Changes in bank loans and investments

dealers in securities. Loans to banks also declined slightly while commercial loans showed a moderate increase. Since the end of June weekly reporting banks in New York have shown a further increase in commercial loans. At reserve city banks, including central reserve city banks in Chicago, there was a small increase in total loans during the first six months of the year, reflecting largely a growth in agricultural and real estate loans.

At country banks loans have been increasing almost steadily since the beginning of 1936 and are now at the highest level since the end of 1932. The increase in the first half of 1939 totaled \$160,000,000. There were increases of nearly \$50,000,000 each in commercial, agricultural, and real estate loans, a small decline in security loans, and a small increase in all other loans. Agricultural loans at reserve city banks and country banks have declined somewhat since June as maturing corn and cotton loans, which had been made by banks under terms prescribed by the Commodity Credit Corporation, were taken over by the Corporation in accordance with the regular agreement included in the loans.

Investment holdings of city banks have increased further this year. The increase has been mostly at New York City banks. These banks increased their Treasury bond portfolio by nearly \$625,000,000 during the first six months of the year, while reducing their Treasury notes by \$235,000,000. These changes represented in part conversion of notes into bonds at the March financing and in part purchases of bonds from other investors, including interior banks. New York City banks also purchased \$230,000,000 additional Government guaranteed obligations

during the period. Holdings of other securities by these banks showed little net change, corporate securities increasing and obligations of States and political subdivisions decreasing. Since June 30, however, according to weekly figures, United States Government obligations held by New York banks have shown little change, while obligations of States and political subdivisions have increased somewhat, reflecting purchases by these banks of a large share of a new issue of New York State short-term notes.

At other reserve city banks Government security portfolios showed little change during the first half of the year, and at country banks there was a decrease of over \$100,000,000. There were reductions in Treasury notes and increases in Government guaranteed obligations. Holdings of Treasury bills increased at Chicago banks. Obligations of States and political subdivisions increased further both at reserve city and country banks during the period. Such holdings for these banks have increased by over \$350,000,000 since the end of 1937. At country banks holdings of corporate securities decreased further to the lowest level in the period of over 10 years for which figures are available.

Appointment of Class C Director at a Federal Reserve Bank

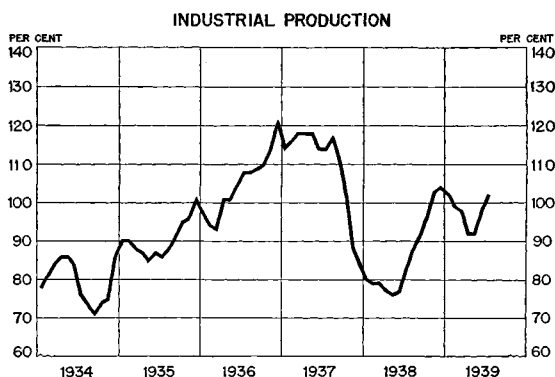
On August 21, 1939, Charles P. McCormick, President, McCormick & Co., Inc., Importers, Exporters and Packers, Baltimore, Maryland, was appointed a Class C director of the Federal Reserve Bank of Richmond for the unexpired portion of the term ending December 31, 1941.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

[Compiled August 16 and released for publication August 18]

In July industrial activity, seasonally adjusted, rose sharply and was close to the level reached last December. Prices of some industrial materials increased in recent weeks while those for agricultural products continued to decline.

Production.—The Board's index of industrial production, according to preliminary returns, advanced to 102 per cent of the 1923-1925 average in July as compared with 98 in June and 92 in April and May. The advance in July reflected chiefly a considerable further increase in output of iron and steel, which usually declines at this season. Steel ingot production rose from an average rate of 52 per cent of capacity in June to 57 per cent in July and in the first three weeks of August was maintained around 60 per cent which for the month would represent about the usual seasonal increase. Lumber production showed little change in July, although a decline is usual.



Index of physical volume of production adjusted for seasonal variation, 1923-1925 average = 100.

In the automobile industry output showed a sharp seasonal curtailment during July and the first half of August, reflecting preparations for the shift to new model production which will be made about a month earlier this year than in other recent years. Retail sales of new cars continued in excess of production and dealers' stocks were greatly reduced.

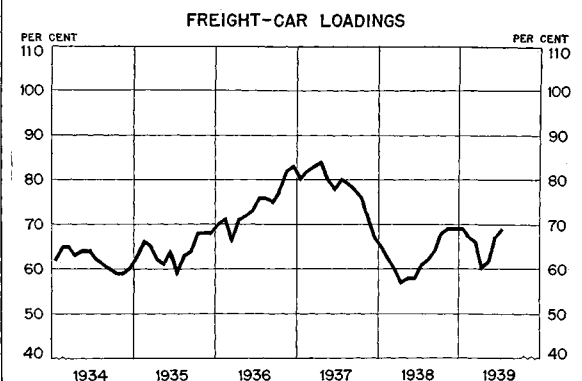
Plate glass production declined sharply in July, following a substantial increase in June.

Changes in output of nondurable manufactures in July were largely of a seasonal nature. At cotton textile mills and meat-packing establishments activity showed somewhat less than the usual declines and at sugar refineries output increased from the low level reached in June. Flour production continued in substantial volume.

Mineral production expanded further in July as output of bituminous coal continued to increase and petroleum production, which had been reduced in June, rose sharply. On August 14 the Texas Railroad Commission ordered a shutdown of most Texas oil wells for 15 days, beginning August 15, and subsequently similar shutdowns were ordered in several other important oil producing States.

Value of construction contracts, as reported by the F. W. Dodge Corporation, increased somewhat in July, owing principally to a small rise in contracts for public projects. Awards for residential work, both public and private, were practically unchanged from the June total.

Employment.—Factory employment, which usually declines in July, was maintained this year at about the June level and payrolls showed a less than seasonal decrease, according to reports from a number of leading industrial States.

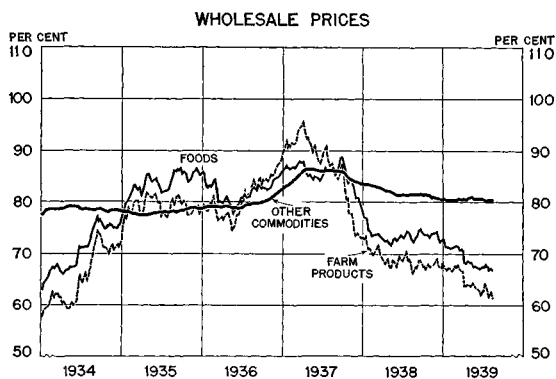


Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100.

Distribution.—Sales at department and variety stores in July showed about the customary seasonal decline. In the first half of August department store sales increased.

Freight-car loadings increased further from June to July. Loadings of coal continued to expand and shipments of miscellaneous freight, which usually decline at this season, showed little change.

Commodity prices.—Prices of most farm products and foods declined from the beginning of July to the middle of August.

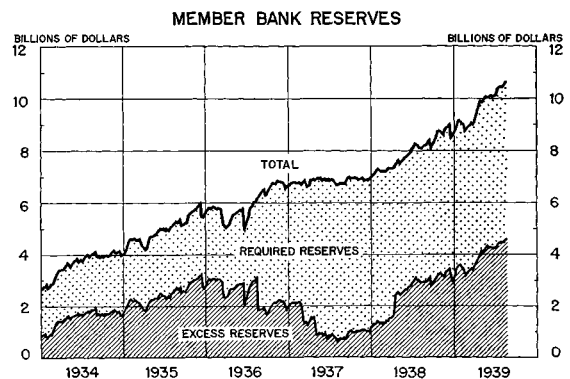


Indexes compiled by United States Bureau of Labor Statistics, 1926 = 100. By weeks, January 6, 1934, to August 12, 1939.

Some industrial materials, principally steel scrap, nonferrous metals, and textile fabrics, showed advances in this period, while crude petroleum prices were reduced.

Agriculture.—On August 1 prospects for major crops were about the same as a month earlier, according to the Department of Agriculture. The first official estimate on cotton indicated a crop of 11,400,000 bales, somewhat smaller than last year's crop and 2,400,000 bales less than the 1928-1937 average. World carryover of American cotton, however, was estimated to have been somewhat larger on August 1 than the record volume of a year ago.

Bank credit.—Total loans and investments of member banks in 101 leading cities increased substantially during the four weeks ending August 9, reflecting chiefly increases in holdings of United States Government obligations and the purchase by New York banks of a large share of a new issue of New York State short-term notes. Commercial loans continued to increase at New York banks but declined at banks in 100 other leading cities as corn and cotton loans that were approaching maturity were taken over by the Commodity Credit Corporation in accordance with a standing agreement. Deposits at reporting banks remained at high levels.

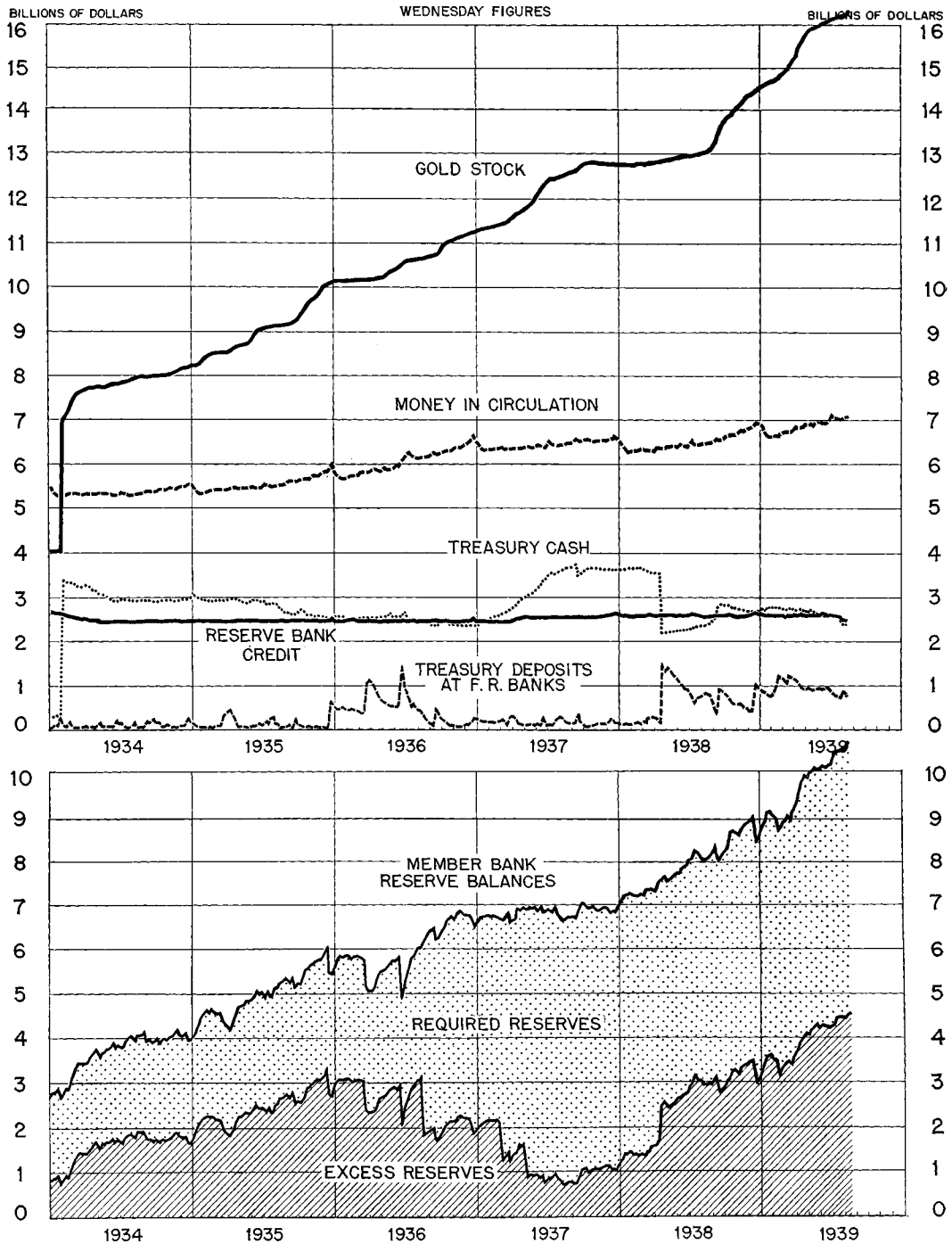


Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 3, 1934, to August 16, 1939.

Excess reserves of member banks increased further to new high levels in the latter part of July and the first half of August, owing principally to gold imports and net Treasury disbursements, partly offset by a reduction in Federal Reserve bank holdings of Treasury bills.

Money rates.—The average rate on new issues of 90-day Treasury bills has increased slightly in recent weeks and on August 16 was 0.032 per cent. Prices of Treasury bonds showed little change from the middle of July to the middle of August.

MEMBER BANK RESERVES AND RELATED ITEMS



Latest figures for August 16. See table on p. 780.

SUMMARY OF FINANCIAL AND BUSINESS STATISTICS

	1939			1938			Annual averages					
	July	June	May	July	June	May	1938	1937	1936	1935	1933	1929
<i>Averages of daily figures; in millions of dollars</i>												
MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS												
Reserve bank credit outstanding—total.....	2,569	2,591	2,582	2,599	2,592	2,594	2,600	2,554	2,481	2,475	2,429	1,459
Bills discounted.....	5	4	4	8	9	8	9	14	6	7	283	952
Bills bought.....	1	1	1	1	1	1	1	3	4	5	83	241
U. S. Government securities.....	2,527	2,563	2,564	2,564	2,560	2,564	2,565	2,540	2,430	2,431	2,052	208
Gold stock.....	16,182	16,028	15,878	12,985	12,946	12,891	13,250	12,162	10,578	9,059	4,059	3,996
Treasury currency outstanding.....	2,887	2,870	2,856	2,716	2,707	2,697	2,711	2,567	2,503	2,478	2,271	2,015
Money in circulation.....	7,051	6,966	6,919	6,464	6,433	6,415	6,510	6,475	6,101	5,585	5,576	4,476
Treasury cash holdings.....	2,534	2,568	2,663	2,318	2,283	2,227	2,804	3,225	2,474	2,791	288	207
Treasury deposits with F. R. banks.....	780	929	926	717	967	1,315	653	158	446	128	55	22
Nonmember deposits and other F. R. accounts.....	952	940	812	634	683	637	658	595	551	507	497	406
Member bank reserve balances:												
Total.....	10,321	10,085	9,997	8,167	7,878	7,587	7,935	6,830	5,989	5,001	2,343	2,358
Excess.....	4,402	4,246	4,212	3,026	2,762	2,525	2,522	1,220	2,512	2,469	528	43
<i>Averages of Wednesday figures; in millions of dollars</i>												
REPORTING MEMBER BANKS IN 101 LEADING CITIES												
Total loans and investments.....	22,046	21,887	21,693	20,530	20,696	20,732	21,023	22,198	22,064	19,997	17,505	22,599
Loans—total.....	8,146	8,094	8,091	8,213	8,384	8,430	8,506	9,546	8,462	8,028	9,156	16,887
Commercial, industrial and agricultural.....	3,888	3,830	3,839	3,878	3,953	4,085	4,059	()	()	()	()	()
To brokers and dealers in securities.....	648	671	678	629	686	602	701	1,226	1,181	990	777	* 2,208
Other loans for purchasing or carrying securities.....	532	541	539	577	582	589	588	()	()	()	()	()
All other loans.....	3,078	3,052	3,035	3,129	3,163	3,154	3,158	()	()	()	()	()
Investments—total.....	13,900	13,793	13,602	12,317	12,312	12,302	12,517	12,652	13,602	11,969	8,349	5,712
U. S. Government direct obligations.....	8,499	8,383	8,296	7,703	7,864	7,980	7,952	8,394	9,080	7,989	5,228	2,865
Obligations fully guaranteed by U. S. Govt.....	2,158	2,119	2,033	1,567	1,453	1,354	1,451	1,164	1,250	928	()	()
Other securities.....	3,243	3,291	3,273	3,047	2,995	2,968	3,084	3,094	3,272	3,052	3,121	2,847
Reserve with Federal Reserve banks.....	8,645	8,460	8,361	6,675	6,407	6,070	6,400	5,307	4,799	4,024	1,822	1,725
Cash in vault.....	448	447	423	403	398	384	382	337	383	326	240	248
Balances with domestic banks.....	2,765	2,727	2,644	2,435	2,406	2,296	2,289	1,884	2,358	2,112	1,322	1,142
Demand deposits—adjusted.....	17,366	17,182	16,796	15,021	14,932	14,579	15,093	15,097	14,619	12,729	()	()
Time deposits (excluding interbank) ²	5,238	5,240	5,253	5,211	5,231	5,214	5,202	5,202	4,999	4,883	4,946	6,788
Deposits of domestic banks ³	6,890	6,728	6,648	5,936	5,847	5,706	5,770	5,298	5,810	4,938	2,822	2,787
Borrowings.....	8	-----	2	6	5	1	3	12	5	6	115	674
<i>Averages of daily figures; per cent per annum</i>												
MONEY RATES AND BOND YIELDS												
Commercial paper.....	.56	.56	.56	.75	.88	.88	.81	.95	.75	.76	1.72	5.85
Stock exchange call loans.....	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	.91	.56	1.16	7.61
U. S. Treasury bills (91 days).....	.04	.03	.03	.07	.05	.05	.07	.28	.17	.17	()	()
U. S. Treasury bonds, long-term ⁴	2.16	2.13	2.17	2.52	2.52	2.51	2.56	2.68	2.65	2.79	3.31	3.60
Corporate high grade bonds (Moody's Aaa).....	2.89	2.92	2.97	3.22	3.26	3.22	3.19	3.26	3.24	3.60	4.49	4.73
<i>Amounts per month; in millions of dollars</i>												
CAPITAL ISSUES												
All issues—total.....	586	605	1,312	470	513	220	372	328	518	392	89	959
New.....	318	293	117	391	349	159	197	178	164	121	60	841
Refunding.....	268	312	1,195	79	164	61	175	150	354	270	29	118
Domestic corporate issues—total.....	226	282	172	186	301	63	179	203	382	189	32	781
New.....	49	30	21	130	202	38	73	102	99	34	13	667
Refunding.....	177	252	151	56	99	26	107	101	282	155	18	115
<i>Index numbers</i>												
PRICES												
Common stocks (1926=100).....	86	86	83	88	73	74	83	112	111	78	63	190
Wholesale commodity prices (1926=100):												
All commodities.....	75	76	76	79	78	78	79	86	81	80	66	95
Farm products.....	63	62	64	69	69	68	69	86	81	79	51	105
Foods.....	68	68	68	74	73	72	74	86	82	84	61	100
Other commodities.....	80	80	81	81	81	82	82	85	80	78	71	92
Retail food prices (1923-25=100).....	77	76	77	80	80	79	79	85	82	81	66	105
<i>Index numbers, adjusted for seasonal variation, 1923-25=100</i>												
BUSINESS INDEXES												
Industrial production.....	P102	98	92	83	77	76	86	110	105	90	76	119
Manufactures.....	P101	97	91	82	74	73	84	109	105	90	75	119
Minerals.....	P108	104	98	93	92	92	98	115	105	91	82	115
Construction contracts awarded—total.....	P67	63	63	59	54	51	64	59	55	37	25	117
Residential.....	P61	58	55	49	42	37	45	41	37	21	11	87
All other.....	P71	67	68	68	64	62	80	74	70	50	37	142
Factory employment.....	P92	91	90	83	82	84	87	106	98	91	73	106
Factory payrolls (unadjusted).....	P84	86	84	71	71	73	78	102	86	74	50	110
Freight-car loadings.....	69	67	62	61	58	58	62	78	75	64	58	107
Department store sales.....	86	86	85	83	82	78	85	92	88	79	67	111
<i>Amounts per month; in millions of dollars</i>												
MERCHANDISE EXPORTS AND IMPORTS												
Exports, including re-exports.....	P230	236	249	228	233	257	258	279	205	190	140	437
General imports.....	P169	179	203	141	146	148	163	257	202	171	121	367

^p Preliminary. ^r Revised. ^e Partly estimated.

¹ Figures not available.

² Includes time deposits of banks, domestic and foreign, 1929-1933.

³ Does not include time deposits 1929-1933.

⁴ Averages of yields of all outstanding bonds due or callable after 12 years. See BULLETIN for December 1938, pp. 1045-1046.

LAW DEPARTMENT

Amendment to Regulation L

The Board's Regulation L, relating to interlocking bank directorates under the Clayton Act, was recently amended in the manner indicated by the following press statement released by the Board under date of August 1, 1939:

"The Board of Governors of the Federal Reserve System has amended subsections 3(a) and 3(e) of its Regulation L, relating to interlocking bank directorates under the Clayton Act, effective immediately, so as to extend until February 1, 1940, the time during which certain persons who have been serving member banks may continue to serve a member bank and not more than one other bank."

The pertinent provisions of Regulation L as thus amended read as follows:

"SECTION 3. RELATIONSHIPS PERMITTED BY BOARD

"In addition to any relationships covered by the foregoing exceptions, *not more than one* of the following relationships is hereby permitted by the Board of Governors of the Federal Reserve System in the case of any one individual:

"(a) Any private banker or any director, officer, or employee of a member bank of the Federal Reserve System may be at the same time a director, officer, or employee of not more than one cooperative bank, credit union or other similar institution; and any private banker or any director, officer, or employee of a member bank of the Federal Reserve System who is lawfully serving as a director, officer, or employee of a Morris Plan bank or similar institution on January 31, 1939 may continue such service until February 1, 1940."

* * * * *

"(e) Any director, officer, or employee of any member bank of the Federal Reserve System who, on August 23, 1935, was lawfully serving at the same time as a private banker or as a director, officer, or employee of any other bank, banking association, savings bank, or trust company and whose services in such capacities have been continuous since such date, may continue, until February 1, 1940, to serve such member bank and not more than one other such bank, banking association, savings bank, trust company or private banker."

A bill, S. 2150, to amend the second paragraph of section 8 of the Clayton Act so as to extend from February 1, 1939, to February 1, 1944, the period during which certain relationships lawfully existing on the date of the Banking Act of 1935 might continue was vetoed by the President of the United States

on August 5, 1939. The President's veto message is set forth below:

"To the Senate:

"I return herewith, without my approval, Senate bill 2150, 'An act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act.' If it was in the public interest in 1935 for the Congress to decide to terminate these relationships, it is in the public interest to terminate them now. Affected banks and affected directorates have had over 4 years to make adjustments. That would seem to be a liberal time.

"If the Congress wishes to reverse itself and allow interlocking directorships in the future, it can, of course, do so. But I do not think that the Congress should nullify its policy, declared in 1935, by extending interlocking directorships for another 4 years on top of the 4 years' extension which has already been given.

"FRANKLIN D. ROOSEVELT.

"THE WHITE HOUSE, August 5, 1939."

Revision of Regulation J

There is set forth below the text of the Board's Regulation J, relating to check clearing and collection, as revised effective September 1, 1939, together with the text of a press statement with regard thereto released by the Board of Governors on August 21, 1939:

The Board of Governors of the Federal Reserve System announced today that the Federal Reserve banks will put into effect on September 1, 1939 certain changes in their check collection procedure designed to give member banks more prompt credit for checks deposited with the Federal Reserve banks for collection and to reduce the amount of work required in preparing the checks for deposit with the Federal Reserve banks.

Heretofore member banks have been given credit for checks deposited with the Federal Reserve banks in accordance with time schedules which were based on the actual time required to collect the checks. After September 1 the Federal Reserve banks will credit member banks within three days or less for all checks deposited with them for collection. Immediate credit or credit within one or two days will continue to be given for most checks.

The Board's Regulation J relating to the clearance and collection of checks and the check collection circulars and time schedules of the Federal Reserve banks have been revised. Copies are being sent by the Federal Reserve banks to all member banks and to all other banks which maintain deposit accounts with the Federal Reserve banks.

REGULATION J

As amended, effective September 1, 1939

(Superseding Regulation J, Series of 1930)

Check Clearing and Collection

SECTION 1. STATUTORY PROVISIONS

Section 16 of the Federal Reserve Act authorizes the Board of Governors of the Federal Reserve System to require each Federal Reserve bank to exercise the functions of a clearing house for its member banks, and section 13 of the Federal Reserve Act, as amended by the Act approved June 21, 1917, authorizes each Federal Reserve bank to receive from any nonmember bank or trust company, solely for the purposes of exchange or of collection, deposits of current funds in lawful money, national-bank notes, Federal Reserve notes, checks and drafts payable upon presentation, or maturing notes and bills, provided such nonmember bank or trust company maintains with its Federal Reserve bank a balance sufficient to offset the items in transit held for its account by the Federal Reserve bank.

SECTION 2. GENERAL REQUIREMENTS

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

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

SECTION 3. CHECKS RECEIVED FOR COLLECTION

(1) Each Federal Reserve bank shall receive at par from member and nonmember clearing banks in its district, from other Federal Reserve banks, and from all member and nonmember clearing banks in other Federal Reserve districts which are authorized to route direct for the credit of their respective Federal Reserve banks, checks¹ drawn on all member and nonmember clearing banks of its district, and checks drawn on all other nonmember banks of its district which are collectible at par in funds acceptable to it.

(2) Each Federal Reserve bank may receive at par from member and nonmember clearing banks in its district, checks drawn on all member and nonmember clearing banks in other Federal Reserve dis-

¹ A check is generally defined as a draft or order upon a bank or banking house, purporting to be drawn upon a deposit of funds, for the payment at all events of a certain sum of money to the order of a certain person therein named, or to him or his order, or to bearer, and payable on demand.

tricts, and checks drawn on all other nonmember banks in other Federal Reserve districts which are collectible at par in funds acceptable to the collecting Federal Reserve bank.

(3) No Federal Reserve bank shall receive on deposit or for collection any check drawn on any nonmember bank which cannot be collected at par in funds acceptable to the Federal Reserve bank.

SECTION 4. TIME SCHEDULE AND AVAILABILITY OF CREDITS

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

(2) For all such checks as are received for immediate credit in accordance with such time schedule, immediate credit, subject to final payment, will be given upon the books of the Federal Reserve bank at full face value in the reserve account or clearing account upon day of receipt, and the proceeds will at once be counted as reserve and become available for withdrawal or other use by the sending bank; provided, however, that the Federal Reserve bank may in its discretion refuse at any time to permit the withdrawal or other use of credit given for any item for which the Federal Reserve bank has not yet received payment in actually and finally collected funds.

(3) For all such checks as are received for deferred credit in accordance with such time schedule, deferred credit, subject to final payment, will be entered upon the books of the Federal Reserve bank at full face value, but the proceeds will not be counted as reserve nor become available for withdrawal or other use by the sending bank until such time as may be specified in such time schedule,² at which time credit will be transferred from the deferred account to the reserve account or clearing account subject to final payment and will then be counted as reserve and become available for withdrawal or other use by the sending bank; provided, however, that the Federal Reserve bank may in its discretion refuse at any time to permit the withdrawal or other use of credit given for any item for which the Federal Reserve bank has not yet received payment in actually and finally collected funds.

SECTION 5. TERMS OF COLLECTION

The Board of Governors of the Federal Reserve System hereby authorizes the Federal Reserve banks to handle such checks subject to the following terms and conditions; and each member and nonmember clearing bank which sends checks to any Federal Reserve bank for deposit or collection shall by such action be deemed (a) to authorize the Federal Reserve banks to handle such checks subject to the following terms and conditions; (b) to warrant its own authority to give the Federal Reserve banks such authority; (c) to agree to indemnify any Federal Reserve bank for any loss or expense sustained (including but not limited to attorneys' fees and expenses of litigation) resulting from the failure of such sending bank to have such authority, or result-

² For rules for computation of reserves and penalties for deficiencies in reserves, see Regulation D, Secs. 2 and 3.

ing from such Federal Reserve bank's guaranty of prior endorsements, or resulting from any action taken by the Federal Reserve bank within the scope of its authority for the purpose of collecting such checks; and (d) to guarantee all prior endorsements on such checks whether or not a specific guaranty is incorporated in an endorsement of the sending bank.

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

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

(3) A Federal Reserve bank may, in its discretion and at its option, either directly or through or from an agent, accept in payment of or in remittance for such checks, cash, bank drafts, transfers of funds or bank credits, or other forms of payment or remittance, acceptable to the collecting Federal Reserve bank. The Federal Reserve bank shall not be liable for the failure of the drawee bank or any agent to pay or remit for such checks, nor for any loss resulting from the acceptance from the drawee bank or any collecting agent, in lieu of cash, of any other form of payment or remittance authorized herein, nor for the nonpayment of, or failure to realize upon, any bank draft or other medium of payment or remittance which may be accepted from the drawee bank or any collecting agent.

(4) Checks received by a Federal Reserve bank which are payable in its own district will ordinarily be forwarded or presented direct to the banks on which they are drawn, and such banks will be required to remit or pay therefor at par in such one or more of the forms of payment or remittance authorized under paragraph (3) hereof as may be acceptable to the Federal Reserve bank.

(5) Checks received by a Federal Reserve bank payable in other districts will ordinarily be forwarded for collection to the Federal Reserve bank of the district in which such checks are payable; provided, however, that, where arrangements can be made satisfactory to the collecting bank or agent and to the Federal Reserve bank of the district in which such checks are payable, any such checks may be forwarded for collection direct to the bank on which they are drawn or at which they are payable, or may be forwarded for collection to another agent with authority to present them for payment direct to the bank on which they are drawn or at which they are payable. All such checks shall be handled subject to all the terms and conditions of this regulation.

(6) With respect to any check sent direct by a member or nonmember clearing bank in one district to a Federal Reserve bank in another district, the relationships and the rights and liabilities existing between the member or nonmember clearing bank, the Federal Reserve bank of its district and the Federal Reserve bank to which the check is sent will be the same, and the relevant provisions of this regulation will apply, as though the member or nonmember clearing bank had sent such check to the Federal Reserve bank of its district with its endorsement and guaranty of prior endorsements and such

Federal Reserve bank had sent the check to the other Federal Reserve bank with its endorsement and guaranty of prior endorsements.

(7) Bank drafts received by a Federal Reserve bank in payment of or in remittance for checks handled under the terms of this regulation shall likewise be handled for collection subject to all the terms and conditions of this regulation.

(8) The amount of any check for which payment in actually and finally collected funds is not received shall be charged back to the forwarding bank, regardless of whether or not the check itself can be returned. In such event, neither the owner or holder of any such check, nor the bank which sent such check to the Federal Reserve bank for collection shall have any right of recourse upon, interest in, or right of payment from, any reserve balance, clearing account, deposit account, or other funds of the drawee bank or of any bank to which such checks have been sent for collection, in the possession of the Federal Reserve bank. No draft, authorization to charge, or other order, upon any reserve balance, clearing account, deposit account, or other funds of a paying, remitting, or collecting bank in the possession of a Federal Reserve bank, issued for the purpose of settling items handled under the terms of this regulation will be paid, acted upon, or honored after receipt by such Federal Reserve bank of notice of suspension or closing of such paying, remitting, or collecting bank.

SECTION 6. OTHER RULES AND REGULATIONS

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

Whether Regulation T Permits Domestic Broker to Borrow from Foreign Broker

Regulation T provides in section 5(c)¹ that:

"A creditor may borrow from another creditor in the ordinary course of business as a broker or dealer on any registered security to the ex-

¹ The permission granted by the Board in section 5(c) of Regulation T is based upon section 8(a) of the Securities Exchange Act of 1934 which provides in part that:

"It shall be unlawful for any member of a national securities exchange, or any broker or dealer who transacts a business in securities through the medium of any such member, directly or indirectly—

(a) To borrow in the ordinary course of business as a broker or dealer on any security (other than an exempted security) registered on a national securities exchange except (1) from or through a member bank of the Federal Reserve System, (2) from any nonmember bank which shall have filed with the Board of Governors of the Federal Reserve System an agreement, which is still in force and which is in the form prescribed by the Board, . . . or (3) in accordance with such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe to permit loans between such members and/or brokers and/or dealers, or to permit loans to meet emergency needs."

tent and subject to the terms upon which the latter may extend credit to him in accordance with the provisions of this regulation, and subject to any other applicable provisions of law."

The term "creditor" as used in section 5(c) is defined in section 2(b) of the regulation as follows:

"The term 'creditor' means any member of a national securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member."

The Board recently has been asked whether section 5(c) authorizes a "creditor," as defined in section 2(b), to borrow in this country in the ordinary course of business as a broker or dealer on registered nonexempted securities from a foreign broker. The foreign broker maintains no place of business in the United States, but "transacts a business in securities through the medium of a member of a national securities exchange" and hence appears to fall within the definition of the term "creditor."

It is the view of the Board that section 5(c) in its present form grants permission for the domestic broker thus to borrow from the foreign broker who "transacts a business in securities through the medium of a member," but that it grants the permission only on condition that the loan so obtained by the domestic broker meets the requirements of section 5(c) that it be "in accordance with the provisions of this regulation."

This means that in obtaining the loan the domestic broker must not be receiving more credit on given securities than he could get on those securities, in the case of a loan of the same description, from a domestic "broker or dealer who transacts a business in securities through the medium of a member," and must not otherwise be obtaining any benefits that such a domestic broker or dealer could not lawfully grant under the regulation. One result of this requirement is that the loan may not be obtained on the basis of the special loan value prescribed for the special omnibus account, because section 4(b) of the regulation limits such loans to cases in which the lender is a member of a national securities exchange. It is, of course, unnecessary for

present purposes to determine whether, or to what extent, the foreign broker would be required to comply with Regulation T, since the domestic broker is not granted permission to borrow unless the loan complies with the requirements of Regulation T to the same extent as if the lender were a domestic "creditor."

Capital Contribution Loans Between Members of a National Securities Exchange

Section 4(f) (2) of Regulation T, as added to the regulation effective May 22, 1939, provides as follows:

"In a special miscellaneous account, a creditor may—

"(2) Make loans, and may maintain loans, to or for any partner of a firm which is a member of a national securities exchange to enable such partner to make a contribution of capital to such firm provided (A) the lender as well as the borrower is a partner in such firm, or (B) the lender as well as the borrower is a member of such exchange, the loan has the approval of an appropriate committee of the exchange, and the committee, in addition to being satisfied that the loan is not in contravention of any rule of the exchange, is satisfied that the loan is outside the ordinary course of the lender's business, and that, if the borrower's firm does any dealing in securities for its own account, the loan is not for the purpose of enabling the firm to increase the amount of such dealing;"

The Board recently considered a case in which such a capital contribution loan was originally made between partners in the same firm, and thus qualified under clause (A) of the provision, but the lender later proposed to withdraw from the partnership. The Board was asked whether the loan, because of its one-time status under clause (A), might be continued after the lender's withdrawal from the partnership, or whether the loan must then be terminated if it is not authorized by some other provision of the regulation.

It is the view of the Board that the permission granted by clause (A) continues only while the conditions specified therein are met. Accordingly, such a loan between partners in the same firm may not be continued after the lender withdraws from the partnership unless the loan can qualify under some other provision of the regulation.

In the particular case presented, the lender after withdrawal from the partnership was to continue to be a member of the national securities exchange of which the borrower was a member. Therefore, if the loan is approved by an appropriate committee of the exchange pursuant to clause (B) of section 4(f) (2), it could, of course, be continued pursuant to that provision.

For the sake of completing the answer to the question presented, however, it is necessary to consider one other possible alternative, that is, the possibility that the loan could qualify under section 4(f) (8) of the regulation, which provides for loans that are "for any purpose other than purchasing or carrying or trading in securities."

The reason section 4(f) (8) may be relevant to the question presented in this case is that while the exact relation of the instant loan to the business of the borrower's firm was not entirely clear, it appeared that the borrower's firm was engaged not only in the securities business but also, and to a very considerable extent, in the commodity business. There would, therefore, be at least some possibility that the loan in question could qualify as a loan for a "purpose other than purchasing or carrying or trading in securities."

Whether the loan could in fact so qualify would depend, of course, upon the facts of the particular case, and instances where capital contribution loans could so qualify would be rather rare. In certain cases, of which the present case involving a considerable amount of commodity business might turn out to be an example, it might be possible for a loan to be made under such conditions that it could actually be identified as being for a "purpose other than purchasing or carrying or trading in securities." It is evident, however, that it would be rather unusual for a capital contribution loan to be thus identifiable. The business of the average securities brokerage firm is so bound up with purchasing, carrying or trading in securities—either for its own account or for the account of cus-

tomers—that a loan to a partner in such a firm to enable him to make a contribution of capital to the firm usually could not qualify as being for a "purpose other than purchasing or carrying or trading in securities."

Social Security Act Made Applicable to Member Banks

In the FEDERAL RESERVE BULLETIN for November 1936, at page 857, there were published the texts of rulings of the Bureau of Internal Revenue holding that national banks and State member banks are instrumentalities of the United States within the meaning of the Social Security Act, and that, accordingly, neither such banks nor their employees were subject to the taxes imposed by that Act.

On August 10, 1939, the President approved the Social Security Act Amendments of 1939 (Pub. No. 379, 76th Cong.). Among other things, all national banks and State member banks, as of January 1, 1940, will become subject to the Social Security Act and the employment taxes imposed by the Internal Revenue Code as the result of amendments to the definition of the term "employment" contained in section 209(b) of the Social Security Act and in sections 1426(b) and 1607(b) of the Internal Revenue Code.

PROCLAMATION AND AMENDMENT TO REGULATIONS RELATING TO SILVER

The President's proclamation of July 25, 1939, and an amendment to the Treasury regulations of January 16, 1939, concerning newly-mined domestic silver are published below. Earlier laws, proclamations, and orders relating to silver which have been published in the BULLETIN are listed in the annual indexes for the years 1934, 1935, and 1938 and in the monthly issues for February and August 1939.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS, by Proclamation of the twenty-first day of December, 1933, as modified by Proclamations of the ninth day of August, 1934, the tenth and twenty-fourth days of April, 1935, the thirtieth day of De-

ember, 1937, and the thirty-first day of December, 1938, the United States coinage mints are directed to receive for coinage and addition to the monetary stocks of the United States silver mined subsequently to December 21, 1933, from natural deposits in the United States or any place subject to the jurisdiction thereof;

AND WHEREAS, such Proclamation as so modified is subject to revocation or further modification as the interests of the United States may seem to require.

NOW, THEREFORE, finding that the interests of the United States require further modification of said Proclamation of the twenty-first day of December, 1933, as so modified; by virtue of the power in me vested by the Act of Congress cited in said Proclamation, and other legislation designated for national recovery, and by virtue of all other authority in me vested;

I, FRANKLIN D. ROOSEVELT, President of the United States of America, do hereby proclaim and direct that, unless repealed or further modified by Act of Congress or by subsequent Proclamation, the said Proclamation of the twenty-first day of December, 1933, as heretofore and hereby modified, shall remain in force and effect until the thirty-first day of December, 1939, with respect to silver mined subsequently to December 21, 1933, and on or before July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof; and I do further proclaim and direct that the proviso:

"that silver to be eligible for receipt under the said Proclamation of the twenty-first day of December, 1933, as heretofore and hereby modified must be delivered to a United States coinage mint not later than June 30, 1939."

stated in the said Proclamation of the thirty-first day of December, 1938, is hereby rescinded.

Notice is hereby given that I reserve the right by virtue of the authority vested in me to revoke or modify this Proclamation as the interests of the United States may seem to require.

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

Done at the City of Washington this 25th day of July, in the year of our Lord nineteen hundred and thirty-nine, and of the Independence of the United States of America the one hundred and sixty-fourth. By the President: FRANKLIN D. ROOSEVELT.

CORDELL HULL
Secretary of State.

Amendments to Newly-Mined Domestic Silver Regulations of January 16, 1939

SECTION 1 of the Newly-Mined Domestic Silver Regulations of January 16, 1939, is amended to read as follows:

"SECTION 1. *Scope.*—These regulations relate to the receipt and coinage by the United States coinage mints of silver, mined in the United States or any place subject to the jurisdiction thereof, pursuant to the Proclamation of December 21, 1933, as modified by the Proclamations of August 9, 1934, April 10 and April 24, 1935, December 30, 1937, December 31, 1938, and July 25, 1939."

SECTION 2 of the Newly-Mined Domestic Silver Regulations of January 16, 1939, is amended to read as follows:

"SEC. 2. *Authority for regulations.*—These regulations are prescribed under authority of subsection (b) (2), section 43, title III of the Act of Congress approved May 12, 1933, (Public, No. 10), as amended, and the President's Proclamation of December 21, 1933, as modified by the Proclamations of August 9, 1934, April 10 and April 24, 1935, December 30, 1937, December 31, 1938, and July 25, 1939."

SEC. 3. Section 20(c) of the Newly-Mined Domestic Silver Regulations of January 16, 1939, is amended to read as follows:

"(c) That the aggregate amount of such mixture so received pursuant to the Proclamation of December 30, 1937, as modified, modifying the Proclamation of December 21, 1933, as modified, does not exceed the amount of such silver which has been mined on or after January 1, 1938, from natural deposits in the United States or any place subject to the jurisdiction thereof."

SEC. 4. Section 24 of the Newly-Mined Domestic Silver Regulations of January 16, 1939, is hereby rescinded.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

Approved:
FRANKLIN D. ROOSEVELT,
THE WHITE HOUSE,
July 25, 1939.

RATES CHARGED BY BANKS ON CUSTOMERS' LOANS

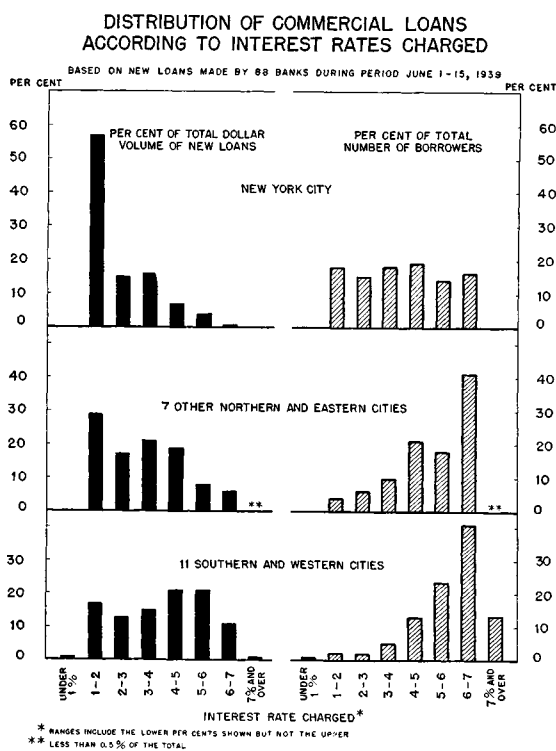
Interest rates on commercial loans to customers charged by member banks in 19 principal cities have now been reported to the Board for two quarterly periods, March 16-31 and June 1-15, 1939. In September 1938 a preliminary survey was conducted for the purpose of testing the reporting of these rates and the results were published in the January 1939 FEDERAL RESERVE BULLETIN, pages 17-19.

Between March and June average rates on commercial loans showed little change. They average about 2¼ per cent in New York City, about 3 per cent in the 7 other Northern and Eastern cities, and about 3¾ per cent in 11 Southern and Western cities. As compared with last September there was a slight increase in reported average rates which does not represent a change in actual credit conditions and apparently reflects principally differences of a statistical nature. The differences may be due to changes in the definition of loans on which rates were reported: loans of less than 30-day maturity were included in September but excluded in March and June; also, reporting of renewal rates, which are probably higher than rates on new loans, was optional in September but was specifically included in the March and June reports. It may also be that in September borrowers for seasonal reasons included a number of large commercial and industrial concerns which command lower rates than borrowers in the other months.

The chart shows the percentages of total dollar volume and of total number of commercial loans made at different rates as reported in June. Figures are charted separately for New York City and for the two groups of cities: 7 other Northern and Eastern cities, covering Boston, Buffalo, Philadelphia, Cleveland, Pittsburgh, Chicago, and Detroit; and 11 Southern and Western cities, covering Richmond, Baltimore, Atlanta, New Orleans, St. Louis, Minneapolis, Kansas City, Dallas, San Francisco, Los Angeles, and Seattle.

Geographical differences in the structure of rates on commercial loans is brought out by the chart. The principal differences shown may be summarized as follows:

In New York City, although the average rate is around 2¼ per cent, about 60 per cent of the money lent to commercial borrowers is at rates between 1 and 2 per cent and less than 15 per cent at rates above 3 per cent. About 20 per cent of the borrowers pay the low rates between 1 and 2 per cent or about the same number reported in each of the rate groups shown on the chart.



In the 7 other Northern and Eastern cities about 30 per cent of the funds being lent for commercial purposes is at rates between 1 and 2 per cent and 60 per cent at rates from 2 to 5 per cent, with but a small amount at higher rates. Only a few borrowers get the lowest rates and about 60 per cent pay over 5 per cent, the most numerous paying rates of 6-7 per cent.

In the 11 Southern and Western cities not quite 20 per cent of the commercial funds being lent is at rates between 1 and 2 per cent and the remainder is distributed over rates from 2 up to 6 per cent. About 10 per cent of commercial loans is lent at rates higher than 6 per cent. Over 50 per cent of the borrowers, however, pay 6 per cent or more and about 35 per cent pay rates from 4 up to 6 per cent.

ALL MEMBER BANKS—CONDITION ON JUNE 30, 1939, BY CLASSES OF BANKS

[Amounts in thousands of dollars]

	All member banks	All national member banks	All State member banks	Central reserve city member banks ¹		Reserve city member banks ¹	Country member banks ¹
				New York	Chicago		
ASSETS							
Loans (including overdrafts).....	13, 141, 068	8, 553, 015	4, 588, 053	2, 988, 075	544, 206	5, 004, 282	4, 604, 505
United States Government direct obligations.....	10, 946, 242	6, 884, 452	4, 061, 790	3, 360, 281	1, 039, 800	4, 102, 082	2, 444, 079
Obligations guaranteed by United States Government.....	2, 830, 819	1, 869, 185	961, 634	1, 123, 468	135, 109	888, 862	683, 380
Obligations of Government corporations and agencies, not guaranteed by United States.....	380, 199	266, 180	114, 019	143, 590	26, 610	116, 208	93, 791
Obligations of States and political subdivisions.....	2, 554, 213	1, 690, 667	863, 546	480, 144	153, 797	894, 859	1, 025, 413
Other bonds, notes, and debentures.....	2, 301, 694	1, 592, 685	709, 009	425, 587	123, 163	593, 722	1, 159, 222
Corporate stocks (including Federal Reserve bank stock).....	449, 184	225, 058	224, 126	166, 512	28, 897	155, 594	98, 181
Total loans and investments.....	32, 603, 419	21, 081, 242	11, 522, 177	8, 687, 657	2, 051, 582	11, 755, 609	10, 108, 571
Reserve with Federal Reserve banks.....	10, 010, 744	5, 640, 067	4, 370, 677	4, 975, 097	897, 319	2, 735, 155	1, 403, 173
Cash in vault.....	712, 132	526, 738	185, 394	60, 840	26, 099	318, 247	306, 946
Demand balances with banks in United States (except private banks and American branches of foreign banks).....	4, 542, 241	3, 514, 263	1, 027, 978	109, 314	222, 164	2, 150, 846	2, 059, 917
Other balances with banks in United States.....	132, 012	98, 868	33, 144	2, 275	13, 215	59, 284	57, 238
Balances with banks in foreign countries.....	42, 887	23, 954	18, 933	26, 138	2, 199	11, 911	2, 639
Due from own foreign branches.....	5, 776	2, 937	2, 839	2, 839	-----	2, 937	-----
Cash items in process of collection.....	2, 183, 072	1, 256, 694	926, 378	1, 029, 002	117, 730	754, 659	281, 681
Bank premises owned and furniture and fixtures.....	933, 703	607, 484	326, 219	209, 821	20, 731	324, 342	378, 809
Other real estate owned.....	305, 475	141, 212	164, 263	30, 183	4, 904	115, 184	155, 204
Investments and other assets indirectly representing bank premises or other real estate.....	146, 910	70, 417	76, 493	20, 464	902	97, 337	28, 207
Customers' liability on acceptances.....	101, 672	51, 655	50, 017	75, 088	2, 339	22, 606	1, 639
Income accrued but not yet collected.....	102, 595	60, 381	42, 214	32, 989	8, 225	41, 703	19, 678
Other assets.....	85, 491	43, 050	42, 441	20, 486	6, 299	36, 167	22, 539
Total assets.....	51, 908, 129	33, 118, 962	18, 789, 167	15, 282, 193	3, 373, 708	18, 425, 987	14, 826, 241
LIABILITIES							
Demand deposits—Total.....	34, 153, 939	21, 258, 188	12, 895, 751	12, 632, 817	2, 601, 814	11, 806, 120	7, 113, 188
Individuals, partnerships, and corporations.....	22, 448, 169	13, 625, 703	8, 822, 466	8, 280, 594	1, 564, 810	7, 330, 844	5, 271, 921
United States Government ²	694, 001	488, 537	205, 464	84, 010	50, 560	414, 683	135, 748
States and political subdivisions.....	2, 531, 570	1, 930, 608	600, 962	288, 071	196, 756	917, 221	1, 129, 522
Banks in United States.....	7, 096, 824	4, 515, 244	2, 581, 580	2, 991, 945	746, 411	2, 919, 531	438, 937
Banks in foreign countries.....	593, 222	255, 314	337, 908	515, 730	12, 133	63, 460	1, 899
Certified and officers' checks, cash letters of credit and travelers' checks, etc.....	790, 153	442, 782	347, 371	472, 467	22, 144	160, 381	135, 161
Time deposits—Total.....	11, 719, 315	8, 157, 495	3, 561, 820	707, 831	488, 375	4, 693, 271	5, 829, 838
Individuals, partnerships, and corporations:							
Savings deposits.....	9, 662, 028	6, 753, 237	2, 908, 791	376, 478	414, 979	3, 859, 714	5, 010, 857
Certificates of deposit.....	709, 234	550, 670	158, 564	24, 783	24, 418	179, 929	480, 104
Christmas savings and similar accounts.....	98, 122	68, 353	29, 769	6, 023	899	32, 789	58, 411
Open accounts.....	593, 845	269, 258	324, 587	246, 036	30, 629	247, 810	69, 370
Postal savings ²	59, 135	51, 360	7, 775	-----	-----	19, 225	39, 910
States and political subdivisions.....	441, 200	353, 891	87, 309	45, 856	17, 450	233, 062	144, 832
Banks in United States.....	141, 738	102, 543	39, 195	327	-----	115, 057	26, 354
Banks in foreign countries.....	14, 013	8, 183	5, 830	8, 328	-----	5, 685	-----
Total deposits.....	45, 873, 254	29, 415, 683	16, 457, 571	13, 340, 648	3, 090, 189	16, 499, 391	12, 943, 026
Due to own foreign branches.....	188, 399	133, 878	54, 521	188, 399	-----	-----	-----
Bills payable, rediscounts, and other liabilities for borrowed money.....	4, 662	3, 540	1, 122	-----	-----	102	4, 560
Acceptances outstanding.....	120, 164	57, 635	62, 529	90, 247	2, 597	25, 645	1, 675
Dividends declared but not yet payable.....	35, 832	22, 610	13, 222	17, 759	750	10, 869	6, 454
Income collected but not yet earned.....	51, 880	35, 261	16, 619	9, 436	1, 506	26, 102	14, 836
Expenses accrued and unpaid.....	78, 451	45, 906	32, 545	18, 894	7, 365	33, 726	18, 466
Other liabilities.....	59, 261	22, 659	36, 602	30, 698	993	18, 594	8, 976
Total liabilities.....	46, 411, 903	29, 737, 172	16, 674, 731	13, 696, 081	3, 103, 400	16, 614, 429	12, 997, 993
CAPITAL ACCOUNTS							
Capital.....	2, 390, 023	1, 559, 181	830, 842	548, 312	126, 500	794, 564	920, 647
Surplus.....	2, 111, 569	1, 168, 553	943, 016	808, 614	72, 383	658, 015	572, 557
Undivided profits.....	678, 033	449, 079	228, 954	170, 188	38, 847	233, 170	235, 828
Reserves for contingencies.....	276, 687	173, 816	102, 871	55, 652	32, 158	112, 529	76, 348
Other capital accounts.....	39, 914	31, 161	8, 753	3, 346	420	13, 280	22, 868
Total capital accounts.....	5, 496, 226	3, 381, 790	2, 114, 436	1, 586, 112	270, 308	1, 811, 558	1, 828, 248
Total liabilities and capital accounts.....	51, 908, 129	33, 118, 962	18, 789, 167	15, 282, 193	3, 373, 708	18, 425, 987	14, 826, 241
Net demand deposits subject to reserve.....	27, 440, 926	16, 493, 696	10, 947, 230	11, 494, 501	2, 263, 226	8, 903, 883	4, 779, 316
Demand deposits—adjusted ³	23, 586, 820	14, 742, 399	8, 844, 421	8, 012, 130	1, 665, 980	7, 653, 787	6, 254, 923
Number of banks.....	6, 330	5, 203	1, 127	36	13	346	5, 935

¹ Banks are classed according to the reserves which they are required to carry (see page 797). Some banks classed as "country banks" are in outlying sections of reserve cities or central reserve cities, and some banks classed as "reserve city banks" are in outlying sections of central reserve cities. Figures for each class of banks include assets and liabilities of their domestic branches, whether located within or outside the cities in which the parent banks are located.

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

³ Demand deposits other than interbank and United States Government, less cash items reported as in process of collection.

ALL MEMBER BANKS—CLASSIFICATION OF LOANS, INVESTMENTS, REAL ESTATE, AND CAPITAL ON JUNE 30, 1939, BY CLASSES OF BANKS

[In thousands of dollars]

	All member banks	All national member banks	All State member banks	Central reserve city member banks ¹		Reserve city member banks ¹	Country member banks ¹
				New York	Chicago		
Loans—total	13,141,068	8,553,015	4,588,053	2,988,075	544,206	5,004,282	4,604,505
Commercial and industrial loans.....	4,782,742	3,139,218	1,643,524	1,473,941	329,275	1,884,388	1,095,138
Agricultural loans.....	788,451	679,559	108,892	5,332	18,727	233,831	530,561
Commercial paper bought in open market.....	244,623	167,725	76,898	6,049	10,975	92,076	135,523
Bills, acceptances, etc., payable in foreign countries.....	8,564	6,516	2,048	548	1,364	5,065	1,587
Acceptances of other banks, payable in United States.....	66,526	31,806	34,720	57,466	225	7,565	1,270
Reporting banks' own acceptances.....	100,346	60,802	39,544	63,615	2,104	33,034	1,593
Loans to brokers and dealers in securities.....	730,774	289,907	440,867	555,426	39,006	114,641	21,701
Other loans for purchasing or carrying securities.....	736,053	443,184	292,869	214,710	71,420	220,915	229,008
Real estate loans:							
On farm land.....	284,176	229,808	54,368	879	237	95,786	187,274
On residential property.....	1,775,600	1,138,353	637,247	60,691	6,758	811,067	897,084
On other properties.....	768,470	453,414	315,056	68,464	4,597	377,420	317,989
Loans to banks.....	58,297	24,438	33,859	40,739	126	12,093	5,339
All other loans.....	2,783,455	1,883,604	899,851	432,346	59,235	1,113,394	1,178,480
Overdrafts.....	12,991	4,681	8,310	7,869	157	3,007	1,958
U. S. Government direct obligations—total	10,946,242	6,884,452	4,061,790	3,360,251	1,039,800	4,102,082	2,444,079
Treasury bills.....	441,147	320,611	120,536	167,684	184,562	78,346	10,555
Treasury notes.....	2,719,567	1,796,315	923,252	908,325	234,351	1,013,583	593,308
Bonds maturing in 5 years or less.....	781,374	509,297	272,077	327,978	36,131	272,838	144,427
Bonds maturing in 5 to 10 years.....	2,826,145	1,678,419	1,147,726	827,266	119,483	1,223,964	655,432
Bonds maturing in 10 to 20 years.....	2,889,254	1,833,452	1,055,802	755,766	301,162	1,091,254	741,072
Bonds maturing after 20 years.....	1,288,755	746,358	542,397	373,262	164,111	422,097	329,285
Obligations guaranteed by United States Government—total	2,830,819	1,869,185	961,634	1,123,468	135,109	888,862	683,380
<i>Total amount maturing in 5 years or less</i>	<i>1,370,239</i>	<i>808,217</i>	<i>562,022</i>	<i>708,197</i>	<i>119,430</i>	<i>309,453</i>	<i>233,169</i>
Reconstruction Finance Corporation.....	642,034	389,271	252,763	361,768	93,766	111,647	74,853
Home Owners' Loan Corporation.....	1,458,144	977,392	480,752	503,755	18,116	541,043	395,230
Federal Farm Mortgage Corporation.....	487,010	355,773	131,237	165,446	6,337	153,794	161,433
Other Government corporations and agencies.....	243,631	146,749	96,882	92,499	16,890	82,378	51,864
Obligations of Government corporations and agencies, not guaranteed by United States—total	380,199	266,180	114,019	143,590	26,610	116,208	93,791
<i>Total amount maturing in 5 years or less</i>	<i>282,723</i>	<i>186,268</i>	<i>96,456</i>	<i>134,070</i>	<i>16,416</i>	<i>85,848</i>	<i>46,389</i>
Federal Land banks.....	96,823	79,912	16,911	9,522	10,195	29,948	47,158
Federal Intermediate Credit banks.....	141,010	85,335	55,675	80,332	10,977	43,442	6,259
Other Government corporations and agencies.....	142,366	100,933	41,433	53,736	5,438	42,818	40,374
Obligations of States and political subdivisions—total	2,554,213	1,690,667	863,546	480,144	153,797	894,859	1,025,413
In default.....	8,566	6,026	2,540	963	244	3,897	3,462
Without specific maturity.....	144,018	117,796	26,222	3,310	37,880	48,538	54,290
Maturing in 5 years or less.....	1,531,203	927,799	603,404	390,135	88,728	513,163	539,177
Maturing after 5 years.....	870,426	639,046	231,880	85,736	26,945	329,261	428,484
Other bonds, notes, and debentures—total	2,301,694	1,592,685	709,009	425,587	123,163	593,722	1,159,222
<i>Total amount in default</i>	<i>87,275</i>	<i>62,617</i>	<i>34,658</i>	<i>25,352</i>	<i>1,867</i>	<i>28,781</i>	<i>31,275</i>
<i>Total amount maturing in 5 years</i>	<i>447,948</i>	<i>268,013</i>	<i>184,935</i>	<i>95,059</i>	<i>48,982</i>	<i>138,618</i>	<i>165,289</i>
Railroads.....	746,545	533,167	213,378	121,241	20,383	182,665	422,256
Public utilities.....	704,622	477,111	227,511	119,351	48,193	168,077	369,001
Industrials.....	566,391	405,355	161,036	105,733	37,669	158,541	264,448
Other domestic corporations.....	95,469	51,809	43,660	15,075	1,105	36,562	42,727
Foreign—public and private.....	188,667	125,243	63,424	64,187	15,813	47,877	60,790
Corporate stocks—total	449,184	225,058	224,126	166,512	28,897	155,594	98,181
Federal Reserve bank.....	134,942	81,786	53,156	40,709	5,965	43,376	44,892
Affiliates of reporting banks.....	103,543	47,046	56,497	48,002	276	48,797	6,468
Other domestic banks.....	22,169	9,135	13,034	2,819	20	10,421	8,909
Other domestic corporations.....	186,554	86,200	100,354	74,371	22,609	52,177	37,397
Foreign corporations.....	1,976	891	1,085	611	27	823	515
Bank premises, furniture and fixtures, and other real estate—total	1,239,178	748,696	490,482	240,004	25,635	439,526	534,013
Bank premises.....	855,728	546,739	308,989	209,013	20,649	290,822	335,244
Furniture and fixtures.....	77,975	60,745	17,230	808	82	33,520	43,565
Farm land (including improvements).....	23,557	17,093	6,464	29	474	7,894	15,140
Residential properties.....	126,261	52,197	74,064	11,218	1,456	41,336	72,251
Other real properties.....	155,657	71,922	83,735	18,936	2,974	65,954	67,793
Assets indirectly representing bank premises or other real estate—total	146,910	70,417	76,493	20,464	902	97,337	28,267
Investments.....	96,688	51,780	44,908	18,130	842	59,857	17,859
Other assets.....	50,222	18,637	31,585	2,334	60	37,480	10,348
Capital:							
Par or face value—total.....	2,393,808	1,562,228	831,580	548,312	126,500	794,564	924,432
Capital notes and debentures.....	42,749	—	42,749	489	—	25,394	16,866
First preferred stock.....	300,496	230,035	70,461	9,428	25,700	105,504	159,864
Second preferred stock.....	24,237	16,417	7,820	—	—	8,100	16,137
Common stock.....	2,026,326	1,315,776	710,550	538,395	100,800	655,566	731,565
Retirable value of—							
First preferred stock.....	368,795	261,464	107,331	23,271	25,700	126,601	193,223
Second preferred stock.....	29,674	18,408	11,266	—	—	8,500	21,174

¹For footnote see preceding page.

NUMBER OF BANKS AND BRANCHES, 1933-1939

[Figures for 1939 are preliminary]

End of year figures except where otherwise indicated	Total	Member banks		Nonmember banks			
		National	State	Other than mutual savings and private banks		Mutual savings	Private ²
				Insured ¹	Not insured ¹		
Number of Banking Offices							
1933.....	17,940	6,275	1,817	9,041		704	103
1934.....	19,196	6,705	1,961	³ 9,579		705	246
1935.....	19,153	6,715	1,953	8,556	1,088	698	143
1936.....	19,066	6,723	2,032	8,436	1,043	693	139
1937.....	18,927	6,745	2,075	8,340	997	691	79
1938.....	18,774	6,723	2,106	8,224	958	690	73
1939 (June 30).....	18,681	6,721	2,120	8,150	932	⁴ 689	⁵ 69
Number of Banks (Head Offices)							
1933.....	15,029	5,154	857	8,341		579	98
1934.....	16,063	5,462	980	7,693	1,108	579	241
1935.....	15,869	5,386	1,001	7,728	1,046	570	138
1936.....	15,667	5,325	1,051	7,588	1,004	565	134
1937.....	15,387	5,260	1,081	7,449	960	563	74
1938.....	15,194	5,224	1,114	7,316	917	555	68
1939 (June 30).....	15,074	5,203	1,127	7,236	890	554	64
Number of Branches ⁶							
1933.....	2,911	1,121	960	700		125	5
1934.....	3,133	1,243	981	778		126	5
1935.....	3,284	1,329	952	828	42	128	5
1936.....	3,399	1,398	981	848	39	128	5
1937.....	3,540	1,485	994	891	37	128	5
1938.....	3,580	1,499	992	908	41	135	5
1939 (June 30).....	3,607	1,518	993	914	42	135	5

¹ Federal deposit insurance did not become operative until January 1, 1934.

² The figures for December 1934 include 140 private banks which reported to the Comptroller of the Currency under the provisions of Section 21(a) of the Banking Act of 1933. Under the provisions of the Banking Act of 1935, private banks no longer report to the Comptroller of the Currency and, accordingly, only such private banks as report to State banking departments are in the figures shown for subsequent years.

³ Separate figures not available for branches of insured and not insured banks.

⁴ Comprises 50 insured banks with 21 branches and 504 uninsured banks with 114 branches.

⁵ Comprises 1 insured bank with no branches and 63 uninsured banks with 5 branches.

⁶ The number of branches in head-office cities and outside head-office cities, respectively, were as follows:

	In head-office cities	Outside head-office cities
1933.....	1,784	1,127
1934.....	1,776	1,357
1935.....	1,754	1,530
1936.....	1,749	1,650
1937.....	1,757	1,783
1938.....	1,743	1,837
1939 (June 30).....	1,740	1,867

ANALYSIS OF CHANGES IN NUMBER OF BANKS AND BRANCHES, JANUARY 1—JUNE 30, 1939

[Preliminary figures]

	Total	Member banks		Nonmember banks			
		National	State	Other than mutual savings and private banks		Mutual savings	Private
				Insured	Not insured		
Analysis of Bank Changes							
Number of banks on December 31, 1938.....	15, 194	5, 224	1, 114	7, 316	917	555	68
Increases in number of banks:							
Primary organizations (new banks) ¹	+8	+2	+1	+4	+1		
Decreases in number of banks:							
Suspensions.....	-30	-4	-2	-18	-6		
Voluntary liquidations ²	-25	-3	-2	-8	-8		-4
Consolidations, absorptions, etc.....	-73	-19	-4	-46	-3	-1	
Inter-class bank changes:							
Conversions—							
State into national.....		+9	-6	-3			
National into State.....		-6	+1	+5			
Federal Reserve membership— ³							
Admissions of State banks.....			+29	-29			
Withdrawals of State banks.....			-4	+4			
Federal deposit insurance— ⁴							
Admissions of State banks.....				+11	-11		
Withdrawals of State banks.....							
Net increase or decrease in number of banks.....	-120	-21	+13	-80	-27	-1	-4
Number of banks on June 30, 1939.....	15, 074	5, 203	1, 127	7, 236	890	554	64
Analysis of Branch Changes							
Number of branches on December 31, 1938.....	3, 580	1, 499	992	908	41	135	5
Increases in number of branches:							
De novo branches.....	+27	+4	+5	+17	+1		
Banks converted into branches.....	+30	+8	+3	+19			
Decreases in number of branches:							
Suspension of parent bank.....	-9		-7	-2			
Otherwise discontinued.....	-21	-2	-9	-10			
Inter-class branch changes:							
Branches of a National bank which became a State member bank.....		-4	+4				
Branches of a nonmember bank which became a National bank.....		+13		-13			
Branches of nonmember banks which became branches of State member banks ⁵			+5	-5			
Net increase or decrease in number of branches.....	+27	+19	+1	+6	+1		
Number of branches on June 30, 1939.....	3, 607	1, 518	993	914	42	135	5

¹ Exclusive of new banks organized to succeed operating banks.² Exclusive of liquidations incident to the succession, conversion and absorption of banks.³ Exclusive of conversions of national banks into State bank members, or vice versa, as such conversions do not affect Federal Reserve membership.⁴ Exclusive of conversions of member banks into insured nonmember banks, or vice versa, as such conversions do not affect Federal Deposit Insurance Corporation membership.⁵ Includes 2 branches of an insured nonmember bank which was absorbed by a State member bank and 3 branches of 2 insured nonmember banks which became State member banks.

Back figures.—See Annual Report for 1938 (tables 13 and 14), and BULLETIN for November 1937, pp. 1084-1122.

ESTIMATED EXPENDITURES FOR NEW DURABLE GOODS 1919-1938

by

GEORGE TERBORGH

In view of the great influence of expenditures for durable goods on the course of business activity and the national income, estimates have been compiled of the annual amounts of such expenditures. Tables giving these estimates for the period 1919-1938 are here presented. In the absence of precise and comprehensive statistics for most types of durable goods, the estimates have been derived from a careful analysis of sample data and, as the accompanying notes will indicate, their quality varies considerably from one series to another.

Durable goods are defined for the present purpose as those having a normal useful life in excess of three years. Except in a few cases the data relate only to expenditures which under business accounting practice are properly chargeable to capital account.¹ They therefore exclude parts and accessories,

small tools, durable shop supplies, and similar items customarily charged to current expense, as well as disbursements for repairs and maintenance generally. So far as possible, all expenditures are taken as and when made by the final purchasers of the goods in question, hence their timing may differ somewhat from that of activity in the production of the goods.

The distinction between expenditures for plant and those for equipment turns primarily on the mobility of the goods. Under plant are included all fixed improvements to land, such as buildings, highways, railroad trackage, electric transmission lines, drainage and irrigation projects, oil wells, and the like. All movable goods are classed as equipment.

SOURCES AND METHODS

TABLE 1

Except for public construction, this table presents merely a recapitulation of series assembled in later tables, under which the discussion of sources and methods will be found.

TABLE 1
ESTIMATED EXPENDITURES FOR NEW DURABLE GOODS
(In millions of dollars)

	Public and Private			Private									Public
	Total	Plant	Equip-ment	Producers' and Consumers'			Producers'			Consumers'			Plant
				Total	Plant	Equip-ment	Total	Plant	Equip-ment	Total	Plant	Equip-ment	
1919.....	15,455	6,048	9,407	14,543	5,136	9,407	7,095	3,166	¹ 3,929	7,448	1,970	5,478	² 912
1920.....	17,933	6,898	11,035	16,721	5,686	11,035	8,327	3,738	¹ 4,589	8,394	1,948	6,446	² 1,212
1921.....	14,131	6,313	7,818	12,606	4,788	7,818	5,233	2,475	¹ 2,758	7,373	2,313	5,060	² 1,525
1922.....	16,908	8,102	8,806	15,251	6,445	8,806	5,784	2,644	3,140	9,467	3,801	5,666	² 1,657
1923.....	21,582	9,699	11,883	19,984	8,101	11,883	7,902	3,280	4,622	12,082	4,821	7,261	² 1,598
1924.....	21,908	10,398	11,510	20,046	8,536	11,510	7,650	3,307	4,343	12,396	5,229	7,167	² 1,862
1925.....	23,834	11,449	12,385	21,726	9,341	12,385	8,189	3,591	4,598	13,537	5,750	7,787	² 2,108
1926.....	25,284	11,833	13,451	23,171	9,720	13,451	9,126	4,185	4,941	14,045	5,535	8,510	² 2,113
1927.....	24,602	11,858	12,744	22,234	9,490	12,744	8,777	4,133	4,644	13,457	5,357	8,100	² 2,368
1928.....	24,920	11,584	13,336	22,458	9,122	13,336	8,846	4,103	4,743	13,612	5,019	8,593	² 2,462
1929.....	25,532	10,734	14,798	23,121	8,323	14,798	10,157	4,562	5,595	12,964	3,761	9,203	² 2,411
1930.....	20,443	8,836	11,607	17,666	6,059	11,607	8,340	3,768	4,572	9,326	2,291	7,035	² 2,777
1931.....	14,771	6,494	8,277	12,194	3,917	8,277	5,123	2,182	2,941	7,071	1,735	5,336	² 2,577
1932.....	8,650	3,695	4,955	6,856	1,901	4,955	2,799	1,192	1,607	4,057	709	3,348	² 1,794
1933.....	7,607	2,655	4,952	6,277	1,325	4,952	2,371	867	1,504	3,906	458	3,448	² 1,330
1934.....	10,386	3,687	6,699	8,349	1,650	6,699	3,436	1,129	2,307	4,913	521	4,392	² 2,037
1935.....	12,639	4,005	8,634	10,805	2,171	8,634	4,349	1,258	3,091	6,456	913	5,543	² 1,834
1936.....	17,654	6,470	11,184	14,370	3,186	11,184	5,783	1,650	4,133	8,587	1,536	7,051	² 3,284
1937.....	19,993	6,991	13,002	17,204	4,202	13,002	7,570	2,294	5,276	9,634	1,908	7,726	² 2,789
1938.....	^p 16,460	^p 7,036	^p 9,424	^p 13,101	^p 3,677	^p 9,424	^p 5,471	^p 1,860	^p 3,611	^p 7,630	^p 1,817	^p 5,813	² 3,359

^p Preliminary.

¹ Excludes ships built for the Emergency Fleet Corporation.

² Excludes special war-time military construction.

³ Includes work-relief construction.

TABLE 2
ESTIMATED EXPENDITURES FOR NEW DURABLE PRODUCERS' GOODS
PLANT AND EQUIPMENT

[In millions of dollars]

	Total	Railroads	Electric Power	Tele-phones	Transit	Other Utilities	Mining and Manufacturing	Agriculture	Commercial and miscellaneous
1919.....	7,095	374	260	132	123	155	3,121	1,237	¹ 1,693
1920.....	8,327	630	437	203	162	181	3,538	1,376	¹ 1,800
1921.....	5,233	550	276	229	100	137	2,034	556	¹ 1,351
1922.....	5,784	434	395	265	151	236	2,169	575	1,559
1923.....	7,902	1,077	723	318	180	245	2,680	750	1,929
1924.....	7,650	901	827	385	133	355	2,352	704	1,993
1925.....	8,189	728	766	385	123	300	2,726	800	2,361
1926.....	9,126	883	704	404	116	380	3,169	845	2,625
1927.....	8,777	751	722	397	130	427	2,854	907	2,589
1928.....	8,846	673	679	457	135	348	3,052	901	2,601
1929.....	10,157	840	774	615	135	369	3,596	992	2,836
1930.....	8,340	865	835	612	124	298	2,541	730	2,335
1931.....	5,123	360	538	408	132	243	1,435	411	1,596
1932.....	2,799	164	257	253	61	127	930	191	816
1933.....	2,371	101	113	171	46	57	992	234	657
1934.....	3,436	218	126	185	78	73	1,460	356	940
1935.....	4,349	166	166	206	117	86	1,807	591	1,210
1936.....	5,783	306	251	261	109	135	2,403	729	1,589
1937.....	7,570	525	400	348	101	162	3,122	919	1,993
1938.....	^p 5,471	238	422	318	83	^p 102	^p 2,057	^p 764	^p 1,487

^p Preliminary.

¹ Excludes ships built for the Emergency Fleet Corporation.

TABLE 3
ESTIMATED EXPENDITURES FOR NEW DURABLE PRODUCERS' GOODS
PLANT

[In millions of dollars]

	Total	Railroads	Electric Power	Tele-phones	Transit	Other Utilities	Mining and Manufacturing	Agriculture	Commercial and miscellaneous
1919.....	3,166	143	156	64	63	113	1,497	545	585
1920.....	3,738	243	262	109	82	122	1,753	510	657
1921.....	2,475	212	163	90	59	93	1,013	245	600
1922.....	2,644	175	229	107	85	157	976	270	645
1923.....	3,280	361	412	143	74	166	1,049	340	735
1924.....	3,307	382	463	177	56	238	908	322	761
1925.....	3,591	373	421	192	52	199	1,036	328	900
1926.....	4,185	492	380	206	51	239	1,320	320	1,177
1927.....	4,133	447	383	196	77	285	1,171	368	1,206
1928.....	4,103	438	353	227	90	227	1,227	360	1,181
1929.....	4,562	503	387	328	82	256	1,441	379	1,186
1930.....	3,768	521	409	310	85	186	1,037	223	997
1931.....	2,182	284	258	154	69	174	515	146	582
1932.....	1,192	126	121	80	29	86	387	74	289
1933.....	867	85	52	42	21	35	373	104	155
1934.....	1,129	122	57	44	30	47	524	115	190
1935.....	1,258	83	73	48	40	57	552	180	225
1936.....	1,650	139	108	62	45	92	728	187	289
1937.....	2,294	188	172	100	39	117	1,053	222	403
1938.....	^p 1,860	117	182	88	41	^p 66	817	^p 182	^p 367

^p Preliminary.

PUBLIC CONSTRUCTION

The estimates are those prepared by Lowell Chawner for the Department of Commerce and published in *Construction Activity in the United States 1915-1937*, and in subsequent releases. They have been adjusted to exclude special war-time military construction in the period 1919-1921. Work-relief construction is included.

It will be noted that no estimates are given for public expenditures on equipment. For most types of equipment it is impracticable to segregate the portion going to governmental agencies. Except for

electric power plant machinery, special military equipment, and ships constructed in navy yards, government expenditures are included in the estimates for producers' or consumers' equipment, depending on the classification of the good in question. They appear to be small relative to the totals in which they are included.

TABLES 2, 3, AND 4

RAILROADS

For the period 1922-1938 the estimates are derived from figures on gross capital expenditures of Class I

TABLE 4
ESTIMATED EXPENDITURES FOR NEW DURABLE PRODUCERS' GOODS EQUIPMENT

[In millions of dollars]

	Total	Railroads	Electric Power	Tele-phones	Transit	Other Utilities	Mining and Man-ufacturing	Agricul-ture	Commer-cial and mis-cel-laneous
1919.....	3,929	231	104	68	60	42	1,624	692	¹ 1,108
1920.....	4,589	387	175	94	80	59	1,785	866	¹ 1,143
1921.....	2,758	338	113	139	41	44	1,021	311	¹ 751
1922.....	3,140	259	166	158	66	79	1,193	305	914
1923.....	4,622	716	311	175	106	79	1,631	410	1,194
1924.....	4,343	519	364	208	77	117	1,444	382	1,232
1925.....	4,598	355	345	193	71	101	1,690	472	1,371
1926.....	4,941	391	324	198	65	141	1,849	525	1,448
1927.....	4,644	304	339	201	53	142	1,683	539	1,383
1928.....	4,743	235	326	230	45	121	1,825	541	1,420
1929.....	5,595	337	387	287	53	113	2,155	613	1,650
1930.....	4,572	344	426	302	39	112	1,504	507	1,338
1931.....	2,941	76	280	254	63	69	920	265	1,014
1932.....	1,607	38	136	173	32	41	543	117	527
1933.....	1,504	16	61	129	25	22	619	130	502
1934.....	2,307	96	69	141	48	26	936	241	750
1935.....	3,091	83	93	158	77	29	1,255	411	985
1936.....	4,133	167	143	199	64	43	1,675	542	1,300
1937.....	5,276	337	228	248	62	45	2,069	697	1,590
1938.....	^p 3,611	121	240	230	42	^p 36	^p 1,240	582	^p 1,120

^p Preliminary.
¹ Excludes ships built for the Emergency Fleet Corporation.

TABLE 5
ESTIMATED EXPENDITURES FOR NEW DURABLE CONSUMERS' GOODS

[In millions of dollars]

	Total	Plant			Equipment		
		Total	Hous-ing	Buildings for Non-Profit Institutions	Total	Passen-ger auto-mobiles	House-hold goods
1919.....	7,448	1,970	1,785	185	5,478	1,668	3,810
1920.....	8,394	1,948	1,712	236	6,446	2,046	4,400
1921.....	7,373	2,313	2,016	297	5,060	1,370	3,690
1922.....	9,467	3,801	3,414	387	5,666	1,836	3,830
1923.....	12,082	4,821	4,395	426	7,261	2,681	4,580
1924.....	12,396	5,229	4,772	457	7,167	2,507	4,660
1925.....	13,537	5,750	5,141	609	7,787	2,747	5,040
1926.....	14,045	5,535	4,843	692	8,510	3,150	5,360
1927.....	13,457	5,357	4,645	712	8,100	2,690	5,410
1928.....	13,612	5,019	4,355	664	8,593	2,933	5,660
1929.....	12,964	3,761	3,193	568	9,203	3,293	5,910
1930.....	9,326	2,291	1,824	467	7,035	2,065	4,970
1931.....	7,071	1,735	1,379	356	5,336	1,416	3,920
1932.....	4,057	709	515	194	3,348	788	2,560
1933.....	3,906	458	373	85	3,448	978	2,470
1934.....	4,913	521	419	102	4,392	1,342	3,050
1935.....	6,456	913	813	100	5,543	1,993	3,550
1936.....	8,587	1,536	1,374	162	7,051	2,551	4,500
1937.....	9,634	1,908	1,740	168	7,726	2,726	5,000
1938.....	^p 7,630	1,817	1,618	199	^p 5,813	1,613	^p 4,200

^p Preliminary.

roads, compiled by the Association of American Railroads. From the figures for way and structures (construction) have been deducted purchases of land as reported by the Interstate Commerce Commission, and to the remainder, as well as to the figures for equipment, has been added a uniform increment of 5 per cent to allow for capital expenditures of Class II and III railroads and for switching and terminal companies. For the years 1919-1921 the Association of American Railroad figures thus modified

have been carried back by reference to the movement of Interstate Commerce Commission figures on capital expenditures.

ELECTRIC POWER

The estimates are derived from Department of Commerce adjustments of data compiled by the Edison Electric Institute. These adjustments consist of eliminating estimated expenditures for land, as well as expenditures of municipal power plants included in the Institute's figures.²

TELEPHONES

The estimates in this case, both as to total expenditures and as to split between plant and equipment, were supplied through the courtesy of the American Telephone and Telegraph Company. They cover the entire industry.

TRANSIT

For 1922-1937 the estimates are those of the *Transit Journal*. For 1919-1921 expenditures for structures have been taken from the Department of Commerce estimates.³ For equipment, *Transit Journal* data for 1922 and later years were carried back by reference to street railway cars built, as reported by the American Railway Car Institute.⁴

OTHER UTILITIES

These consist of petroleum and gas pipe lines, manufactured and natural gas, telegraphs, and cables. The figures shown are the sum of the Department of Commerce estimates for these separate series.⁵

² See *Construction Activity in the United States, 1915-1937*, p. 66, and supplements. The Department's estimates eliminate municipal expenditures only in the case of construction. We have applied the ratios used here to expenditures for machinery and equipment.

³ Op. cit., p. 63.

⁴ *Statistics of Car Building and Car Repairing*.

⁵ Op. cit., pp. 65-69, and supplements.

MINING AND MANUFACTURING

Except for two or three manufacturing industries, we have no budgetary or accounting data on capital expenditures such as are relied on in the case of railroads and public utilities. For this reason it has been necessary to derive the estimates by a radically different method.

Plant

Factories.—Department of Commerce estimates have been used throughout, with the exception of the year 1919, which is a tentative figure of our own. They are derived through various adjustments of data on contracts awarded for factory construction as compiled by the F. W. Dodge Corporation.⁶

Mining development outlays.—Very little statistical material is available from which to derive estimates of mining development expenditures, and any efforts along this line must of necessity be highly tentative.

The bulk of these development expenditures consists of the cost of drilling oil and gas wells. Data are available on the number of wells drilled each year (including dry holes) for the period covered by the present study, and the estimation of the total annual expenditure on drilling (exclusive of drilling machinery, which is covered elsewhere) involves multiplying the number of wells drilled by some figure for the average cost per well.

For 1935 it is possible to derive a fairly reliable figure from a study of drilling costs made by the Bureau of Mines.⁷ For all wells drilled in that year the average cost appears to have been in the vicinity of \$18,500.⁸ For the years 1927-1930 an estimate is obtainable from data compiled by the United States Tariff Commission.⁹ By taking the estimated amount of "intangible development expenses" plus "amortization of tangible development expenses" per barrel of oil produced (Table 80), applying it to the total crude production of the United States, and dividing by the number of producing oil wells drilled during the period, we derive an average cost for producing wells of around \$24,000.¹⁰ The inclusion of dry holes and gas wells brings this figure down to about \$22,500.¹¹ This over-all average appears to be fairly well in line with trade estimates for the period.¹²

How the average changed in the period 1919-1926 it is difficult to say. There was probably some increase in the average depth per well in this interval, and it might appear therefore that the average expense of drilling was increasing correspondingly.¹³

⁶ Op. cit., p. 49, and supplements.

⁷ O. E. Kiessling and others, *Technology, Employment, and Output Per Man in Petroleum and Natural Gas Production*, Table VIII.

⁸ The Bureau's study covers drilling costs of oil wells and dry holes only. The cost of equipping producing wells is included. We have assumed that the average cost of gas wells is two-thirds the cost of drilling and equipping oil wells.

⁹ *Production Costs of Crude Petroleum*, 72d Congress, First Session, House Document 195.

¹⁰ The cost of dry holes is not included in the expense items just cited.

¹¹ It was assumed that the average cost of dry holes bore the same relation to the average for producing oil wells as shown in the Bureau of Mines study for 1935, and that the cost of gas wells averaged two-thirds the cost of producing oil wells.

¹² *Petroleum Facts and Figures* (2d Ed. p. 115) places the average cost in 1928 at \$22,540. A 1931 estimate from the same source (4th Ed., p. 88) makes it \$22,000. An estimate for the first half of 1927 by the *Oil and Gas Journal* is \$19,261 (cited in *Petroleum Facts and Figures*, 1st Ed., p. 161).

¹³ That the increase in average depth may have been moderate is suggested by the fact that the average for 1925 (the first year for which estimates appear to be available) was the same as for 1930, and higher than for 1934-1936. *Oil Weekly*, January 30, 1939, p. 57. On the other hand it must be considered that there was between 1919 and 1925 some shift in the distribution of drilling activity in favor of areas with deeper wells. *Petroleum Facts and Figures*, 5th Ed., p. 206.

Experts in this field who have been consulted do not accept this as a foregone conclusion, however, since there were improvements in drilling technique that accompanied the increase in depth and tended to offset the increase in average cost that would otherwise have occurred. Certainly for the four years, 1927-1930, covered by the Tariff Commission study no clear trend in average cost is discernible. In the absence of any adequate data to support an estimate of average drilling costs prior to 1927, we have simply assumed, pending further evidence and investigation, a constant average of \$22,500 for the entire period, and have multiplied by this figure the number of oil and gas wells (including dry holes) drilled each year. The resulting estimates are purely provisional, and it is hoped that they may be improved later on.¹⁴

The average cost of \$22,500 per well used through 1930 was scaled down by 1935 to the \$18,500 found by the Bureau of Mines study for that year, and was scaled upward thereafter to \$21,000 in 1938, by reference to annual data on the average depth per well, supplemented by indexes of general construction costs.¹⁵ The results leave much to be desired, but may serve as rough approximations.¹⁶

It will be noted that these estimates cover all drilling costs, other than purchases of drilling machinery, regardless of whether they are charged to capital account. This is the only instance throughout the field of producers' goods in which we have knowingly and avoidably included an item widely treated as a current expense by the accounting practice of the industry concerned. "Intangible" drilling costs, which make up generally somewhat over half of the total, are almost universally expensed for income-tax purposes, though the trend is said to be toward capitalization for other purposes, largely as a result of the extension of the life of wells through proration. That the drilling of a well represents durable construction can hardly be disputed, since the average life of wells is probably between 5 and 10 years. Construction involving a similar durability and size of outlay would ordinarily be capitalized in any other industry, and we have therefore included "intangible" drilling costs as capital outlays regardless of accounting customs.

As for mining development expenses in other lines than petroleum and gas, only two basing points are available throughout the entire period, namely those provided by the censuses of mines and quarries of 1919 and 1929. The census figures presumably relate to development expenses of the kind customarily capitalized, hence exclude the very large volume of routine or current development operations which are regularly charged to operating expense. The volume of these capitalized outlays is relatively small (around \$100 million in 1919, \$90 millions in 1929,

¹⁴ The Census of Mines and Quarries for 1919 shows a total of development expenses for petroleum and gas wells of only \$236 million, which works out at approximately half of the average of \$22,500 per well assumed in the present estimates. It appears, however, that the reporting of drilling costs was very incomplete, many concerns returning only costs charged to capital account. The expensing of "intangible" drilling costs and outlays for dry holes has long been a widespread practice in the industry.

¹⁵ Average well depths were obtained from the *Oil Weekly*, January 30, 1939, p. 57.

¹⁶ We have for the period 1931-1934 a study of oil-producing costs by the Petroleum Administrative Board (*Report on the Cost of Producing Crude Petroleum*) in which is shown (Table 4) the average per-barrel cost attributable to "amortization of development costs", but the figures on this item are clearly untrustworthy. Conversation with certain officials intimately acquainted with the study discloses an incomplete capitalization of prior-year drilling expenses for the purpose of computing current amortization.

less than one-fifth of the expenditures in those years for the drilling of oil and gas wells). No satisfactory series appears to be available for interpolating the movement of development costs between the census years, or for extrapolating beyond 1929. In lieu of anything better, the interpolations and extrapolations have been accomplished by reference to the movements of expenditures for factory construction.

Equipment

The various steps in the process of estimation may be outlined briefly as follows:

1. From the various censuses of manufactures, beginning with the census of 1925, we tabulated all items of finished machinery and equipment used entirely, or almost entirely, in mining and manufacturing.¹⁷ To the value of such items we added such fractions of the value of items used both in mining and manufacturing and elsewhere as we allocated to mining and manufacturing.¹⁸ For census years prior to 1925 the series thus obtained was extrapolated by reference to the movement of the aggregate of a list of items selected from Kuznets' tabulation of producers' machinery and equipment.¹⁹

2. Interpolations for inter-censal years were made by reference to the movement of Kuznets' estimates for "industrial machinery and equipment."²⁰

3. The series derived after these interpolations was then adjusted for imports and exports of mining and manufacturing machinery and equipment as tabulated from detailed foreign trade statistics published by the Department of Commerce, thus giving the volume of machinery and equipment destined for the domestic market, at producers' prices.²¹

4. The next step was to raise the values obtained under (3) to allow for transportation costs and distributive margins between producer and consumer. The allowance in this case was derived from Kuznets' estimates of the total spread between producer and consumer in 1929 for various categories of machinery and equipment.²² An appropriate weighting of the relevant items in Kuznets' table resulted in the decision to raise the value of mining and manufacturing machinery at producers' prices by 12½ per cent. This ratio of increase was applied uniformly throughout the period.

5. The results obtained under (4) were raised further by an arbitrary allowance for undertabulation and for equipment produced within the establishment using it (hence not included in the census data). This last adjustment deserves special discussion.

Let us consider first the matter of undertabulation. It is obvious that we can tabulate only finished machinery and equipment included by the census in classifications sufficiently specific to permit either

¹⁷ As noted in the introduction, the tabulation is exclusive of parts and accessories, small tools, durable shop supplies, and similar items prevalently charged to current expense.

¹⁸ The fractions of such "split" items allocated to mining and manufacturing were not held constant from year to year, but were varied. Since in most cases that portion of "split" items not allocated to mining and manufacturing went to "commercial and miscellaneous", it was possible to adjust the division of such items between the two classifications for other years than 1929 (the "base" year for determining the split) by reference to the relative movements of the aggregates of "straight" or exclusive items.

¹⁹ *Commodity Flow and Capital Formation*, Table I-4, pp. 89, ff.

²⁰ The same, Table II-3, p. 137.

²¹ Only 80 per cent of the net balance as tabulated was used, a deduction of 20 per cent being an allowance for parts and accessories included in the items tabulated from the trade statistics. The adjustment for imports and exports of motor trucks was made on the basis of data published in *Automobile Facts and Figures*.

²² The same, Table III-5, p. 213.

their allocation in toto to mining and manufacturing or a "split" in the form of a partial allocation. There is probably a significant volume of machinery and equipment destined for use in this field which is concealed in census categories of too broad or catch-all a character to permit of identification. Moreover, there are other categories, most notably in the field of electrical machinery and equipment, that clearly contain items going into mining and manufacturing use, but for which no satisfactory basis for a "split" appears to exist. It seems certain, therefore, that the figures compiled by the procedure described above must reflect a fairly sizeable undertabulation, the magnitude of which, unfortunately, we can only guess.

Probably an even more important deficiency lies in the omission of machinery and equipment assembled or produced in the establishment using it. If it is purchased in parts and put together on the premises of the buyer, it is likely not to appear in the census as a finished good, in which case it is not included in our tabulation. If it is built in the user's own shops, it likewise slips through the net. Moreover, the method fails to catch overhauls and renewals of old machinery chargeable to capital account.

There appears no way of estimating satisfactorily the total deficiency arising from undertabulation of completed units sold to mining and manufacturing concerns and from the production and assembly of machinery and equipment within the consuming establishments. Certainly it is known that in the case of many large manufacturing organizations the proportion of machinery and equipment produced internally is very sizeable, though less so for small establishments. Experts connected with the machinery industry, with whom we have consulted, have expressed the opinion that as much as 15 or 20 per cent of the total charges to the machinery and equipment account in mining and manufacturing may be attributable to assembly and production in the using plants. This is of course a mere guess. In any event in raising the estimates as obtained in step (4) enumerated above, we have made a flat allowance of 25 per cent, of which some 10 per cent is for undertabulation and the remainder for production within the consuming establishments. This is, obviously, a purely provisional solution of the problem. It is hoped that eventually a better basis for this adjustment can be found.

AGRICULTURE

Plant

The term construction as it pertains to agriculture includes production buildings, wells, windmills, fences, and similar fixed improvements to farm real estate. The estimates shown here were prepared by the Bureau of Agricultural Economics. They are provisional and subject to change.²³

Equipment

This series includes farm machinery of all kinds, tractors, and trucks. As presented here it does not include any passenger automobiles even though these

²³ It should be noted that the Bureau's estimates cover repair expenditures as well as outlays on new construction. The latter are not available separately. The inclusion of minor repairs of the kind charged to current expense under ordinary accounting rules results in somewhat too high a level for the estimates as compared with the estimates for other types of business construction.

are widely used by farmers for business purposes. The estimates, like those for farm construction, represent the work of the Bureau of Agricultural Economics, and are also tentative.²⁴

COMMERCIAL AND MISCELLANEOUS

This is a catch-all category intended to embrace all types of private enterprise other than railroads, public utilities, agriculture and mining and manufacturing. Some of the principal components are merchandising, the service industries, and common-carrier and contract transportation by highway and water.

Plant

This consists of commercial and miscellaneous business buildings, for which the estimates of the Department of Commerce, based on Dodge Corporation statistics, have been used.²⁵

Equipment

The problem of estimation in this case is very similar to that encountered in the case of mining and manufacturing machinery, already discussed. The procedure in general has been similar, hence it is unnecessary to repeat the description, and we shall comment only on a few minor points of difference.

1. Interpolations for inter-censal years (see (2) under mining and manufacturing above) were derived from the movement of a total composed of minor groups 35, 36, and 38-41 in Table II-3 of *Commodity Flow and Capital Formation*, p. 137.

2. The allowance for transportation costs and distributive margins between producer and consumer was obtained by a weighted combination of Kuznets' detailed estimates for 1929 as shown in *Commodity Flow and Capital Formation*, Table III-5, p. 213. It turned out to be about 17½ per cent of the producer value, and was applied uniformly throughout the period covered by the estimates.

3. The allowance for undertabulation and production of machinery and equipment within the using establishments is 10 per cent instead of the 25 per cent used in the case of mining and manufacturing. This lower margin is in recognition of the probability that production by users is relatively small in this field.

Plant

TABLE 5

Housing.—For non-farm housing (not shown separately) the estimates are based on the study of David L. Wickens and Ray Foster for the National Bureau of Economic Research.²⁶ The series developed in that study, as continued since 1936 by Mr. Foster, has been converted from a projects-started to an expenditure basis, and to it have been added estimates for major alterations, additions, and repairs of the kind requiring a building permit. The estimates for farm housing are those of the bureau of Agricultural Economics.²⁷

Buildings for non-profit institutions.—The estimates shown from 1920-1938 are those of the Department of Commerce. They cover religious, memorial, educational, social, recreational, hospital, and other institutional construction that is privately financed.²⁸

²⁴ Except for trucks, the estimates include "parts and accessories", though not repair expenditures other than for parts.

²⁵ *Construction Activity in the United States, 1935-1937*, p. 48, and supplements.

²⁶ Bulletin 65, *Non-Farm Residential Construction 1920-1936*.

²⁷ The Bureau's estimates include all repairs.

²⁸ *Construction Activity in the United States, 1915-1937*, pp. 50-56, and supplements.

Equipment

Automobiles.—Prior to 1925 there are available only figures on factory sales of passenger cars in the domestic market. To obtain from these figures estimates for retail sales it is necessary to make allowance for changes in dealer inventories year by year. In the absence of significant statistical material on this point, the estimates used had to be very largely guesses, the basis for which need not be elaborated. Beginning with 1925 and extending through 1929, the estimates rest on Polk's compilation of new car registrations in the United States, adjusted for undertabulation in accordance with a schedule prepared by Mr. O. P. Pearson of the Automobile Manufacturers' Association. For the period beginning 1930 they rest on a tabulation of retail sales prepared by the Automobile Manufacturers' Association.²⁹

The estimates derived from these sources were in terms of the number of units sold annually at retail in the domestic market. To convert these unit figures into value the following procedure was adopted. From *Automobile Facts and Figures* we obtained the average wholesale value of passenger cars sold in the American market each year. This wholesale value was then raised to allow for the transportation and distributive margin worked out by Kuznets for the year 1929.³⁰ It is known that this margin has varied somewhat from year to year and over a period of years, but there appears no reliable means of estimating the variation, hence the use of the 1929 ratio throughout. Here again it is hoped that the estimates may be improved by further revision.

Household durable goods.—This category embraces, so far as it is practicable to segregate them, all consumers' durable goods other than automobiles.

For the period 1919-1933 the estimates were derived by adjustments of Kuznets' figures on consumers' durable goods, as follows. From the value of consumers' durable goods destined for domestic consumption, at producers' prices, the items for passenger cars and auto parts and accessories were subtracted, leaving household durables, as here defined, destined for domestic consumption.³¹ To obtain the value of these goods at retail it was necessary to add the estimates for the transportation and distributive margin for consumers' durables as a whole,³² minus that portion of the margin attributable to automobiles and auto parts and accessories, and then to make adjustments for changes in distributive inventories of the goods in question.

This adjustment for inventory changes followed no set formula and its derivation is difficult to describe except by saying that it represents a series of guesses which appeared to us, all things considered, to give results as nearly as possible in harmony with the lines of evidence available.

For the period since 1933 the estimates just described were extrapolated by reference to the movement of a compilation of household durable goods from the censuses of manufactures for 1933, 1935, and 1937, adjusted for imports and exports and for estimated change in distributive inventories. The interpolations for the inter-censal years 1934 and 1936 were derived from various data that need not be described here.

²⁹ *Automobile Facts and Figures, 1939*, p. 7.

³⁰ *Commodity Flow and Capital Formation* Table III-5, p. 213.

³¹ *Op. cit.*, Table II-5, p. 147.

³² *Op. cit.*, Table V-6, p. 307.

NEW GERMAN REICHSBANK LAW

The text of a new law governing the German Reichsbank is published below in translation. This law supplants that of August 30, 1924, published in the FEDERAL RESERVE BULLETIN for November 1924, and amendments thereto. The principal changes relate to management, share ownership, distribution of dividends, reserve requirements, and power of the Reichsbank to buy and sell Treasury bills and other Government securities.

LAW CONCERNING THE GERMAN REICHSBANK June 15, 1939.

The German Reichsbank, as the German bank of issue, shall be subject to the unrestricted sovereignty of the Reich. Within the scope of the duties entrusted to it, it shall serve to realize the aims set up by the National Socialist State, especially the safeguarding of the German currency.

In order to define the legal status of the Reichsbank created by the banking law of March 14, 1875 (Reichsgesetzblatt p. 177), the Reich Government has enacted the following law which is promulgated herewith:

I. LEGAL FORM AND DUTIES

Section 1

(1) The German Reichsbank shall be responsible directly to the Führer and Chancellor of the Reich.

(2) It shall be a corporate body of the public interest with its seat in Berlin. It may maintain branch establishments.

Section 2

The duties of the German Reichsbank result from its position as bank of issue of the Reich. It shall have the exclusive right to issue notes. It shall further regulate the system of money and payments within Germany and the transfers with foreign countries, as well as provide for the utilization of the available means of payment of the German economy in the public interest and in conformity with the economic system.

II. DIRECTION AND ADMINISTRATION

Section 3

(1) The German Reichsbank shall be directed and administered by the President of the German Reichsbank and the other members of the Managing Board in accordance with instructions from the Führer and Chancellor of the Reich and under his supervision.

(2) The President of the German Reichsbank shall have the deciding vote in the Managing Board.

Section 4

(1) The Führer and Chancellor of the Reich shall appoint the President of the German Reichsbank

and the other members of the Managing Board. He shall determine the duration of their term of office.

(2) Salaries, fees for attendance, pensions, and payments to beneficiaries of the President of the German Reichsbank and the other members of the Managing Board of the Reichsbank shall be fixed by contract with the German Reichsbank. The contract requires the approval of the Führer and Chancellor of the Reich.

(3) The Führer and Chancellor of the Reich may at any time recall the President of the German Reichsbank and the other members of the Managing Board without prejudice to their contractual rights.

Section 5

(1) The German Reichsbank shall be represented by the Managing Board in all judicial and extrajudicial proceedings.

(2) Declarations shall be binding on the German Reichsbank when made by two members of the Managing Board; they may also be made by representatives designated by the Managing Board.

(3) The directorates of the independent branch establishments (principal branches and branches of the Reichsbank) shall represent the German Reichsbank in judicial and extrajudicial proceedings within the business district of the branch establishment under their direction. Declarations made by the independent branch establishments shall be binding on the German Reichsbank when made by two members of the directorate or their representatives. Any complaints against the German Reichsbank referring to the conduct of such a branch establishment, may be made before the court competent in the jurisdiction where the branch is situated.

(4) If a deposition (Willenserklärung) to the German Reichsbank is to be made, it is sufficient to make it to an authorized representative.

Section 6

(1) The President of the German Reichsbank shall appoint an Advisory Committee within the Managing Board, of which he shall be the Chairman. He shall appoint a permanent representative from the members of the Advisory Committee.

(2) The President of the German Reichsbank may appoint subcommittees of the Advisory Committee for certain departments of activity and may entrust individual members of the Advisory Committee with specified duties.

(3) Local committees may be formed in the branch establishments.

(4) The members of the Advisory Committee and the local committees shall serve without remuneration.

Section 7

(1) The President of the German Reichsbank shall appoint the employees of the bank. At the time of the appointment of these employees the representative of the Führer or the office named by him shall be consulted regarding the regulations applying to Government employees.

(2) The employees of the Reichsbank are indirect employees of the Reich. Their legal status shall be governed by the regulations for employees to be issued by the President of the German Reichsbank, which shall take into consideration the specific needs of an orderly and efficient banking business. The

NOTE: This law was published in the Reichsgesetzblatt, Part I, June 16, 1939, No. 107.

regulations are to be approved by the Reich Government.

(3) The employees of the Reichsbank are subject to the penal code of the Reich. The President of the German Reichsbank shall be the supreme authority over the employees of the German Reichsbank.

Section 8

(1) The President of the German Reichsbank shall issue the regulations concerning salaries, fees for attendance, pensions, and payments to beneficiaries as well as salary increases of the employees of the Reichsbank. These regulations require the approval of the Reich Government.

(2) The President of the German Reichsbank, in individual cases according to the requirements of the German Reichsbank, may grant special remunerations for special services; the total amount of these remunerations may not exceed one-tenth of the entire payroll for the employees of the Reichsbank.

Section 9

The President of the German Reichsbank may employ notarial officers (Urkundsbeamte) at the German Reichsbank and its branch establishments. They must have the qualifications for appointment as judge and carry an official seal. They may attend to all business matters of the German Reichsbank which belong to the office of a notary. Authorization to represent the German Reichsbank may be evidenced by a certification of a notary of the German Reichsbank.

Section 10

(1) The members of the Managing Board of the Reichsbank, all persons occupied in the service of the German Reichsbank, as well as the members of its Advisory Committee and the members of the local committees, shall be bound to observe secrecy as to all matters and arrangements of the Bank which come to their knowledge, and especially as to all transactions of the Bank and as to the extent of credits granted, even after their connection with the Bank shall have been terminated.

(2) Without the consent of the President of the German Reichsbank they shall not make any depositions regarding such matters or give evidence either in court or out of court. Permission to testify as a witness may be refused only if the testimony would prove prejudicial to the interests of the Reich, would seriously endanger the performance of public services or would render it considerably more difficult. Permission to make a deposition may be withheld if the deposition would otherwise prove detrimental to the service.

(3) Paragraph 96 of the criminal code shall apply to the German Reichsbank with the proviso that the supreme authority in the sense of this provision shall be the President of the German Reichsbank.

III. CAPITAL STOCK AND SHAREHOLDERS

Section 11

(1) The capital stock of the German Reichsbank amounts to RM 150,000,000. It is divided into shares. The shareholders shall not personally be responsible for the liabilities of the German Reichsbank.

(2) Shares of the German Reichsbank may be owned only by German citizens who, on the basis of their racial origin, fulfill the requirements for acquisition of citizenship, as well as corporate bodies and

enterprises which have their headquarters within the area wherein this law is valid.

(3) The owner of a share must, on demand by the German Reichsbank and within a period specified by it, prove that he is entitled to hold shares according to (2) above. The Managing Board of the Reichsbank shall decide without recourse to legal steps whether or not proof has been given.

(4) The statutes (section 27) may provide for the issue of stock certificates; they may be transferred by endorsement. The form of endorsement, the proof of identity of the bearer, and his obligation of surrender are governed by articles 12, 13, 14 (2), and article 16 of the negotiable instruments law, *mutatis mutandis*.

Section 12

(1) The general meeting shall represent the shareholders.

(2) The annual balance sheet and the report on the administration of the Bank shall be presented to the general meeting. On the proposal of the President of the German Reichsbank, it shall decide on the increase of the capital stock.

IV. SPHERE OF ACTIVITY OF THE GERMAN REICHSBANK

Section 13

(1) The German Reichsbank shall be authorized to conduct the following transactions:

1. Buy and sell bills and checks in respect of which three endorsers of known solvency are responsible. Bills must be due within three months from the date of purchase; they must be good commercial bills;

The requirement of the third endorsement may be dispensed with if the bill or check is secured by collateral or in some other manner;

2. Buy and sell Treasury bills issued by the Reich which must be due within three months from the date of purchase. The Führer and Chancellor of the Reich shall determine the maximum amount which the German Reichsbank may hold by virtue of this provision and on which it may make advances in accordance with 5(c) below;

3. In order to regulate the money market, buy and sell fixed interest-bearing securities which are admitted to official trading on the stock exchanges, as well as Treasury bills which are due within one year from the date of purchase;

4. Buy and sell gold and foreign exchange;

5. Grant loans at interest for not more than three months on collateral (Lombard loans), i.e.,

a) on gold up to the amount of the purchase price (section 14),

b) on bills, which meet the requirements of 1 above, at a maximum of 9/10 of their nominal value,

c) on Treasury bills issued by the Reich which meet the requirements of 2 above, at a maximum of 9/10 of their nominal value,

d) on fixed interest-bearing securities designated by the Managing Board of the Reichsbank, on Treasury bills of the Reich or a German province, which mature within one year from the date of the loan—either individually designated securities or a part of a block of securities held at one of the large security deposit banks—as well as claims against the German Treasury at a maximum of three-fourths of their market value,

If there is no listed quotation on the stock exchange for values of this sort, the Managing Board of the Reichsbank shall fix the loan value of the collateral according to the liquidation value,

e) on merchandise stored in Germany or documents representing it at a maximum of 2/3 of its value.

If the debtor of such a collateral loan is in default, the German Reichsbank shall be authorized, without having previously obtained judicial authorization or assistance, to cause the pledged article to be sold publicly by one of its officials or by an authorized auctioneer or, if the pledged article has a stock exchange or market price, to cause the sale to be made even privately by one of these officials or a broker at the current price, and from the proceeds to reimburse itself for costs, interest, and capital. The German Reichsbank shall reserve this right also as between itself and other creditors of the debtor as well as between itself and the debtor's estate in bankruptcy.

6. To accept non-interest-bearing funds in clearing accounts or as deposits—in exceptional cases also interest-bearing funds;

7. To receive for safekeeping and in trust valuables, especially securities. The German Reichsbank shall have the status of a depository of securities.

8. For account of others, after receiving cover in advance,

- a) to conduct banking transactions,
- b) to buy and sell precious metals.

(2) The Managing Board of the Reichsbank shall make public the interest rates which will apply in the transactions of the German Reichsbank.

Section 14

(1) The German Reichsbank shall be under obligation to buy gold bars at its head office in Berlin at the fixed price of RM 2,784 per kilogram fine. It shall be authorized to have the gold assayed and refined at the cost of the seller.

(2) The German Reichsbank shall sell for cash from its available holdings gold bars at the price of RM 2,790 per kilogram fine, if their use for economically justifiable purposes appears to warrant it.

Section 15

(1) The German Reichsbank shall be under obligation to conduct all banking transactions for the Government in so far as they fall within its scope in accordance with the present law, as well as to negotiate all payments between the treasuries of the Reich, the districts of the Reich, the States, the communities, and the communal associations. For these services it shall not charge the Reich for costs and fees.

(2) The Reich shall entrust the German Reichsbank with all its banking transactions affecting the general administration of the Reich. The Reich shall issue loans and treasury bills primarily through the German Reichsbank.

Section 16

(1) The German Reichsbank may grant to the Reich working credits, the maximum amount of which shall be determined by the Führer and Chancellor of the Reich.

(2) The German Reichsbank may further grant working credits to the German Postal Service and the German Railways up to a combined maximum amount of RM 200,000,000 for the two organizations. In this case, at the request of the German Reichsbank, the provision in section 15 (2) shall be applied *mutatis mutandis*.

Section 17

The German Reichsbank shall be authorized to acquire and dispose of stocks and bonds of the German Gold Discount Bank and stocks of the Bank for International Settlements and to guarantee the subscription to such stocks.

Section 18

(1) Transactions other than those provided for in sections 13 to 17 shall be undertaken by the German Reichsbank only for administrative purposes or for the execution or liquidation of permissible operations.

(2) The German Reichsbank is forbidden to accept bills of exchange.

Section 19

(1) If the German Reichsbank certifies a check drawn on it, it shall become liable to the bearer for payment; it shall also become liable for payment to the maker and the endorser.

(2) The German Reichsbank shall be authorized to certify checks only after previous coverage.

(3) Payment of the certified check may not be refused even if in the meantime proceedings in bankruptcy have been instituted against the estate of the maker.

(4) Liability arising from certification expires if the check has not been presented for payment eight days after date of drawing. The provisions of article 40 of the law concerning checks shall apply in regard to proof of presentation.

(5) Claims arising from certification shall become outlawed two years after expiration of the time for presentation.

(6) For the legal enforcement of claims based on certification, the provisions for competence and methods of procedure regarding bills of exchange shall apply.

(7) Certification shall not involve any obligation to pay the bill stamp or any other fee.

V. NOTE ISSUE, NOTE COVER, AND STATEMENT

Section 20

(1) Reichsbank notes shall be the only unrestricted legal tender, except gold coins of the Reich.

(2) Reichsbank notes shall be denominated in Reichsmarks. Reichsbank notes for amounts smaller than ten Reichsmarks may be issued only by agreement with the Government.

Section 21

(1) Note circulation of the German Reichsbank must at all times be covered by its holdings of:

Bills of exchange and checks in accordance with section 13, 1,

Treasury bills of the Reich in accordance with section 13, 2,

Securities in accordance with section 13, 3,

Funds at call based on Lombard loans in accordance with section 13, 5.

(2) Gold and foreign exchange holdings shall be kept by the German Reichsbank at such a level as is deemed necessary in order to settle balances with foreign countries and maintain the value of the currency.

(3) Gold and foreign exchange holdings, which are at the disposal of the German Reichsbank at any time, shall be admitted as note cover in addition to the cover mentioned under (1) above. Gold in the sense of this provision means the gold coins of the Reich, calculated at their face value, furthermore gold bars and other gold coin, calculated at RM 2,784 per kilogram fine. Foreign exchange holdings in the sense of this provision means current foreign moneys with the exception of subsidiary coin, foreign bills and checks denominated in foreign currency and payable abroad in accordance with section 13, 1, as well as funds on call payable in foreign currency at a bank of known solvency in a foreign financial center.

Section 22

(1) The German Reichsbank shall make compensation for damaged notes, if the bearer can produce either a part of the note larger than half of it or produces evidence that the rest of the note, of which he presents only half or a smaller portion, has been destroyed. The Managing Board of the Reichsbank shall decide without recourse to legal steps whether sufficient proof has been given.

(2) The calling and withdrawal of notes shall be effected by the Managing Board of the Reichsbank, which shall issue further regulations for the purpose. These regulations shall be published.

(3) Notes which are called in shall be invalid after the time limit set by the Managing Board of the Reichsbank.

(4) The German Reichsbank shall not be required to make compensation for destroyed, lost, or invalid notes.

Section 23

(1) The German Reichsbank shall publish regularly the position of its assets and liabilities.

(2) The statement shall show:

1. Under liabilities:

Capital stock,
Reserves and provision for bad debts,
Note circulation,
Demand deposits,
Time deposits,
Other liabilities;

2. Under assets:

Gold and foreign exchange holdings, eligible as note cover;

Holdings of:

Bills, checks, and Treasury bills of the Reich,
Securities acquired in accordance with section 13, 3,
Lombard loans,
German subsidiary coin,
Rentenbank notes,
Other securities,
Other assets.

(3) In addition there must be a statement showing any conditional liabilities in respect of rediscounted bills of exchange payable in Germany.

VI. YEARLY BALANCE AND DISTRIBUTION OF PROFITS

Section 24

(1) The Managing Board of the German Reichsbank shall draw up the annual balance sheet.

(2) Ten per cent of the annual net profit shall be carried to a reserve fund until this reserve reaches the amount of the capital stock. This legal reserve may be used only as compensation for depreciation and as cover for other losses. The use of the legal reserve does not preclude the existence of free reserves, designated for compensation of depreciation and as cover for other losses.

(3) Stockholders shall receive a dividend of 5 per cent out of the remaining net profit. Any surplus shall be turned over to the Reich.

VII. PENALTIES

Section 25

(1) A penalty of imprisonment and a fine of unlimited amount, or either of these penalties—in case of negligence, imprisonment or a fine—shall be imposed on:

1. Any person who without authorization issues or uses for payment moneys (stamps, coins, notes or other documents which are capable of being used in monetary transactions instead of the legally issued coin or notes), even if their value is not expressed in Reich currency, or who issues or uses for payment noninterest-bearing bearer bonds;

2. Any person who uses for domestic payments moneys issued abroad which are denominated exclusively in Reich currency or in Reich currency combined with other denominations.

(2) Attempts at such action shall be liable to penalty.

(3) In addition to the penalty the objects in connection with which punishable action is committed may be confiscated. If no specific person can be prosecuted and sentenced, the confiscation may take place independently, provided the given premises warrant such action.

Section 26

(1) The members of the Managing Board of the Reichsbank shall be punishable with a fine or with imprisonment:

1. If they intentionally misrepresent or make equivocal statements regarding the position of the Reichsbank in the balance sheet published in accordance with section 23;

2. If they intentionally direct or permit the German Reichsbank to issue notes in excess of the authorized amount.

(2) Criminal proceedings shall be entered at the order of the Führer and Chancellor of the Reich.

VIII. FINAL AND TRANSITORY PROVISIONS

Section 27

(1) The President of the German Reichsbank shall issue the statutes. The statutes and their amendments shall be published.

(2) The statutes shall make provisions regarding:

1. The organization of branch establishments;
2. The Advisory Committee of the German Reichsbank and local committees;

3. The shares of the capital stock of the German Reichsbank, their transfer or pledging;

4. The issue and form of stock certificates and their appurtenant dividend and renewal coupons, the public notice to be given in case of the loss or destruction of share certificates and the annulment thereof, and the procedure in case of loss of dividend or renewal coupons;

5. The general meeting, especially regulations concerning the exercise of the voting right and order of business;

6. The business year, the closing of the books, and the annual report;

7. The verification of the accounts and the procedure to be followed in this verification;

8. Payment of dividends.

(3) Until the President of the German Reichsbank shall issue the statutes, the existing statutes shall remain in force in so far as the provisions of this law do not contradict them.

Section 28

(1) The Managing Board of the Reichsbank and the committees of the branch establishments of the German Reichsbank shall have the status of authorities of the Reich.

(2) Within the sphere of activity of the German Reichsbank the Managing Board shall have the status of the highest authority of the Reich.

(3) Provisions regarding the liability of the Reich toward its employees shall apply *mutatis mutandis* to the German Reichsbank.

Section 29

In case of public announcements made by the German Reichsbank, a single insertion in the German Reichsanzeiger and in the Prussian Staatsanzeiger shall be sufficient. The announcement shall be in force as soon as the issues of the German Reichsanzeiger and of the Prussian Staatsanzeiger containing it have appeared in Berlin.

Section 30

Shares of the German Reichsbank shall be admitted to trading on every stock exchange. In order to list these share on the exchange, a description of them must be furnished to the management of the stock exchange; the publication of a prospectus shall not be necessary.

Section 31

(1) The German Reichsbank enjoys the same privileges as the Reich concerning matters of building, residence, and renting.

(2) Provisions regarding participation in Chambers of Industry and Commerce shall not apply to the German Reichsbank.

Section 32

The German Rentenbank shall not increase the amount of its notes in circulation. The Rentenbank notes shall be withdrawn in accordance with special regulations.

Section 33

(1) Stock certificates in existence when this law comes into force together with their renewal and dividend coupons shall be deposited at the German

Reichsbank by April 30, 1940. If a share certificate has been destroyed or lost, it shall be sufficient, instead of depositing it, to prove that the loss has been publicly advertised.

(2) Every stockholder shall prove at the time of deposit or the latest on April 30, 1940, that he is entitled to hold Reichsbank shares (section 11 (2)). Stockholders, whose names have not been entered on the stock register of the German Reichsbank, shall request that they be entered by April 30, 1940, and they shall furnish any legal proofs deemed requisite by the German Reichsbank. The German Reichsbank shall not be liable for the reexamination of such legal proofs.

(3) Without resort to legal steps the Managing Board of the German Reichsbank shall decide whether or not the requisite proofs in paragraph (2) above have been furnished. The Managing Board may grant an extension of time for furnishing these proofs.

(4) Reichsbank stock certificates, which have not been deposited within the time limit set according to paragraph (1) above or for which the holders have not furnished proof within the time limit set, may on behalf of the Reichsbank be declared invalid, together with their appurtenant stubs and dividend coupons, in a public notice by the Managing Board. The shares shall be re-issued.

(5) Further regulations for the execution of this provision shall be issued by the Managing Board of the Reichsbank.

(6) The German Reichsbank shall grant an indemnification for the shares declared invalid. It shall grant further an indemnification for the alteration of distribution of profits.

(7) The indemnifications are definitely fixed by the general meeting upon the recommendation of the Managing Board of the Reichsbank.

Section 34

(1) The terms of service of the members of the Managing Board of the Reichsbank, who are in office at the date of effectiveness of this law, shall be governed by the former regulations.

(2) Until the issue of regulations for employees in accordance with section 7 and of provisions concerning salaries, attendance fees, pensions, and payments to beneficiaries of employees of the Reichsbank in accordance with section 8, the former provisions shall remain in effect.

(3) Employees of the Reichsbank, who heretofore have had more extensive privileges than this law and the regulations to be issued under section 7 (2) will grant to them, shall retain these privileges.

Section 35

No fee shall be charged for changing the name "Reichsbank" into "Deutsche Reichsbank" in the land register.

Section 36

The following shall cease to be in force:

The banking law of August 30, 1924 (Reichsgesetzblatt II, p. 235), including the laws constituting amendments thereto,

Section 1 of the law amending the banking law of March 19, 1924 (Reichsgesetzblatt II, p. 73),

The regulation of the Federal Council concerning certification of checks by the Reichsbank of August 31, 1916 (Reichsgesetzblatt p. 985), and

article 6 of the introductory law to the law regarding checks of August 14, 1933 (Reichsgesetzblatt I, p. 605),

The law concerning the issue and redemption of emergency currency of July 17, 1922 (Reichsgesetzblatt I, p. 693), and Chapter IX of the Third Regulation of the President of the Reich for the Safeguarding of the Economy and the Finances of October 6, 1931 (Reichsgesetzblatt I, pp. 537, 562), including the further regulations issued in connection with it.

Section 37

(1) This law shall take effect upon its publication, and the regulation concerning distribution of profits (section 24) shall be retroactive for the business year 1938.

(2) The provisions of paragraph (2) of section 11 shall not preclude the right of participation in the general meeting which determines the indemnifications mentioned in section 33.

Berchtesgaden, June 15, 1939.

CUBAN MONETARY LEGISLATION

A number of monetary measures have been enacted in Cuba in recent months. One group of measures relates to the establishment of a stabilization fund. The other group provides for the settlement in pesos of certain obligations contracted in United States dollars and contains provisions designed to prevent speculative changes in exchange rates and in the prices of goods and securities. Translations of these measures are published below. Summaries and texts of other monetary measures enacted in Cuba in recent years were published in the FEDERAL RESERVE BULLETIN for September 1938, pages 768-769, October 1934, pages 660-661, and July 1934, pages 468-471.

MEASURES RELATING TO STABILIZATION FUND

DECREE No. 1358¹

WHEREAS: The Economic Defense Law of October 29, 1914, provides in Article X that "only national currency and that of the United States of America shall be legal tender for the payment of obligations," and all subsequent legislation and provisions supplementary thereto serve to ratify and clarify that original intention of the Legislature to cause both currencies, that is, the national currency and that of the United States of America, to circulate and be accepted without distinction, for which reason it is the duty of the Government of the Republic to prevent the breaking of the parity which for a long period existed between these currencies, especially if, as is now the case, the depreciation of the Cuban currency is not the natural result of the free working of the law of supply and demand but is a phenomenon produced artificially by profit and speculation.

WHEREAS: In the laws governing loans and in the bond issues of the debt of the Republic there has been invariably included the obligation that payments be made in currency of the United States of America, which compels the Cuban Government periodically to make the necessary provision of such currency and affords speculators a pretext for increasing the rate of exchange by an exaggerated premium, to the prejudice of the national currency.

WHEREAS: The aforesaid premium would tend to decrease as soon as the Cuban State could have at its disposal in the United States of America the necessary amount of currency of that country to meet, when due, the payment of service on its Foreign Debt,

a monetary provision which might be obtained by requiring every exporter from Cuba to deposit American currency in a bank of the United States of America, to the extent of a certain percentage of the price received for the products exported, such percentage to be immediately reimbursed at par, with an equal amount in Cuban currency.

WHEREAS: The exchange at par of the two currencies will not represent a loss to exporters in Cuba, since as soon as the system commences to operate the premium will begin to decrease, and should any premium be found to persist in favor of the currency of the United States of America, the Cuban exporter's loss thereby would be compensated by the notable improvement in foreign exchange conditions.

THEREFORE: In use of the powers with which I am vested, and on proposal of the Secretary of the Treasury,

I RESOLVE:

FIRST: The National Currency Stabilization Fund is hereby established, to be made up of currency of the United States of America obtained in accordance with the provisions of this decree.

SECOND: The National Currency Stabilization Fund shall be deposited in a bank of the United States of America which the Secretary of the Treasury shall select, in the manner he may deem suitable.

THIRD: Every sugar exporter shall deliver to the Government of the Republic, in currency of the United States of America, 20 per cent of the f. o. b. price in warehouse at the port of shipment, of sugars and syrups exported by him. Exporters of other products shall deliver to the Government, in the same currency, a sum equal to 10 per cent of the price of their exports, f. o. b. port of shipment.

FOURTH: Delivery shall be made at the bank that the Government shall designate and within three days following that on which the exporter receives the price or it is credited to his account.

FIFTH: In payment of the amounts that the Cuban Government receives from exporters in accordance with the preceding sections, the General Treasury of the Republic, simultaneously, shall proceed to deliver to them an equal amount in Cuban currency.

SIXTH: The National Currency Stabilization Fund shall be made up of:

- (a) Currency of the United States of America obtained as a result of the exchange provided for in this Decree.
- (b) Currency of that country collected by the Consular Offices of the Republic; and
- (c) Currency of the United States of America which the Cuban Government may otherwise acquire.

SEVENTH: The National Currency Stabilization Fund shall have as its chief function the payment of

¹ This Decree was published in the Official Gazette of the Republic of Cuba dated June 15, 1939.

the obligations of the Foreign Debt of the Republic, provided that the amounts of said Fund which are not needed for such payments shall be used, so far as possible, for the regulation of foreign exchange.

EIGHTH: The Secretary of the Treasury is authorized to make use of any fund of the Treasury in order to effect the exchanges regulated by this Decree.

NINTH: The Administration of the National Currency Stabilization Fund shall be entrusted to a Commission under the high authority and supervision of the Secretary of the Treasury.

TENTH: The Commission referred to in the preceding section shall be made up of the Treasurer General of the Republic, who shall be Chairman, the Director General of Customs, and the Director General of Accounting, the Secretary of the Treasury being authorized to designate three alternates to act for the commissioners, in case of illness or absence.

The Secretary of the Treasury shall provide subordinate personnel for the Commission, as well as office quarters, furniture, and supplies that may be necessary.

ELEVENTH: The Commission shall issue the necessary regulations to secure proper guarantees from the exporter that the exchange shall be effected in the manner established in this Decree, and future exports by any exporter or producer who fails to make the exchange that is provided for shall be prohibited.

TWELFTH: The provisions of this Decree shall govern from the date set forth herein with respect to exporters of sugar or its equivalent. With respect to exporters of other products, the Decree shall take effect on the date fixed by the Secretary of the Treasury for each class of product.

THIRTEENTH: With the exception of the Administration of the National Currency Stabilization Fund, the Office of the Director General of Customs Bureau shall assume the other functions derived from the application of this Decree, and to that end there is created in the Division of Tariffs, Protests and Revision of said Bureau the Export Fiscalization Section, which shall be made up of the personnel to be appointed by the Secretary of the Treasury, and in no event shall the creation and functioning of said Section involve new expenditures for the Treasury of the Republic, until the same are included in the General Budget of the Nation.

FOURTEENTH: The Secretary of the Treasury is authorized, within the scope of his powers, to issue such supplementary regulations as may be necessary for the better application of this Decree.

FIFTEENTH: The Secretary of the Treasury is entrusted with the enforcement of the provisions of this Decree, which shall take effect from the date of its publication in the Official Gazette of the Republic, except as regards the delivery and exchange referred to in the Third, Fourth, and Fifth sections, which shall become effective as from June 20 of the present year 1939.

Done at the Presidential Palace, in Habana, on this tenth day of June, 1939.

FEDERICO LAREDO,
President.

JOAQUÍN OCHOTORENA,
Secretary of the Treasury.

TREASURY DEPARTMENT DECREE²

WHEREAS: Presidential Decree No. 1358, of June 10 of the present year, created the "National Cur-

² Published in the Official Gazette of the Republic of Cuba dated June 27, 1939.

rency Stabilization Fund" and the Commission entrusted with the administration of said Fund.

WHEREAS: Pursuant to the provisions of said Decree, the National Treasury of the Republic is required to enforce the resolutions of said Commission, and therefore it becomes necessary to establish a special service therefor.

THEREFORE: In use of the powers vested in me by section 14 of the aforementioned Decree, and on the proposal of the Commission entrusted with the administration of the National Currency Stabilization Fund,

I RESOLVE:

FIRST: A bureau, to be called "National Currency Stabilization Exchange Bureau," is hereby created, which will have charge of all matters connected with the foreign currency obtained through the application of Decree No. 1358, it being understood that the creation of said bureau will entail no additional expenses whatever to the National Treasury until such time as these are included in the General Budget of the Nation.

SECOND: The office of Chief of the "National Currency Stabilization Exchange Bureau" implicitly carries with it the position of Chief of Office of the Commission entrusted with the administration of the Stabilization of National Currency.

The General Treasury of the Republic is charged with the enforcement of this Decree.

Habana, June 16, 1939.

JOAQUÍN OCHOTORENA,
Secretary of the Treasury.

TREASURY DEPARTMENT INSTRUCTION³

In use of the powers conferred upon me by section 14 of Presidential Decree No. 1358, of June 10, 1939, and on proposal of the Commission entrusted with the administration of the National Currency Stabilization Fund, I resolve to issue the following:

INSTRUCTION No. 1

FIRST: The provisions of Presidential Decree No. 1358 shall be applied only to the shipments of sugars and syrups carried by vessels approved for export in conformity with the provisions of Article 147 of the Customs Regulations, beginning on the 20th day of this month.

SECOND: For the purposes of appraisal of the shipments, sugars shall be classified in two groups: refined sugars, or those the polarization of which is above 99°; and unrefined sugars, which include all other sugars, whatever be their polarization.

For the purpose of estimating the price of unrefined sugars, the average price of the quota to which the sugars that are exported belong, that is, that fixed by the Department of Agriculture in fulfillment of the provisions of Article VI of the Law of June 25, 1938, shall be taken, after converting said average price into currency of the United States of America. The average prices which appear under the heading, "United States—Free," shall be applied to the sugars of the American quota, and those set forth under the heading, "Other Countries—Free," to the other sugars exported.

For the purpose of estimating the value of refined sugars, the same procedure fixed in the preceding paragraph shall be used, adding 8 per cent to the prices which must be applied.

³ Published in the Official Gazette of the Republic of Cuba dated June 27, 1939.

THIRD: The Customs Bureau shall forward to the customhouses the list of average prices in currency of the United States of America which are to be in force during every fortnight, for the purpose of estimating the value of sugar shipments.

FOURTH: All sugars and syrups exported in vessels approved for export shall contribute to the National Currency Stabilization Fund commencing on the 20th, even though the total or partial price of said sugars may have been paid in Cuba prior to the date of the shipment.

The Commission is charged with the enforcement of this Instruction.

Habana, June 17, 1939.

JOAQUÍN OCHOTORENA,
Secretary of the Treasury.

MEASURES RELATING TO SETTLEMENT IN PESOS OF CERTAIN OBLIGATIONS CONTRACTED IN U. S. DOLLARS

LAW OF JULY 8, 1939⁴

ARTICLE I. The following paragraph is added to Article V of Decree-Law No. 410 of 1934:⁵

"If the currency agreed upon is legal tender of obligatory acceptance in Cuba, the other currency which enjoys parity in its legal value and has unlimited circulatory force for obligations entered into, or to be fulfilled, in the national territory, shall have the same consideration for debts in the currency referred to. Obligations contracted in connection with sales of, or loans on, produce, which is sold principally in foreign markets, shall not be included in this provision, nor shall there be included transactions in connection with bank accounts formed by deposits of cash which belong to their owners for purposes of withdrawal, nor those derived from public debts, in which the Government shall maintain payment in the currency stipulated."

The provision contained in the preceding paragraph will have retroactive effect with reference to obligations awaiting payment, for reasons of social interest, which is being safeguarded, and of public order.

ARTICLE II. Article 556 of the Social Defense Code is amended to read in the future as follows:

"**ARTICLE 556.** (A) Those who, through the spreading of false rumors, by propagating false news or taking advantage of any artifice, or carrying on any act which might disturb or falsify the conditions of supply and demand, or which should cause damage to the general conditions of the market, causing an unjustified increase or decrease in the value of currency of legal tender, in the current price of goods, public or private income, quotable securities, salaries, or anything else that might be the subject of a contract, shall be punished by imprisonment from three months to two years, and a fine of from ninety to three hundred quotas.

"(B) If the offense be committed by the directors, representatives, or officials of banks, corporations, entities or juridical persons, or by an intermediary agent, broker, stock exchange agent, or

stock broker, the penalty shall be from six months and one day to three years, a fine of one hundred to three hundred fifty quotas, and special prohibition from continuing such business for a period equal to that of the imprisonment imposed.

"(C) Managers, administrators, directors or counselors of the companies, corporations, or juridical entities responsible for these manipulations to increase or depreciate their own securities or property, shall incur the same penalty."

ARTICLE III. The Executive shall have charge of the supervision and inspection of exchange transactions which might be altered in the manner mentioned in the preceding article, and to that end shall make use of such agencies as may be necessary for the discharge of this high function.

ARTICLE IV. Without prejudice to application of penalties for violation of Article 556 of the Social Defense Code, the President of the Republic, in the face of grave emergencies resulting from such violation, is authorized and directed to issue orders, create agencies, or delegate functions, for the establishment of the rules and regulations that he may deem proper to prevent any unjustified depreciation of the national currency.

ARTICLE V. Likewise, the President of the Republic may issue whatever measures and orders may be necessary to prevent the increase in prices of articles of prime necessity, and he may likewise decree such measures as he may deem proper for preventing the increase of public service tariffs, whether such services are rendered by the State, the Province, or the Municipality, or by any natural or juridical person.

ARTICLE VI. The authorization granted in Articles IV and V of this law shall remain in force until Congress enacts such legislation as it may deem proper in connection with the national currency.

ARTICLE VII. All laws, decree-laws, orders, regulations, and other legal provisions which are contrary to the fulfillment of this law are hereby repealed, the same to take effect from the date of publication in the Official Gazette of the Republic.

THEREFORE: I order that the present law be enforced and executed in all its parts.

Done at the Presidential Palace, in Habana, July 8, 1939.

FEDERICO LAREDO,
President.

JOAQUÍN OCHOTORENA,
Secretary of the Treasury.

TREASURY DECREE No. 1727

WHEREAS: Article I of the Law of July 8, 1939, published in the Official Gazette on July 10, provides as follows:

"The following paragraph is added to Article V of Decree-Law No. 410 of 1934:

"If the currency agreed upon is legal tender of obligatory acceptance in Cuba, the other currency which enjoys parity in its legal value and has unlimited circulatory force for obligations entered into, or to be fulfilled, in the national territory, shall have the same consideration for debts in the currency referred to. Obligations contracted in connection with sales of, or loans on, produce, which is sold principally in foreign markets, shall not be included in this provision, nor shall there be included transactions in connection with bank accounts formed by deposits of cash which belong to their owners for pur-

⁴ Published in the Official Gazette of the Republic of Cuba dated July 10, 1939.

⁵ See FEDERAL RESERVE BULLETIN for October 1934, p. 660.

poses of withdrawal, nor those derived from public debts, in which the Government shall maintain payment in the currency stipulated.'

"The provision contained in the preceding paragraph will have retroactive effect with reference to obligations awaiting payment, for reasons of social interest, which is being protected, and of public order."

WHEREAS: This Executive, in response to representations made by the Havana Clearing House banks, realizes that when regulating, as is now being done, Article I of the above Law of July 8, it should be clearly established that the real purpose of said Article I is to govern principally private and mercantile operations contracted and to be fulfilled within the national territory and which are negotiations of an internal nature and that it should not apply to those operations or mercantile or other negotiations in which American money is used on the basis of its international value, such as those upon which the dispositive part of this Decree is based and which should be liquidated by payment in the money in which they were contracted.

WHEREAS: Aside from the ample authority granted this Executive by Articles III, IV, and V of said Law of July 8, 1939, he has also the faculty to promulgate regulations necessary to insure better compliance with laws when such regulations have not been issued by Congress, as occurs in this case, and under the provisions of Article 69 of the Constitutional Law in force.

THEREFORE: In accordance with the authority granted this Executive by the said Constitutional Law and by the said Law of July 8, 1939, and other existing legislation, and upon the recommendation of the Secretary of the Treasury,

I RESOLVE:

ARTICLE I. Article I of the Law of July 8, 1939 shall not be applicable to the following operations or obligations, which must be paid in the money agreed upon:

- (a) Payment of the price of merchandise purchased abroad in United States money by means

of a document payable in Cuba by the buyer, or what are known in banking or commercial language as "collection items" (*efectos al cobro*) and, in general, the payment of the price of merchandise imported from abroad through purchase or any other forms or means of credit operations.

- (b) Commercial credits with or without letters (of credit) used in commerce to finance or facilitate the importation of merchandise and, generally, letters of credit of all kinds.
- (c) Drafts on foreign countries and exchange operations in general, for the purpose of transferring funds abroad.
- (d) Loans collateralized by public debt certificates or those of any foreign company or entity which (certificates) are payable in foreign money, since the owner of such certificates must receive the principal and interest thereon in such money.
- (e) Crop loans (*refacción*) or obligations of any other nature, contracted for by produce-exporting industries already excluded under the law in so far as sales or loans guaranteed by produce principally exported, are concerned, if such crop loans or other obligations are to be paid by the produce in question and if such produce has to be sold largely in American money and such money need not be acquired (especially) to liquidate them.
- (f) Overdrafts accepted by banks from their clients shall be paid in the currency of the account in which the bank has authorized the overdraft, provided it has not been formally converted in some other way into a loan.

ARTICLE II. This Decree shall become effective from the date of its promulgation in the Official Gazette.

Done at the Presidential Palace in Habana, July 19, 1939.

FEDERICO LAREDO,
President.

JOAQUÍN OCHOTORENA,
Secretary of the Treasury.

ANNUAL REPORT OF THE BANK FOR INTERNATIONAL SETTLEMENTS

The ninth annual report of the Bank for International Settlements, covering the year ending March 31, 1939, was presented by Dr. J. W. Beyen, president of the Bank, to the annual general meeting of shareholders on May 8, 1939. Selections from the report are given herewith:¹

RECENT ECONOMIC DEVELOPMENTS

It is not difficult to indicate the reasons why business last year passed through periods of great anxiety. In the opening months of 1938 repercussions of the abrupt decline in American industrial activity that had begun in the previous autumn were felt all over the world, particularly in the export trade. This decline proved the more depressing as it came at a time when there were high hopes of more sustained prosperity in the United States. The general weakness in prices of primary products, a consequence of reduced American demand, and the downward tendency of many other prices called for reductions in costs and other adjustments, which generally met with resistance from interested parties. In countries of the sterling area, which had experienced almost uninterrupted expansion since the autumn of 1932, conditions were ripe for a slackening of internal activity.

To this situation were added exceptional events of a political character, which dealt rude shocks to business and left in their wake a level of armaments and military preparation never before witnessed in times of peace. Among the most striking signs of the political uncertainty was the pressure on sterling caused by mass movements of funds which, with other factors, added \$1,500,000,000 to the American gold stocks in the five months from August to December 1938. More harmful effects were found in the restraints suffered by ordinary business, as initiative was cramped and the will to make new investment weakened. Filling the gap by government orders for armaments and other purposes for the time being helped to sustain employment but necessarily diverted productive power from the pursuit of normal trade and especially tended to impair the export capacity of the countries most deeply involved.

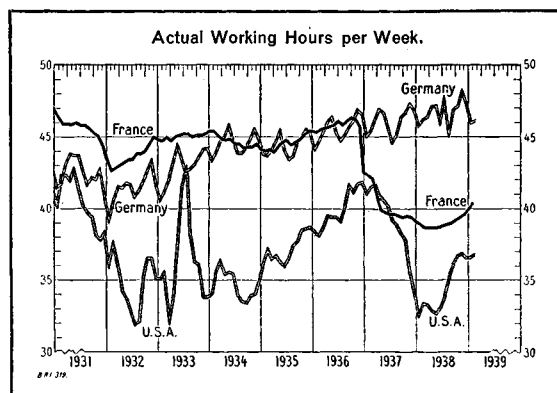
¹ It has been necessary for reasons of space to omit a considerable amount of interesting factual material. This has reduced the length of the report by about two-thirds. The complete report is available in English. For earlier reports see BULLETIN for June 1938, 1937, 1936, 1935, 1934, 1933, 1932 and July 1931.

Under the strain of almost uninterrupted political tension, bringing with it general uncertainty as to the business outlook, continuous capital flight from Europe and growing armament expenditure in all countries, the economic development of the world does not, however, show the picture of colorless gloom that one would expect. It lacks, of course, stability and nowhere inspires confidence in the strength of the more favorable tendencies that are at work. The state of the world is feverish rather than healthy; and whatever recovery may be seen is anything but steadfast, since it is dependent on the use of stimulants on the one hand and interrupted by grave disturbances on the other.

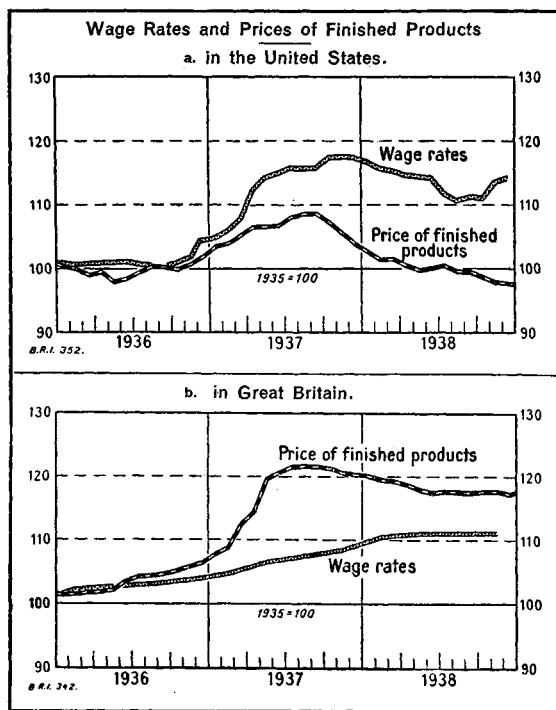
In the face of grim reality in Europe there is decidedly less belief in experimentation with new methods of economic policy. Too many measures that in former years were discussed as the outcome of economic wisdom were in fact forced on governments by dire necessity. When a violent storm blows up the first task is to avert disaster and to steer as well as possible in face of contrary winds and currents. But on the whole the weather in the past year, although stormy, was not altogether unkind and not all the winds were unfavorable.

COST AND PRICES

Although increased efficiency has enabled industry to stand a secular decline of working hours accompanied by rising wages, yet experience has demonstrated that abruptly forced decreases of hours or increases of wages may, by their dislocating effects on the cost structure, be extremely unfavorable to a continued upswing of the business cycle. Reductions of hours of work made in some



countries to "spread employment" have notably failed to achieve their object. At most it has been possible to stem the tide, as is often the case with measures of government interference. Exchange restrictions, import duties and export premiums may prevent conditions from getting worse in the country where they are employed, but they rarely help to make them better. And it is doubtful how far their influence even on the internal economy of a country is really as effective as it appears, though account must be taken of a particular combination of circumstances in some countries, which explains their special policy. As to the fostering of employment, it may be said, on the basis of the experience of recent years, that all experiments have failed except those that lead to increased production either by direct government management of the whole economic system or by creating the one condition necessary for increased investment by private enterprise, i. e., a just equilibrium between cost and prices.



It was a feature of the boom in the United States during the winter of 1936-37 that costs of production rose at an unusually rapid rate. Prices of primary products increased by fully 30 per cent from the autumn of 1936 to March 1937; the dangerous effects of so

sudden a rise were fully recognized by the authorities; in February 1937 President Roosevelt uttered a warning "that prices were too high". But there does not appear to have been, at the time, the same realization of the danger involved in the sudden rise in wage costs, although the advance in hourly wage rates of the leading industries in the United States was unusually rapid, amounting to no less than 15 per cent within a period of seven months and exceeding the simultaneous rise in the prices of finished articles.

There can be no doubt that the rise in costs of production was one of the main causes of the precipitous decline in industrial activity of the United States during the second half of 1937. With a more gradual advance in wage rates the chances were that a greater number of unemployed would have been absorbed by industry, increasing the purchasing power in the hands of the public without the same risk of an early setback. Not even the most extensive distribution of purchasing power by the government nor the persistent pursuit of a cheap-money policy succeeded in bringing about a lasting recovery when costs rose so much as to be out of line with current prices of finished articles.

In France before the devaluation in 1936 commodity prices had fallen more than wages, though in each of the years 1930-36 "purchasing power" was distributed from budgets balanced only by means of large public borrowing. French industrial activity continued to decline. Under the régime of far-reaching price control established in Germany, industrial and commercial businesses were allowed an appropriate margin of profit to enable them to carry out their economic tasks; to prevent a general rise in prices the principle was adopted that wage rates should be maintained unchanged but at such a level that an adequate minimum income would be secured for the workers.

For a policy of public works to be helpful as a stimulus to trade, it must be framed not as a substitute for but as part of a general endeavor to bring about a return to equilibrium in the economic system; the individual methods of application should be governed by this overriding consideration. Care must be taken particularly lest the carrying-out of an extensive policy of public works intensifies a disequilibrium already existing. The inauguration of such a policy usually involves starting publicly-financed construc-

tion on a large scale; and the consequent demand for labor may easily lead to a rise in wages. As a natural recovery in the building trade has proved to be a most reliable—not to say indispensable—element in a general revival of business, an increase in building costs may be very detrimental in that it may more than offset the beneficial effects of the immediate extra employment in the trade.

Much attention has been devoted to the Swedish public-works policy in the years 1932-35 when, in order to stimulate business and give some temporary work to the unemployed, fairly substantial provisions were made in the budget for increased spending of public money, the charges being met by a temporary increase in the national debt. It is of some interest to note that, notwithstanding the inauguration of this policy (and the depreciation of the Swedish crown in 1931), the wages of Swedish workers, including those in the building trade, were reduced by 4 to 10 per cent in the period 1931-34. A Swedish Royal Commission reporting in 1938 on conditions in the building industry ascribed the intense development of building in Stockholm during the years 1934-37 largely to the reduction in building costs and to the low interest rates at which money had been readily available for house financing. With the improvement in Swedish business from 1934 to 1937, not only was the cut in wages which had been conceded during the depression fully restored but additional increases were obtained in most branches of industry. The policy thus pursued, which has led to a remarkable reduction in the number of unemployed, has been as much in the interests of labor as of the employers.

Equilibrium in the Swedish cost and price structure was thus re-established, on the one hand, by a reduction of costs (decrease in wage rates, etc.) and, on the other, by a series of expansionist measures including the inauguration of a public-works policy and the gradual application of cheaper money rates, which in a measure also served to reduce the cost of production. If Swedish experience be compared with that of other countries, it may be concluded that one-sided reliance on expansionist measures is a dangerous line of policy; neither cheap money nor the spreading of purchasing power through the budget or by increases of wages has anywhere brought about a sustained revival of business so long as the

re-establishment of a real equilibrium within the cost and price structure has been impeded by internal or external causes.

It cannot be overemphasized that the establishment of those conditions which make for a more lasting recovery of industry is indispensable for a general improvement in the standard of living. All available evidence shows that in times of rising output labor receives proportionately as large an increment as capital and absolutely a bigger gain, since labor's share of the national income is by far the larger. The attainment of equilibrium in the cost and price structure should not be regarded only as a question between labor and capital; it directly affects the general question of increasing the volume of employment. For after all the absorption of the unemployed must depend upon the attraction of labor to expanding activities, producing goods and rendering services for which the demand is growing, from other activities (and among them in many countries agriculture) in which there is relative overproduction. A sharp rise in wage costs in the go-ahead industries must increase the cost of the finished products and thus limit sales; it will also stimulate the use of more labor-saving machinery and in that way further reduce the demand for labor. Less labor will thus be employable in these industries, which usually are those already paying the highest wage rates, and conditions in other occupations will be pro tanto adversely affected.

There is no doubt that the problem of transfer of labor from one occupation to another has become more difficult to solve in recent years and especially in comparison with conditions ruling before the world war when the leading industrial countries in Europe and America, thanks to a great natural increase in population and great freedom of migration, were expanding more rapidly than at present. If, for example, in the first decade of the present century the number of workers in a given industry became excessive, it sufficed, as a rule, to abstain for a few years from engaging new workers in that industry, leaving the young people entering the labor market to seek their first employment in other industries. The natural expansion of demand from a growing population could be relied upon to bring about equilibrium almost by itself. Only by way of exception was the progress of rationalization so rapid as to upset the functioning of this mechanism. At present

conditions are in many respects different. As far as the increase in demand is concerned, it will not be brought about in the same degree as previously by an increase in population but will rather be the result of a rise in the standard of living. One important effect of this change is that a gradual increase in the demand for more or less the same kind of goods can no longer be expected but there will be considerable shifts in the direction of the demand. Furthermore, account must be taken of changes in technique affecting the number of workers required in different industries. As a consequence, the leading industrial countries are increasingly faced with the most difficult problems of transferring workers who have already become qualified in some particular industry to other occupations. Coal-mining is a case in point. From 1901 to 1911 the number of coal miners in Great Britain increased by 36 per cent from 752,000 to 1,021,000; from 1924 to 1938, on the other hand, the number fell by the same proportion from 1,214,000 to 777,000, while output declined by 15 per cent only. The demand for coal, it is true, has been affected not only by the more stationary character of the population but also by competition from oil and electricity; but for that very reason it illustrates well the difficulties which have arisen.

The expansion in the boom years 1927-29 was most marked in a number of relatively new industries—artificial silk, automobiles—while many older industries in the United States as in the United Kingdom and Germany hardly took part at all in the expansion; the 1927-29 boom was, in other words, much less "all-round" than the upward swings in earlier times. Thus the various countries are confronted by a series of problems which did not arise in the same intensity before the world war. Conscious efforts are the more needed to overcome the many causes of friction which a more complicated organization of society necessarily involves and to facilitate the entrance of workers into other trades than those in which they have been originally employed. The importance of finding a solution to these problems extends far beyond the particular sphere of the labor market; for upon mobility of labor and a fair distribution of costs between different occupations depend the attainment of a healthy development of industry and a more even dispersion of income between different employments. No monetary policy can by itself mend the mistakes which arise from an un-

balanced direction and remuneration of a country's productive forces.

CHEAP MONEY

Be it said once, however, that it is not intended to minimize the part played by cheap money in overcoming the depression of 1930-33. In the active post-war decade the capital loss suffered during the war was quickly repaired in many countries and important additions were made to capital equipment all over the world. As a result it became an indispensable condition for the maintenance of economic and financial equilibrium that interest should be brought down from the relatively high post-war level to rates more in conformity with those ruling before the World War. In fact, it was necessary, at least in some countries, to reduce rates below the pre-war level in view of the more stationary character of the post-war population in the western world and the downward tendency of commodity prices from 1924 onwards (as compared with the rise of about 30 per cent in the price level from 1900 to 1914). In the United Kingdom the conversion of the huge block of War Loan from 5 to 3½ per cent in 1932 paved the way for a general reduction in long-term rates. In the United States, a debtor country before the war with interest rates well above the standard in the richer European countries, the transformation to a creditor as well endowed with capital equipment as any other country necessitated a downward adjustment in the interest structure the more difficult to achieve as there was no precedent for really low rates, or, rather, none outside the short-term market in New York; and, moreover, the important field of mortgage financing suffered from a serious lack of organization, impeding the necessary adjustment.

It seems, however, as if in wide circles the conclusion had somewhat hastily been drawn that the cheap-money policy, having proved beneficial as a means of overcoming the 1930-33 depression, should be maintained unchanged in future to serve as a basis for business prosperity and, as a consequence, that no increase should be made in the official discount rate of the central bank. Looking back on developments in recent years, there can be little doubt that if in the late autumn of 1936 a warning had been given by an increase in bank rate business people would have become more hesitant and as a result avoided the unduly large purchases of stocks,

the raising of prices and the substantial increases in wages. By this hesitation a more balanced position would have been maintained and a great decline in industry and employment would have been avoided.

There are thus some obvious dangers involved in a policy of abstaining from increasing bank rate as a means of preventing the emergence of disequilibrium in the cost and price structure, especially when there is often little reason to expect that such a rise will lead to any serious restriction in the use of credit. The purely mechanical effect of a rise in bank rate is generally of less importance than the psychological effect, i. e., the warning signal given by the monetary authority. An increase of one per cent in bank rate does not as a rule materially increase costs for the users of credit and certainly not much for the holders of commodity stocks. The psychological effect, on the other hand, can be very great and in many instances sufficient to check a tendency to undue expansion. One danger is indeed that the warning may be too much heeded. It seems as if the general public and the political and business worlds had become so used to cheap money and so persuaded as to its beneficial effects that an increase in bank rate (intended simply as an admonition to caution) might be taken as a sign of grave times to come. That being the case, the idea has to be stressed that the use of the bank rate can only partially, if at all, be replaced by other means of action. Other kinds of warning can easily cause a "scare" with highly undesirable and unforeseeable effects; and the imposition of official and unofficial embargos seems to suffer from the disadvantage that a reversal of policy when conditions have changed may be difficult to ensure, while a reduction in bank rate may be made at the earliest appropriate moment. It is possible that only after changes in bank rate have been made will the business public and others emancipate themselves from the tendency to overrate cheap short-term money and appreciate the true significance of the changes. The Macmillan Committee (page 132) urged that central banks should not be afraid of small and frequent changes in bank rate. "Such small and frequent changes", continues the Report, "would also have the advantage of accustoming the public not to attach undue importance to every necessary adjustment."

In 1938 only one European country—Belgium—had recourse to an increase of bank rate when confronted with a violent out-

flow of funds. Generally, however, short-term rates remain very low or are still declining. In London the rate of discount on Treasury bills was hardly affected by the efflux of funds. Long-term rates have, however, been rising in London for the past four years. The increase in the second half of 1938 is to be associated with the capital outflow but the first sharp rise came in the spring of 1937 at the time when the armaments program and the consequent heavy borrowing were announced. It may be recalled that in the period from 1900 to 1914, under the influence of increasing armaments expenditure and rising gold production, long-term interest rates rose on the London market from approximately $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent. The amounts spent for armaments are now incomparably greater both absolutely and relatively than they were before 1914. In the ten years from 1903 to 1913 armaments expenditure of all countries about doubled, while in the ten-year period from 1928 to 1938 the increase was not less than sixfold.

If this expenditure is compared with the national income the following proportions are obtained: in 1913 the total army and navy votes in the United Kingdom amounted to about £77,000,000, say, $3\frac{1}{2}$ per cent of the national income; in 1939-40 the amounts to be devoted to armaments are budgeted at £630,000,000, representing about 14 per cent of the national income or fully four times as much as the pre-war percentage. Similar proportions are found in some other countries as well and give an indication of the exceptional magnitude of current armaments expenditure. Moreover, the permanent burden threatens to be higher, for one aspect of present armaments is the rising amount required for maintenance and replacement, modern material—aeroplanes, guns, ships—being very expensive while, in addition, the running costs are high and much of the material soon becomes obsolete.

It is, of course, inevitable that an outlay on such a scale must exert a strain on finance and productive effort, impairing the possibilities of social improvement and even directly reducing the standard of living. From a financial point of view the immediate problem of the Ministries of Finance is to provide the necessary cash, whether through taxes or loans, in such a way as neither to endanger the purchasing power of the national currency at home nor to upset the balance of payments in relation to countries abroad. The

safest policy is doubtless to cover as much as possible of the expenditure from taxation, but on such a scale the hundred-per-cent application of this policy is hardly possible, meeting as it does with obvious psychological resistance and being in some ways technically harmful to the development of maximum production. The aggregate of budget deficits in the world today covered by borrowing exceeds \$1,000,000,000 per month.

To limit the burden of armament financing the governments will naturally be anxious to borrow on the cheapest terms. That does not mean, however, that the Ministries of Finance need be opposed to an increase in bank rate when required by market conditions. An advance in short-term rates may be only partially reflected on the long-term markets and not cause an addition to the burden on the budget such as might at first be expected. But no budgetary consideration can equal in importance the predominant interest of maintaining equilibrium in the cost and price structure so as to prevent a setback in trade and industry. The somewhat higher cost of the floating debt is trivial compared with the cost to society as a whole (and therefore also to the government finances) of a serious setback in business of the kind which occurred in the recent recession when industrial production in the United States fell by one-third from September 1937 to May 1938. The adoption of a flexible policy would, of course, in no way interfere with the working of the modern technique of preventing international movements of funds from exerting an undue influence on credit conditions in the markets affected.

One of the anomalies of the present situation is that the abundant gold production has been absorbed in relatively few centers, the consequences being that in these centers a very high degree of liquidity is found, based on the large gold reserves of the central banks and high cash reserves in the hands of the commercial banks. In so far as previous experiences may serve as a guide, it may be recalled that the first result of the new gold obtained from the Transvaal in the 'nineties of the last century was to create a large measure of liquidity and very low interest rates on the short and long-term markets. As, however, under the influence of the large gold production, commodity prices began to rise—with a lag of perhaps five to ten years—manufacturers and merchants needed more working capital to finance the holding of stocks; at the same time profit rates began to

rise, stimulating the investment of long-term capital; and soon interest rates stiffened. If, with the abundant gold production of today, a definite rise in commodity prices takes place, interest rates should again begin to move upwards. An artificial insistence on cheap money would then most certainly have a disturbing effect on the credit system, with untoward repercussions on economic life generally.

In the international field normal credit relations for commercial purposes are maintained between those countries which have free and relatively stable currencies, and the exchange of goods between these countries still represents two-thirds of world trade. In relation to countries with exchange restrictions the normal international credit mechanism can function only in a limited measure, though efforts are being made through the granting of special export credits and the purchase by central banks of export bills to provide as much as possible of the ordinary facilities. It cannot, however, be expected that settlements resulting from purely commercial transactions will offset each other completely either in amounts or in time; there will always be—in the cash and still more in the forward markets—debit or credit balances to be taken care of by other than commercial transactions. The normal functioning of the credit system presupposes a certain amount of financial credits; therefore when attempts are made to distinguish between desirable and undesirable credit transactions in order to eliminate speculation, what is to be regarded as "desirable" cannot possibly be restricted to purely commercial transactions, for such a restriction would interfere with the proper working of the markets. Before 1931 differences in pressure between the different money markets were speedily evened out by an inflow or outflow of banking funds. When there was an increase in the flow of financial funds from one market to another beyond the normal requirements of seasonal and similar changes, the fault was not in the credit system, which continued to pursue its function of equalizing the pressure of credit, but in underlying disturbances affecting the whole range of international capital movements. The crisis which developed in 1931 has, more effectively than even the war of 1914-18, put out of action the system of banking credits from one market to another. It is particularly when an attempt is made to restore the old facilities that the advan-

tages of the previous sensitive mechanism functioning in a world of stable exchanges are best realized.

EXCHANGE RATES, FOREIGN TRADE, AND PRICE MOVEMENTS

1. EXCHANGE RATES

Under the influence of an expanding volume of world trade, the year 1937 witnessed the re-establishment of exchange stability in a higher degree than in any year since 1931. Unfortunately this achievement was not consolidated in 1938 when, on the contrary, a distinct setback occurred, caused by the fall in raw material prices, which adversely affected the balance of payments of the primary producers, and by the international political situation, which caused a heavy outflow of nervous funds from London and some other European centers primarily towards New York.

During certain periods of intense political unrest the foreign exchange markets displayed unusually great activity: but the extent to which the world's exchange position deteriorated during the year should not be exaggerated. Over the year 1938 the exchange value of sterling declined by $6\frac{1}{2}$ per cent, but even so the sterling-dollar rate was kept generally within about 4 per cent of the old par, while inside the sterling area itself no single defection occurred. The raw material producing countries which suffered from the fall in the prices of their products kept, as a rule, a strict supervision over the declines of their exchange rates and, in some cases, lost only whatever improvement they had made in the previous year. Moreover, the French franc, which in the first four months of 1938 fell by 18 per cent, was held from May onwards and, towards the end of the year, attracted a measure of confidence, which found its expression in a substantial repatriation of funds.

The fate of the French franc since the devaluation in the autumn of 1936 has been dominated by domestic rather than by world developments, i.e., the determining factors have been the movements of French costs and prices, the volume of French production, the methods of financing the budget deficits and, finally, the attitude of the French public as to the probable future value of the currency. As, in recent years, there has been practically no foreign money in the French market, foreign transactions have had little influence on the value of the franc.

The decline in the value of the French franc in the spring of 1938 had its repercussions on the currencies of other countries and particularly on the Belgian franc, which in the first half of May sustained an attack of extreme intensity. At first the Belgian commercial banks were able to finance the demand for foreign currencies from their own liquid resources, but on Monday, May 9, heavy demands were made for credit facilities to the National Bank, which was thus in a position to make its influence strongly felt. On Tuesday, May 10, bank rate was raised from 2 to 4 per cent and on the same day the President of the Banking Commission (at that time also Governor of the National Bank) conferred with representatives of a number of the most important banks and secured their co-operation in a program designed to restrict to a minimum the granting of new credits and to prevent credits already granted from being used for other than normal commercial purposes. Moreover, the National Bank itself, before lending to a commercial bank, made sure that the bank in question had fully utilized its own resources and that none of its cash in Belgian currency was used for swap transactions. While maintaining the spot rate of the franc at the gold export point, the National Bank did not intervene to support the rates in the forward market but allowed these rates to depreciate sharply. The primary object of this policy was to make speculative selling difficult and expensive; and, in fact, forward rates widened on certain days to discounts corresponding at times to 30 per cent and more per annum—these rates being, however, largely nominal.

Already in the second half of May the outflow of funds was largely arrested, and in the first week of June gold began to return and continued to do so with insignificant interruptions to the end of the year. From April 28 to June 1, 1938, the gold efflux amounted to B. fcs. 4,540,000,000, of which over one-quarter may be considered to correspond to withdrawals of foreign-owned funds (in the form of deposits, notes, etc.); of the remainder about one-half represented flight of Belgian capital, speculation, etc., and the other half the deferred covering of commercial debts in Belgian francs and anticipated payment of debts in foreign currencies. It is of interest to underline the magnitude of this last item, for the importance of a shift in the dates and terms of purely commercial payments is generally greatly underestimated.

In the case of Belgium the effect was, however, of only a temporary nature and hardly affected the yearly figures of gold losses.

The changes in the value of the French franc and the capital movements to and from Paris and Brussels had their effects on the London market, but a more important influence on the exchange value of sterling was the relationship to the United States. The different phases of recent developments are clearly seen from an examination of net movements of merchandise, gold and capital to and from the United States.

Quarterly figures	NET MOVEMENTS TO AND FROM U. S. A.			Percentage increase (+) or decrease (-) in 348 industrial stocks on N. Y. Stock market	Sterling dollar rate
	Foreign trade balance	Net receipts of gold from abroad	Reported capital influx (+) or efflux (-)		
	In millions of dollars			In %	Average
1936 Fourth quarter	+ 67	+352	+327	+10	4.90
1937 First "	-114	+396	+323	+ 7	4.89
Second "	- 34	+633	+630	-12	4.93
Third "	+ 98	+426	+350	- 6	4.97
Fourth "	+311	+131	-502	-25	4.98
1938 First "	+321	+ 63	-203	- 3	5.00
Second "	+310	+179	-161	- 8	4.97
Third "	+231	+751	+407	+21	4.87
Fourth "	+273	+981	+326	+ 7	4.72

A correlation is found between the trend of quotations on the New York Stock Exchange and the direction of capital movements affecting the sterling-dollar rate. When the Stock Exchange was strong, capital flowed to the United States; when, on the other hand, the Stock Exchange was depressed, capital returned to Europe. Paradoxically the net total of security transactions reveal an even trend, variations in the movements of capital to the United States affecting almost wholly the amount held as "banking funds." Not even in the period of stock exchange weakness from August 1937 to June 1938, when large amounts of short-term balances were withdrawn, did foreign investors as a group reduce their holdings of American securities.

Thus the striking connection between the trend on the New York Stock Exchange and the flow of capital to and from the United States can only be indirect in character, reflecting, it would seem, changes in confidence felt as to the future of the American economy and the value of the dollar. In times of depressed business in the United States it is more or less widely believed that the authorities in Washington—notwithstanding decla-

rations to the contrary—may further devalue the dollar, and thus a "dollar scare" develops, driving funds from the country. When business again shows signs of improvement these fears subside and apprehensions as to the permanence of the present gold equivalent of the dollar are forgotten. The coincidence in the latter half of 1938 of an upturn in business in the United States and a severe political crisis in Europe created a situation which set capital rushing to the New York market.

While these movements of capital, caused by a variety of monetary and political fears, have dominated the exchange markets at different periods of the year, other factors have been by no means negligible.

(i) Relative developments of wage rates and prices of finished products in the United Kingdom and the United States over the last two years have been shown in the graph on page 747. The widening discrepancy found in the United States between the prices of finished products and wage rates has no parallel in the United Kingdom, a difference which is of importance not only for domestic business in the two countries but also for their exchange relationship.

(ii) Another factor which added strength to the exchange value of the dollar was the appearance of an increased surplus in the balance of payments of the United States at a time when current items in the British balance showed a substantial deficit. The adverse balance of the United Kingdom in both 1937 and 1938 was, however, offset by an excess of sinking-fund and other repayments over and above the amount of new overseas issues and had therefore little direct influence on the exchange value of sterling.

(iii) A much more important factor was the use made of funds held by sterling-area countries, which habitually keep their monetary and other banking reserves in London. In the boom period from the autumn of 1936 to the summer of 1937 these countries accumulated about £100,000,000 sterling assets, of which a substantial part must have been obtained from exports to the United States. After the heavy fall in raw-material prices in the autumn of 1937, these countries drew on their reserves in London to cover their balances of payments (and also, to some extent, to buy gold and dollars). The aggregate amount so disposed of exceeded the accumulation mentioned above (see page 762).

(iv) The repatriation of funds to France in May and again in the autumn of 1938 also

exerted a certain pressure on sterling. The amount repatriated to France from October 1938 to the end of March 1939 was about £100,000,000, the greater part of which came from London.

It is a necessary corollary to the position held by the United States and the United Kingdom in world trade and by sterling and the dollar as key currencies that even a moderate alteration in the sterling-dollar rate is apt to cause great apprehension. It did not matter that the decline in sterling's exchange value in the latter half of 1938 was small compared with the great changes in the years 1931 to 1934; as long as a downward movement continued it raised monetary problems of great moment in different countries of the world.

The question came to a head when sterling fell sharply at the end of September; interesting movements were shown especially by the Dutch florin and the Swiss franc, two currencies which are divided in their allegiance between gold (i. e. the dollar) and sterling. The significance of the gold link is largely due to the importance of trade with Germany, which in both cases passes through official clearing accounts.

The Dutch florin followed sterling closely during the latter half of August and the greater part of September, and only on September 28, when sterling fell sharply, did the florin break away, steering a middle course between sterling and the dollar on this and the following day. On Friday, September 30, the dollar rate of 1.84 was reached, which was maintained practically unchanged until near the end of January 1939 when, under the pressure of an outflow of funds from the Dutch market, the florin again yielded a little, reaching a depreciation of slightly over 22 per cent from the old gold value, i. e., the same depreciation as when the florin followed sterling up to September 27, 1938. In March and April 1939 the florin was again stable on the dollar at about 1.88.

The Swiss franc maintained a practically stable rate of 21.30 to the pound during the greater part of August and September 1938; but from September 23 onwards it followed a middle course between sterling and dollar, with, however, a tendency to a somewhat closer link with the dollar. According to an instruction of September 27, 1936 given by the Federal Council to the Swiss National Bank, the Bank has to maintain the value of the Swiss franc at a level corresponding to a depreciation of about 30 per cent from

the old gold value. Immediately after the depreciation the National Bank fixed a gold price of 4,869.80 francs per kilo fine, involving a depreciation of about 29¼ per cent. In the autumn of 1938 when the Swiss franc up to a point followed sterling, the theoretical gold price of the National Bank resulting from the current gold price in London and the position of the franc-sterling rate rose to 4,973.15, involving a maximum depreciation of 30¾ per cent.

It may be mentioned that in the autumn of 1938 in France also the question arose whether the franc should follow the downward movement of the pound. The authorities adopted a somewhat elastic policy, maintaining the fluctuations in the sterling-franc rate within narrow limits, while still taking some account of the position towards the dollar, the policy thus adopted being, so to say, ratified by the market as the repatriation of capital continued.

2. FOREIGN TRADE

In 1937 the volume of world trade approached the 1929 level after a gradual recovery over five years from the depth of the great depression in 1932. This favorable trend was, however, reversed in 1938 when in the first half of the year world trade dropped by 10 per cent more than the usual seasonal decline. This fall was in sympathy with and very much of the same proportion as the setback in world industrial production which began in the autumn of 1937. In contrast to developments in 1930, the first full year of the previous depression, there was already a marked recovery in the latter half of 1938 both in industrial production and in world trade. This may be taken as a sign of greater resistance to depressing forces at the present time than in the difficult years following the break of the boom in the autumn of 1929.

The setback of production and the decline in world trade which began in the latter half of 1937 tended to increase competition on foreign markets. Overseas countries had less purchasing power at their disposal; exchange and import restrictions were intensified; and, as the highly industrialized countries were less able to utilize their productive capacity to the full, they vied more keenly in sales on foreign markets. Greater attention has been given by the governments to the need for foreign trade; in that respect a marked change has taken place compared with the years 1931-1933 when particular

stress was laid on internal recovery by means of public works, protective measures, etc. It begins to be felt that the fostering of a country's production for domestic needs with little consideration for exports may impair the capacity of paying for necessary imports, reduce the country's relative position in world affairs and also in some cases make it more difficult to solve the problem of unemployment. In the final analysis it is realized that an improvement in the standard of living presupposes, as it has done during the last hundred years, a development of foreign trade; and the essence of the problem is largely to find the appropriate forms for the desired advance in the exchange of goods.

In many countries efforts have been directed towards increased aid to exports by the granting of credits under government guarantees (e. g. in the United Kingdom, Switzerland and the United States). Moreover, some central banks, as, for instance, the Reichsbank, have arranged to take over export bills at favorable discount rates. In countries where forward exchange markets were lacking, or were active only for particular currencies, central banks have in many cases made arrangements under which exporters could cover themselves against certain exchange risks. These various measures may on the whole be said to aim at a partial restoration of the credit and exchange facilities which were ordinarily provided by the banking machinery before the disruption caused by the monetary crisis in 1931.

Other measures to promote exports took the form of trade agreements between particular governments. Raw material producing countries in 1938 were more than usually anxious to sell, as their shipments to some important industrial countries, hit by the setback, declined sharply. These countries continued to find in Germany—whose requirements of raw materials tended to increase—a customer to whom they were able to sell and from whom they could receive payments in so far as they would take German goods in exchange. In the bilateral arrangements which were concluded, difficult points of negotiation often arose with regard to rates of exchange and the settlement of outstanding balances; under the influence of these agreements German purchases from the other parties to the arrangements, however, increased. As a result German foreign trade shifted more and more from the main industrial countries to certain groups of

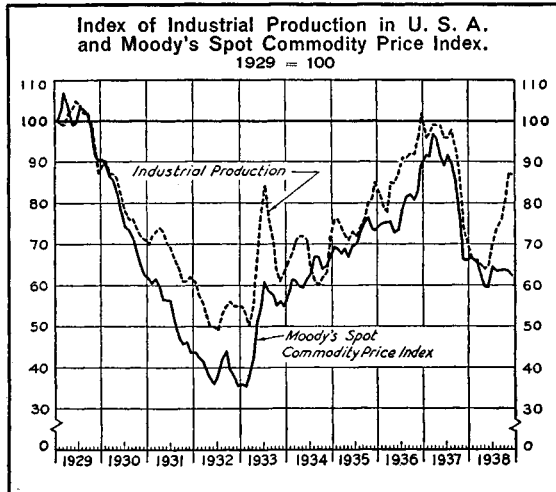
primary producers. Still the magnitude of the shift should not be exaggerated. The share of south-eastern Europe in German imports more than doubled from 1929 to 1938; but in 1938 it amounted only to 10 per cent. The share of Latin America rose from 11½ per cent in 1929 to 15 per cent in 1938. On the other hand, the continental industrial countries in central, southern and western Europe, Great Britain, the British Empire countries and the United States together still delivered about 40 per cent of German imports in 1938.

3. PRICE MOVEMENTS

The main characteristics of the commodity markets last year may be summed up as follows: the rapid fall in prices of industrial raw materials which began in 1937 came to a standstill in the middle of 1938 and a certain recovery set in, though only within narrow limits; prices of cereals, on the other hand, continued to fall as a result of abundant crops. Lower prices for foodstuffs tended to reduce somewhat the cost of living, but prices of finished industrial products, though slightly declining, would seem to have been a little higher in 1938 than the average for the previous year. The average import and export prices of Germany and the United Kingdom show the same tendencies: from 1937 to 1938 average prices of imports (mostly raw materials and foodstuffs for both countries) fell by around 7 per cent, while prices for exports (mostly finished goods) rose by about 2 per cent. Of particular interest are the variations which have occurred over the last two years in the relation between the prices of finished goods and of basic materials.

From the middle of 1933 to the autumn of 1936 prices of finished goods and of industrial raw materials showed a high degree of stability and did not diverge from one another by more than 10 per cent. At the end of 1936 and the beginning of 1937, however, prices of raw materials rose altogether too sharply under the influence of an acceleration in the world's industrial recovery coupled with general replenishment of manufacturers' stocks and heavy market speculation, partly associated with exaggerated beliefs as to the requirements for armament production. Not only was the rise disproportionate from the point of view of the supplies which became available on the different markets, but it introduced a serious disequilibrium in the cost and price structure. There was, at the beginning of 1937,

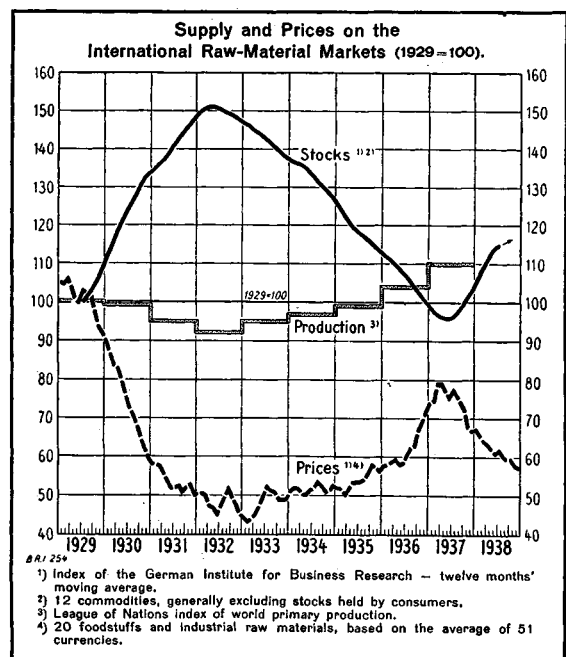
also a rise in the price of finished goods but not in the same degree, and the higher prices charged made it difficult to maintain the volume of sales to the ultimate consumers. Stocks accumulated and when the reaction came it was particularly violent, being af-



ected by the rapid fall in industrial production in the United States and some other countries and by the increase in the supplies of raw materials induced by the earlier rising prices. During the fourteen months from April 1937 to June 1938 the price index of industrial raw materials in Great Britain fell from 132 to 87 and since then has shown little recovery, despite the rapid increase in industrial activity in the latter half of 1938. In the above graph, reproduced from the Monthly Survey of the U. S. Department of Commerce, a comparison is made for the United States between the volume of industrial production, according to the Federal Reserve index, and Moody's index of prices for 15 staple commodities (including both industrial materials and foodstuffs). The latter index, which is more sensitive than the more comprehensive indices of primary and semi-manufactured products, has usually moved fairly consistently with industrial activity; but this relationship was broken in the latter half of 1938. For though prices of rubber, non-ferrous metals, scrap steel, hides and silk advanced from late June there was no sustained general rise in the prices of staple commodities. The main reasons for this failure of prices to respond to the trend of industrial activity were the large stocks available to meet increased demands, the record crops of cereals and generally the

depressing influence of political uncertainty.

The prices of staple commodities are back at the level obtaining in early 1934 and still nearly 40 per cent below 1929. No real reaction has, in fact, set in against the precipitous decline in the latter half of 1937; for that reason some improvement in prices of staple commodities from the present depressed levels would be generally welcomed. It is, however, important that this improvement should not be too rapid. There can be no doubt that the sharp advance in the prices of raw materials from the middle of 1936 to the early spring of 1937 was one of the causes of the subsequent setback in business. Stocks of raw materials reached their lowest level for many years at the end of 1936 and it was this low level of existing stocks which made possible the sharp price rise. Recent investigations would seem to show that, in general, surplus stocks become exhausted and prices rise quickly just before the upper turning-point of the business cycle, i. e., immediately before the setback. When, on the other hand, raw-material stocks are more plentiful, they act as a brake on an advance in prices and in that way furnish support to a more lasting recovery. A gradual rise in raw-material prices is certainly compatible with sustained recovery, but the experience of 1936-37 shows that too sudden a rise brings its own retribution. This would seem to indicate that it is not the produc-



tion of raw materials which dominates the trade cycle, but the consumption of raw materials in industries producing investment and consumption goods. As the production of consumption goods shows a relatively great stability throughout the trade cycle the main cause of the changes in the absorption of raw materials must lie in fluctuations in the production of investment goods. Changes in cost and price structure by which these fluctuations are largely governed are influenced by the abundance or depletion of raw-material stocks in so far as they lead to a rise or fall in costs; and this influence is apparently predominant and overrules influences from superabundant or depleted stocks as deterrents or stimulants to production. The part played by visible raw-material stocks would seem to be that of a reservoir taking up surplus output and supplementing current needs as the case may be. Organization of raw-material production by so-called restriction schemes may seek to prevent the continuation of unremunerative production, but they do not contain any element of stimulation. And they must be so administered as not to impair the normal function of visible stocks, which is to serve as a brake on a too rapid increase in the costs of the manufacturing industries when recovery sets in.

When in the autumn of 1938 the demand for raw materials strengthened, there was a certain tendency to increase quotas of production and export of internationally controlled commodities, but a reaction set in in the following winter, the restrictions being again tightened up when prices showed every sign of remaining at their comparatively low levels.

Visible stocks of primary products, as a rule, increased somewhat during 1938 but are in most cases not higher than at the end of 1935 when a general recovery was well on its way. Government reserves for emergency purposes, though not published, are known to be higher than ever before, but stocks in the hands of manufacturers (as distinct from visible stocks) are probably comparatively low since the general tendency seems to have been to buy mainly for fairly immediate needs.

PRODUCTION AND MOVEMENTS OF GOLD

Gold production in 1938 rose both absolutely and relatively more than in 1937. The increase over the previous year was 5.6 per cent, the quantity produced being nearly

37 million ounces, equal to \$1,290,000,000. The main recipient of gold was again the United States whose reserves increased by \$1,750,000,000—over 35 per cent more than the total current gold production. In the autumn of 1938 when most of this gold was shipped to New York it served as a vehicle for violent transfers of banking funds, the spectacular nature of which might easily obscure the more profound effects of changes in currents of trade and investment. As a matter of fact, over one-half of the gold acquisitions of the United States during 1938 may be associated with the country's large export surplus and less than half with a net influx of capital. Capital movements—and notably the transfer of nervous funds—assumed greater importance, however, in the first four months of 1939, being caused increasingly by fear of war, which has brought institutions and individuals alike to increase their liquidity, especially in dollars. Larger holdings of gold abroad by central banks is another manifestation of the same preoccupation, gold earmarked with the Federal Reserve System increasing by \$333,000,000 in 1938.

A net loss of gold was sustained by the British Exchange Equalization Account, which probably parted with something like £200,000,000 during 1938, mostly for export to the United States, a part, however, returning to France, especially in the closing months of the year. The strain exerted on the London market brought the gold price on November 26, 1938 to the high record of 150 shillings and the turnover for the year at the daily official fixings to £208,000,000, compared with £123,000,000 in the previous year. Hoarding of gold showed opposite tendencies during different periods of 1938, but the net result would seem to have been an increase of \$100,000,000 to \$200,000,000 in the aggregate of gold hoarded. In the opening months of 1939, however, substantial amounts moved out of hoards, mainly into dollars.

The writing-up of central bank gold reserves to rates more in conformity with the current price of gold has continued, the revaluation of the Bank of England's holding being particularly notable. By the end of March 1939 about 90 per cent of the world's monetary gold stock had been thus revalued.

1. THE SUPPLY OF GOLD

The continued increase in the annual gold production can be seen from the table.

Year	South Africa	U. S. S. R. ¹	U. S. A. ²	Canada	Other producing countries	World Production ³	
	In thousands of fine ounces						Millions of dollars ⁴
1930	10,716	1,501	2,286	2,102	4,318	20,923	732
1931	10,878	1,656	2,396	2,694	4,702	22,326	781
1932	11,559	1,938	2,449	3,044	5,264	24,254	849
1933	11,014	2,700	2,537	2,949	6,326	25,526	893
1934	10,480	3,858	2,916	2,972	6,950	27,176	951
1935	10,774	4,500	3,619	3,285	7,376	29,554	1,034
1936	11,336	5,280	4,296	3,748	8,338	32,998	1,155
1937	11,735	5,000	4,753	4,096	9,304	34,888	1,221
1938	12,161	5,000	5,008	4,716	9,969	36,854	1,290

¹ No official statistics for U. S. S. R. are available, but percentage changes are given irregularly. Present figures are estimates.

² Including Philippines.

³ Figures partly revised.

⁴ Amounts are given in dollars of present day value of \$35 per ounce of fine gold.

The receipts of gold from Eastern countries, which were of great importance for a number of years, reaching a maximum of \$378,000,000 in 1932, fell to \$68,000,000 in 1937 and to \$57,000,000 in 1938.

It is more difficult than ever to estimate the amounts of gold absorbed by the arts and industry. An increased tendency to acquire gold for ornaments was noticeable in 1937 with the rise in prosperity, but gold continued to return in undiminished quantities—in the form of scrap, coins, etc.—so that net industrial consumption was slight and, for the world as a whole, was probably less than the amount of gold obtained from Eastern hoards.

In these circumstances the amount of gold available for monetary use in 1938 may be estimated at about \$1,300,000,000, i. e., slightly more than the annual production of \$1,290,000,000.

2. MOVEMENTS OF GOLD TO AND FROM MONETARY AUTHORITIES AND PRIVATE HOARDS

It is not difficult to account for the disposal of the \$1,300,000,000 of gold available for monetary use, since the reported gold reserves of banks of issue rose by \$1,750,000,000 during 1938. This figure includes those gold holdings shown as such in the central bank returns and practically all the gold in the U. S. Exchange Stabilization Fund, but generally excludes gold held under other items and omits the U. S. S. R. and Spain, about which sufficient information is not available. Unreported reserves are in particular those of the British Exchange Equalization Account (the gold holdings of which have been published at six-month intervals during 1937 and 1938) and the French, Dutch

and Swiss exchange funds, the gold holdings of which have not been published.

The difference of \$450,000,000 between the amount of gold produced and the increase in the reported reserves represents a reduction in the non-reported gold, i. e., in the aggregate of the amounts absorbed by the exchange funds or by private hoards in the western world. Information published regarding the British Exchange Equalization Account is summarized in the following table.

British Exchange Equalization Account	In millions of fine ounces	In millions of pounds sterling at 140 shillings per fine ounce
1937—March 31	26.7	186.7
September 30	39.9	279.0
1938—March 31	42.5	297.8
September 30	21.7	151.8
Decrease from March 31, 1938 to September 30, 1938	20.9	146.0

As the price of gold was rising between March and September 1938 the Exchange Account lost just about £150,000,000 during the six months. Further losses were incurred during the last quarter (which led to a transfer of gold to the Account from the Bank of England early in 1939), and private estimates have placed the net reduction of the British gold holdings during 1938 at about £200,000,000, at the current gold price, or say \$900,000,000. Thus the British losses amounted to roughly double the \$450,000,000 which were transferred from unreported to reported holdings; it is therefore necessary to account for the further \$450,000,000 which did not find its way to the reported reserves.

There is reason to believe that the aggregate gold holdings of the French, Dutch and Swiss exchange funds increased on balance during the year. The repatriation of funds to France during the last two months of 1938 increased the gold holdings of the exchange fund to a figure higher than at the end of 1937. The Swiss fund, the nominal amount of which remains unchanged at Sw. fcs. 538,600,000, would seem to have held more in gold and less in balances at the end of 1938 than a year earlier. The Dutch fund is reported to have increased its gold holdings at certain periods of the year by means of advances obtained from the Nederlandsche Bank, but resales of gold from the fund took place particularly from the end of February

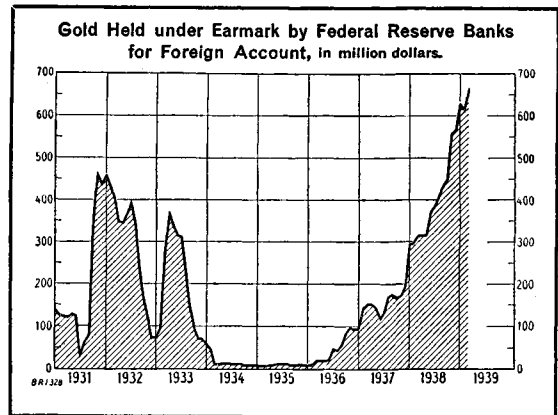
1939. On the year 1938 alone, however, there can be little doubt that the total gold holding rose on balance. In that way the greater part of the \$450,000,000 may be accounted for as having been absorbed into the unreported holdings of various exchange funds. Even if account be taken of reductions in other unreported gold holdings of monetary authorities, the amount by which private hoards increased during the year could hardly have been higher than one or two hundred million dollars.

Some indications of the recent fluctuations in gold hoarding may be gathered from changes in the gold held in the United Kingdom outside the reserves of the Bank of England and the Exchange Equalization Account. In the following table the figures are given in pounds at 140s. per fine ounce (to eliminate fluctuations in the gold price) :

In millions of pounds sterling at 140s. per fine ounce	1937		1938	
	Mar. 31	Sept. 30	Mar. 31	Sept. 30
Exchange Equalization Account.	187	279	298	152
Bank of England.....	517	538	538	538
Total reserves.....	704	817	836	690
Less Bank of England's gold reserve at January 1, 1932.....	200	200	200	200
Increase in reserves from January 1, 1932.....	504	617	636	490
Net import of gold to U. K. since January 1, 1932.....	744	786	825	811
Gold held outside the reserves of the Bank and the Account.....	240	169	189	321

In its comments on the balance of payments for 1938 the *Board of Trade Journal* says that "the considerable excess of net imports during the past few years, over and above stocks held by the Exchange Equalization Account and the addition to the holding of the Bank of England, is accounted for by gold transferred to London for safe custody or bought in the London market and held for account of overseas banks and individuals."

A further complication arises from the fact that the British monetary authorities may hold part of their own reserves earmarked with foreign central banks. Even so, the increase from March to September 1938 of over £130,000,000 in the gold held outside the reserves of the Bank and the Account is of interest, for it may be concluded that during those months, and especially in September, foreign banks and individuals—to a considerable extent, central banks—converted ster-



ling holdings into gold and that gold was also shipped to London for safe custody. The holding of gold by monetary authorities in a foreign center is largely for convenience in the settlement of foreign payments; in the event of war, shipments of gold may prove not only risky but extremely difficult to arrange with any promptitude. In this connection it is of interest to note the increased earmarking of gold with the Federal Reserve System, the figures of which are published monthly and shown in the graph.

CAPITAL MOVEMENTS AND INTERNATIONAL INDEBTEDNESS

The year 1938 was one of abrupt changes in capital movements between the main creditor countries. The outflow of funds from the United States, which began in the autumn of 1937, continued in the first half of 1938, and in the ten months up to July amounted to nearly \$1,000,000,000. This movement, essentially of "hot money," was mainly caused by fears of currency complications in the United States in view of the severity of the business recession. Then, in the summer of 1938, came the improvement on the New York Stock Exchange, a growing apprehension with regard to the exchange value of sterling and, a little later, the increase of political tension in Europe. With the acute phase of the crisis in September there set in a violent movement of capital from Europe which in two months brought \$600,000,000 to the United States. At no other time has such an abrupt reversal occurred. The flow continued at a slackened rate in November and December, to regain intensity in the early part of 1939. The spectre of war, besides provoking these massive movements of funds between nations, has even led to a certain

flight of capital internally in some countries, investment declining in those frontier and other districts which it is feared may be the site of future battlefields.

But spectacular transfers of nervous money from one market to another must not be allowed to obscure the continuous working of economic forces beneath the surface. Changes in currents of trade, in relative prices, in foreign investments and in the distribution of newly-mined gold have their effect on the transfer of funds and bring into the picture important factors resulting from changing monetary and economic conditions in the countries of the world.

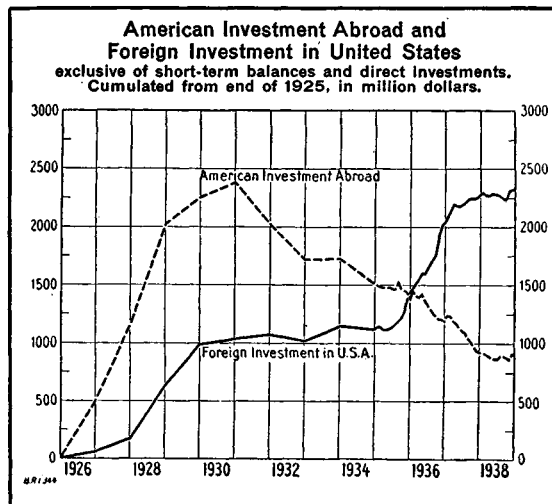
To obtain a balanced idea of the true character of the capital movement towards the United States it is necessary to take a broad view over the past few years. Throughout 1935 and 1936 the net movement of recorded capital towards the United States continued fairly evenly, with some accentuation at times, at a rate of slightly over \$100,000,000 a month; the influx was accelerated in the first nine months of 1937, the monthly average rising to nearly \$150,000,000. The one-way flow then received its first real check for over three years and was reversed by the repatriations in the ten months to July 1938, the efflux declining, however, from \$170,000,000 a month in the last quarter of 1937 to \$60,000,000 a month in the first seven months of 1938.

Then came an abrupt reversal of the trend: the flow back to the United States from \$70,000,000 in August 1938 rose sharply to \$390,000,000 in September, thence declining slowly to \$220,000,000 in October and rapidly to \$110,000,000 in November and December together. The movements in September and October 1938 were predominantly of banking funds and had an obvious connection with political conditions in Europe. In these two months gold movements towards the United States were at the unprecedented rate of over \$500,000,000 a month—twice as high as at the most acute phase of the gold "scare" in the spring of 1937.

From the beginning of 1934, when the new value of the dollar was fixed, to the end of 1938 the capital flow to the United States amounted in all to \$4,200,000,000 and comprised three main classes of funds:

(i) More than one-third, i.e., some \$1,500,000,000, represents American funds repatriated from abroad; of these funds nearly \$900,000,000 were long-term and

accounted for by sinking-fund operations, redemptions and repurchases by foreigners, and over \$600,000,000 were short-term, inter alia balances accumulated in England in 1933 when the dollar was depreciating and amounts derived from the liquidation of accounts in Germany.

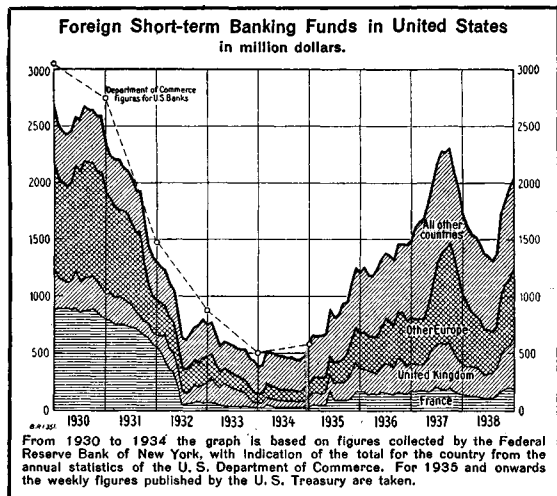


(ii) Rather less than one-third, nearly \$1,200,000,000, is due to foreign buying of American securities. Foreign acquisitions of American securities during the past ten years were made in two great waves, nearly \$1,000,000,000 in the two years 1928-29 and over \$1,000,000,000 from the middle of 1935 to early 1937. Experience after the stock market declines of September 1929 and March 1937 indicates that while foreigners considered as a whole bought American securities during the bull markets they did not sell on balance during the subsequent declines in prices. On the other hand, American investment abroad reached its highest point in 1930 and has since continuously declined.

Foreign investment in American securities and the liquidation of American investments abroad are thus two comparatively stable elements—together they account for \$2,700,000,000 nearly two-thirds, of the total influx of capital to the United States since 1934.

(iii) The final factor in the capital movement since 1934 has been the building-up of balances by foreigners in the United States, which accounted for \$1,500,000,000, a little more than one-third. Most of these balances are on demand de-

posit with American banks, which at the end of 1938 had foreign deposits amounting to \$2,000,000,000. Total foreign deposits, as high as \$3,000,000,000 at the end of 1929, fell rapidly during the following years (their decline representing in a large degree the liquidation of the gold



exchange standard) to the very low figure of \$500,000,000 in 1933-34. As the dollar depreciated foreign balances were drawn down to the absolute minimum compatible with current business requirements at the bottom of the depression.

How much of the \$1,500,000,000 of foreign balances accumulated from January 1934 to the end of 1938 should be considered as "floating" money cannot be determined with precision. Some accumulation was certainly necessary for ordinary business requirements, particularly after the de facto stabilization of the dollar. These business balances cannot be reduced beyond a certain minimum, but there can be little doubt that the bulk of the foreign short-term funds which arrived at particular periods of acute tension, as, for example, in September and October 1938, was not needed for business purposes and constitutes an unstable element in the foreign exchange market.

The FEDERAL RESERVE BULLETIN for February 1939, from which the essential elements of these paragraphs have been taken, indicates that "an analysis of the capital movement itself suggests that while this movement has been caused to an important degree by disturbed conditions abroad only a limited amount now represents nervous foreign money ready to leave this country as soon as

conditions abroad become more stable." Though this conclusion must be somewhat modified by the heavy inflow in the first four months of 1939, it serves as a reminder against an exaggeration of the quantitative importance of "hot money" compared with the movement of other funds.

A form of capital flight which has increased in volume is the purchase of American bank notes in Europe. Imports of U. S. currency into Europe practically ceased with the devaluation of the gold bloc and in 1937 and the first eight months of 1938 over \$50,000,000 were dehoarded in Europe and shipped back to the United States. But in September and October 1938 the European demand for dollar notes reached unusually high proportions and large imports from the United States were necessary. This movement continued in the early months of 1939 when it was estimated that a total of around \$500,000,000 in dollar notes were held abroad.

The export of capital to the United States owing to monetary uncertainties in European countries was a factor of particular importance early in 1935 before the devaluation of the Belgian franc and, later, up to the devaluation of the gold-bloc currencies in September 1936. From this date capital has returned more or less continuously to Switzerland and Holland. The particularly strong current in 1937 dwindled, however, in the first half of 1938 and dried up in the last half of the year. The cessation of a net influx to these two countries from the middle of 1938 is partly due to a counter-current of foreign-security purchases, made more attractive by the great number of introductions to the stock exchanges of Amsterdam and Zurich. Early in 1939 an outward flow of capital occurred, closely connected with international political developments. Neither Holland nor Switzerland was greatly affected by the repatriation of French capital during the year, which for Belgium in May 1938 was a factor of great importance.

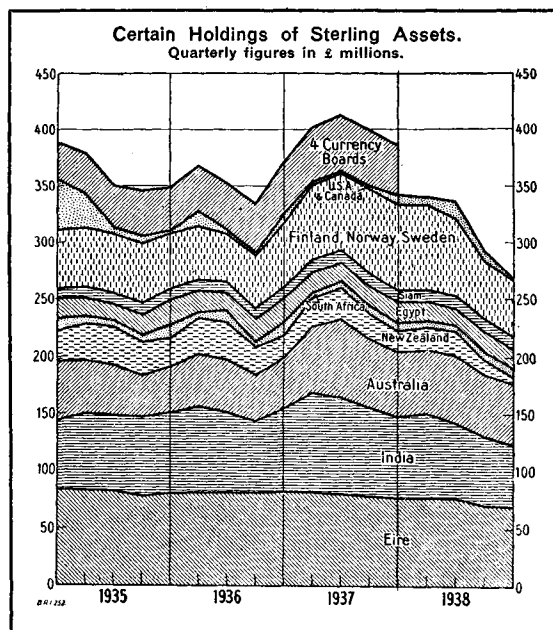
Indeed, France experienced in the winter of 1938-39, for the first time in several years, a sustained home-coming of national funds previously exported. Recoveries after September 1936 and in October 1937 were short-lived and eventually reversed. From early May 1938, however, when the franc was lowered to just within 179 to the pound, confidence in the stability of the exchange returned and an influx of capital generally

estimated at some Fr. fcs 16,000,000,000 to 18,000,000,000 occurred. The greater part of this capital was lost again in the summer months, but in September, during the height of the international crisis, French funds were not exported, and from October onwards, particularly after the inauguration of the financial and other reforms early in November, there has been a further tide of French capital towards France estimated at Fr. fcs 16,000,000,000 to 20,000,000,000 during the winter 1938-39.

The bulk of French repatriations of capital in May and since the autumn of 1938 came from England and included gold and notes hoarded as well as balances with British banks and sterling securities. London, in fact, has been subject to three distinct outflows of funds in addition to the usual and not inconsiderable commercial credit adjustments which are made when a currency declines for a prolonged period. Firstly, there was the outflow to France, which has just been mentioned. Secondly, London was the most important source of funds exported to the United States (nearly \$200,000,000 in September and October 1938 alone), although in this connection the function of London as a conduit pipe for foreign funds is always a factor to be remembered. The third outflow—more important than is usually realized—was due to the employment by sterling-area countries of part of the funds they had previously accumulated in London to meet current deficits in their balances of payments. In the period up to the middle of 1937 sterling received support from the active balances of payments of sterling-area countries which built up reserves largely in the form of balances and other short-term assets in London. But, as the reserve center of this area largely producing primary commodities, London must be prepared to see the sterling reserves constituted in the good years utilized at times when the prices of primary commodities fall and the balances of payments of the producing countries become passive.

The sterling area is not, of course, a new phenomenon as a trading area, although during the gold-standard period its existence as a currency area was obscured by universal stability on gold. But a strain on sterling, similar to the present one and rarely appreciated in its full significance, occurred from the outbreak of the agricultural crisis in 1928 onwards. It is generally known that before the fall of sterling in 1931 the

currencies of the agricultural countries were already affected and that the Australian and New Zealand pounds, for example, depreciated before the end of 1929. But it is seldom realized that these countries and others defended their currencies largely by selling sterling. In the last nine months of 1929 Australian London funds were drawn down by over £30,000,000; Indian official sterling reserves fell by £40,000,000 from the end of 1929 to 1931; New Zealand's sterling funds, previously perhaps £10,000,000 or more, were practically exhausted; the National Bank of Egypt's sterling holding was reduced from £30,000,000 early in 1929 to £15,000,000 in 1931. Moreover, considerable fresh sterling resources were being supplied to these countries through new loans on the London money and capital markets and, though in part these loans were offset by amounts obtained from regular sinking-fund and other repayments of overseas issues, there was a substantial addition to the visible reduction in sterling balances, increasing the strain imposed on the sterling exchange. So long as the United States was lending freely abroad, the effects of this drain were to some extent covered up—but American foreign loans stopped dead in 1931.



The re-establishment of sterling-area balances started in the autumn of 1931, and by the spring of 1934 these sterling reserves had

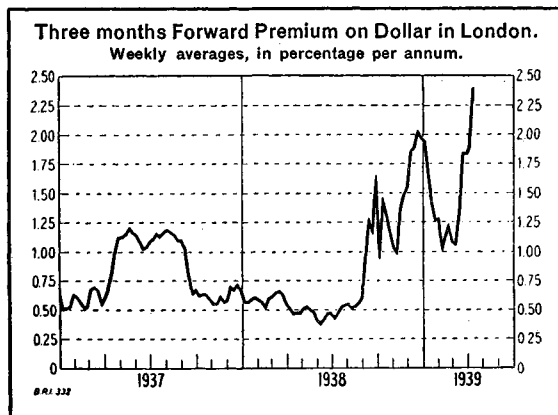
increased by over £200,000,000—some £50,000,000 each for Australia and India, £20,000,000 each for New Zealand and South Africa, and so on. The United States is now liquidating its foreign investments. And some sterling-area countries which in the earlier period had gold reserves to fall back upon, such as Australia and New Zealand, have practically disposed of them and now rely entirely on their sterling balances as international reserves. From the middle of 1937 to the end of 1938 the net sterling funds of the sterling-area countries shown in the graph fell by some £100,000,000—India lost over £30,000,000, New Zealand £20,000,000, and Irish banks £10,000,000; Australian London funds probably fell £15,000,000, while the banking funds of the Scandinavian countries were drawn down by an amount which may be estimated at £20,000,000-£25,000,000. If other sterling-area countries not included in the graph be added, such as Portugal, the Argentine, Japan, etc., it is certain that the drain on this account was fully £120,000,000 over the eighteen months. In contrast to the period 1928-29 new loans to sterling-area countries have played but a minor part, such loans as have been given being generally offset by regular sinking-fund and other repayments.

The primary cause of the decline in these sterling reserves was the worsening of the balances of payments of sterling-area countries with other countries than the United Kingdom. It should, however, be remembered that for the British market there was some compensatory gain arising from the fact that the fall in commodity prices, which caused the difficulties of the primary producing countries, allowed British imports of foodstuffs and raw materials to be obtained more cheaply—according to the Board of Trade the average value of British imports was 6 per cent less in 1938 than in 1937.

To some extent the reduction of sterling assets was also due to the conversion of reserves into dollars and gold, e. g., the gold holding of the Sveriges Riksbank increased by about £15,000,000 in 1938, £2,000,000 were bought by the Irish Currency Commission and £3,000,000 by the Norges Bank. In so far as these countries have a surplus in their balance of payments it is natural that they should acquire part of the current gold production, but the concentration of the purchases at periods of strain on the gold market, when the price of gold was exceptionally high, may be taken as striking evi-

dence of the preference for gold at times of acute unrest.

The actual incidence of capital movements on the exchange markets may be modified by swap transactions, the relative importance of which is often difficult to assess. The previous graph shows the excess of sterling assets over sterling liabilities of Canadian and United States banks. For the Canadian banks this is a fairly small and comparatively stable item which arises from the fact that Canadian banks have branches in countries linked to sterling whose excess of deposits is employed in London. The excess of United States banks' sterling assets over liabilities, or vice versa, arises, however, essentially from swap operations. In the absence of any material change in market rates in London and New York, these balances tend to move with changes in the forward dollar-sterling rate. When there was a discount on the forward dollar at the end of 1934 the amount of American swap money in London was very large. The excess of American banks' sterling assets over sterling liabilities (covered forward) was about £40,000,000. Early in 1935 this swap money disappeared from London and, indeed, in the middle of 1937 American banks had excess sterling liabilities of about £10,000,000. The decline of the premium on the forward dollar in London to below ½ per cent in the middle of 1938 caused a fairly considerable movement of American swap money to London. In June, July and August 1938 the sterling assets of American banks in excess of their sterling liabilities was around £10,000,000, while their net contracts for forward sales of sterling rose above £15,000,000. With some English banks offering 1 or 1¼ per cent on certain amounts of foreign deposits the net yield, taking into account the loss on the for-



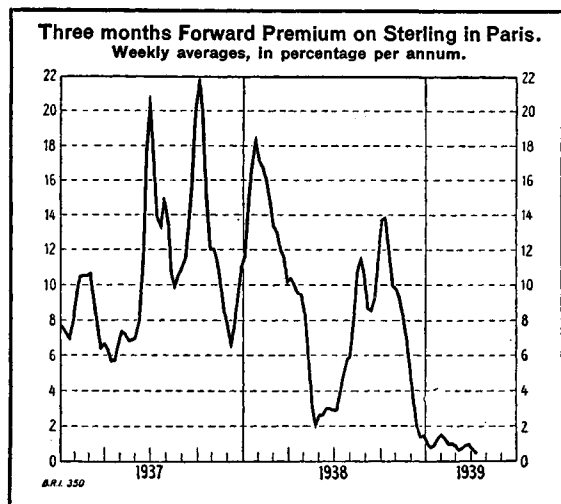
ward rate equivalent to $\frac{3}{8}$ or $\frac{1}{2}$ per cent, was about $\frac{3}{4}$ per cent, i. e., far higher than could be obtained on three-months' investments in New York. With the abrupt rise of the premium on the forward dollar in September 1938 such transactions became unprofitable and swap money was withdrawn as the contracts became due; by the end of the year American banks had excess sterling liabilities of £8,000,000.

Other swap money in London was at times of greater importance than American. The premium on sterling in Paris has moved sharply in recent years, reflecting changing views as to the future of the French franc rather than differential interest levels. In May 1938, after the spot rate of the franc had been allowed to fall to 179, the contraction of the forward premium on sterling in Paris was accompanied by a reduction of French swap money in London. In July and August, however, the forward franc weakened and French swap money returned to London; but in the middle of August these transactions were officially discouraged and, in the absence of a demand for forward francs by French banks, the discount widened sufficiently to be attractive to large firms with liquid resources. At certain times of the year French swap money in London amounted to £30,000,000 or more. Belgian swap money in London has also been impor-

Swap transactions undertaken in response to the development of differential interest rates may be generally considered a stabilizing factor in the exchange markets, but in 1938 the effect of the movements of foreign swap money in London was largely to postpone pressure on sterling from the summer to the autumn, that is, to the time when the strain for other reasons was at its greatest. From September to the end of the year the three-months' forward discount on sterling vis-à-vis the dollar fluctuated between one and two per cent per annum, i. e., sufficient to be attractive to English banking funds, even with market rates in New York down to zero.

It has already been remarked how business balances in New York were reduced during 1933 when the dollar was depreciating—and have since been reconstituted. A transfer from London of trade balances of a somewhat similar nature occurred in 1938. To some extent this type of transfer takes place through commercial channels, i. e., the proceeds of British exports in foreign currencies are left abroad while imports are increased and paid cash or in advance. In other countries, where it has been possible to make estimates, it has been found that this commercial factor is of greater importance than is usually imagined, amounting roughly to the equivalent of a half of one month's turnover of foreign trade. This relationship would give an amount of, say, £50,000,000 for England. This figure may appear on the high side but account must be taken of the growing importance of international corporations with large liquid resources which may be shifted from market to market.

Moreover, a large part of the world's trade, in addition to that in which England is involved as a partner, is conducted in sterling. When sterling declines for a prolonged period exporters from foreign countries are naturally disinclined to make invoices in sterling, and there is evidence that in these countries, and even in countries of the sterling area itself, foreign trade contracts have been expressed less often than usual in sterling but rather in the home currency of the exporter. This fact has greater significance than at first appears for, immediately the change in invoicing is made, sterling balances accumulated in readiness to meet maturing trade contracts are released and may be exported—or when utilized are not reconstituted as they otherwise would be.



tant at times and changes in market rates in Brussels, particularly the call-money rate, are strongly influenced by the discount on forward belgas and the amount which can be earned in London on banking funds.

Foreign exporters have sometimes used another technique, giving, as usual, credit in sterling, but obtaining immediate banking advances in sterling, the proceeds of which were converted into dollars or gold, the advance being later redeemed from the importer's payment.

All in all, if the period from the middle of 1937 to the end of 1938 be taken, the decline of sterling-area reserves and of business balances in London must have caused a profound strain on sterling, although transfers of funds from and to New York and Paris at times dominated the exchange markets.

A year ago it was possible to say that trade financing in the sterling and dollar areas was back to normal proportions and conditions. The setback in the value of world trade naturally brought with it a decline in the amount of necessary finance. In addition, terms of credit have tended to be shorter, so that the total volume of trade financing outstanding has fallen more sharply than trade itself. American exporters to Europe have considerably shortened the usual terms of credit, insisting in many cases on cash payments—a factor which has enhanced the effect of the export surplus of the United States.

The field of new short-term credits, other than those directly connected with foreign trade, has remained restricted. As in recent years, new money for long-term foreign issues was almost negligible in amount in 1938 and for the principal creditor markets was exceeded by repayments and repatriations of old loans by the debtors. While new long-term issues on foreign account remain on the same low plane as in recent years, repatriations and redemptions by the debtor countries have continued. During the past five years some \$800,000,000 has been utilized for the purchase of foreign securities in the United States for repatriation or redemption, largely by such countries as the Argentine, Belgium and Finland, which borrowed heavily at high rates of interest in the 'twenties.

THE TREND OF INTEREST RATES

Exceptional liquidity, both institutional and of private individuals, is the order of the day, and short-term interest rates generally remain at extraordinarily low levels or are still declining. In the United States a negative rate of interest has made its appearance. The increases of rates in Belgium in the spring of 1938 and in New Zealand late in the year are attributable to circumstances pecu-

liar to the countries concerned. While long-term rates continued to decline in the United States and some other countries, the French market in particular showing a notable downward adjustment, long-term rates in England have risen steadily for four years from about 2¾ per cent in 1935 to just above 3½ per cent at the present time, and the spread between short and long-term rates has grown wider. With one or two exceptions, international movements of funds have had little influence on interest rates. The business recession and political disturbances arresting the flow of private capital into new enterprise tended further to depress rates to low levels. Capital markets are dominated more and more by government borrowing for armament purposes.

Though actual movements of rates have been slight during the year, many highly interesting developments have occurred, bringing to light tendencies of profound significance for the credit structure of the various countries.

1. CENTRAL BANK CREDIT AND SHORT-TERM INTEREST RATES

As in 1937 when the cumulation of business activity to boom conditions was not reflected in changes of bank rate, so in 1938 international political crises left rates still at very low levels. Nineteen of the twenty-five central banks had discount rates unchanged during the year, while five banks decreased their rates and there was only one increase on balance.

The one European official discount rate which was higher on balance was that of the National Bank of Belgium, which in May 1938 made an energetic defense of its currency against the violent outflow of funds from the country after the abrupt depreciation of the French franc to 179 to the pound. The various measures taken included the doubling of bank rate from 2 to 4 per cent and the application of a program, in cooperation with the important credit banks of the country, designed to prevent any extension of credit not justified by commercial needs, as business activity was declining and prices falling.

The defense thus adopted resolves itself into the observance of two fundamental principles:

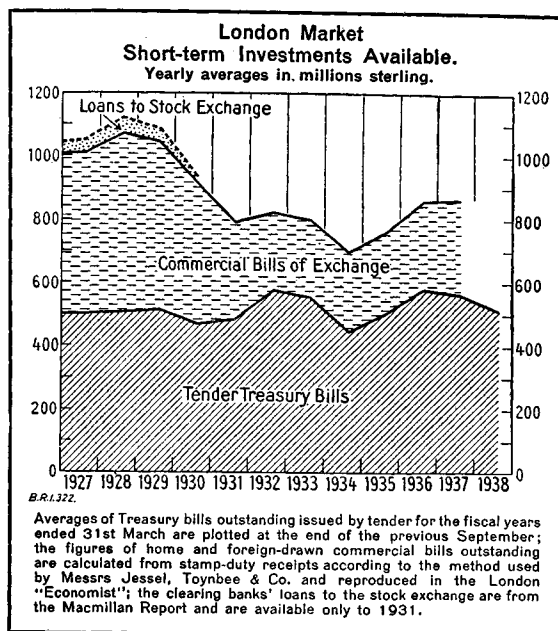
- (i) to give out gold against cash (currency) without restriction, but
- (ii) to make cash scarce, i. e., make it difficult and expensive for anyone who does

not hold cash to obtain it. This involves an increase of bank rate and a restrictive credit policy—or at least strong resistance to an expansion of credit dictated by speculative motives.

Within a few days after the adoption of these measures the attack on the currency faded away, in ten days the credit measures were relaxed and twenty days after the original increase bank rate was reduced from 4 to 3 per cent, so that any slight inconvenience which might have been caused to ordinary business could have been only of a temporary character. Further decrease of bank rate was postponed by the repercussions of the international political events of the summer and autumn, but a reduction of 2½ per cent was made in October 1938. On April 17, 1939, however, bank rate was again increased to 4 per cent.

Conditions on the London money market were practically unaffected by the large outflow of funds and the business depression. These factors, indeed, offset each other somewhat as falling prices and the liquidation of stocks released funds for other employment, while the exodus of capital withdrew money largely employed at short term. An important factor in preventing disturbances on the money market was, of course, the well-known mechanism of the Exchange Equalization Account which, with a minimum of friction, restored the amount of cash required by the banks. The offsetting operations of the Account help to explain why there was comparatively little change in short-term money rates, but the reason why they remained so persistently low in London (as in some other centers) is to be found in the abundance of liquid funds at a time of little demand for accommodation from business generally. Bank rate has stood at 2 per cent for nearly seven years, while the discount on Treasury bills has varied from ½ per cent only for short periods—and a level as "high" as this has been maintained only by co-operation in the market.

In the London money market the available material for short-term investment has declined considerably during the past ten years. Banking funds may be utilized for financing gold movements and in swaps, but the essential material for short-term investment consists of bills—bills of exchange financing home and foreign trade and bills financing the Treasury's requirements. The decline in the volume of this material is illustrated in the graph.



The volume of "tender" Treasury bills, which gives a rough idea of the bills available for non-official investors, has fluctuated around £500,000,000 during the ten years in spite of the issue of bills to the market to finance the holding of gold by the Exchange Equalization Account. There has thus been a reduction in the amount of bills outstanding for the needs of the Treasury, a reduction due to deliberate policy aiming at keeping the floating debt within certain limits. Consolidation loans have been issued from time to time and the proceeds from long-term government issues for other purposes have been applied in the first instance to reduction of the floating debt (expanded again later as the money was utilized). The usual expansion of tender bills over the autumn and winter (due to the seasonal movement of the budget deficit) did not take place for 1938-39, but there was a steep decline from £585,000,000 in June 1938 to £350,000,000 in March 1939—the lowest point since the war. This contraction was due in the first place to the issue of a government long-term loan for £80,000,000 in June 1938 and later to the great efflux of gold, the holding of which had previously been financed with Treasury bills.

The decline in commercial bills outstanding is primarily associated with a long-term change in methods of financing, direct credits having largely taken the place of bills while commercial and industrial firms finance themselves from their own resources in a

much larger degree than formerly. Before 1914 the volume of commercial bills outstanding was roughly double the present figure, which includes, incidentally, some £40,000,000 bills frozen under standstill agreements. Loans to the stock exchange formed only a very small proportion of the assets of the clearing banks in the 'twenties, and the total outstanding is doubtless much less at the present time than it was ten years ago. Total credit facilities granted to the stock exchange and directly by the banks to private persons for the purpose of holding securities are not known and must, of course, be much greater than the loans from the clearing banks to brokers and dealers.

The shrinkage of available material for short-term investment coincides with a growth in demand. The total deposits of the original ten clearing banks, which in addition to the 10 per cent cash maintain generally some 20 per cent of short-term assets, have grown from £1,843,000,000 in December 1928 to £2,172,000,000 in December 1938. If the theoretical 20 per cent were rigidly applied, these deposits would now need a backing of some £430,000,000 bills held directly or indirectly (through loans to the discount market). The suggestion has been made that in order to facilitate the mechanics of the banking system and the money market the Treasury-bill issue should be increased. But the danger of a large government floating debt especially at times of political tension is so great that the wisdom of making such an increase, unnecessary as regards Treasury financing, is to be doubted. It has already been necessary to restrict the circulation of municipal bills, which tended to grow beyond what was desirable. At a time when it has been found necessary to modify many of the traditional customs of the central bank itself in order to keep abreast of realities, it is natural that the clearing banks should have applied the ratios to which they are accustomed to work with that degree of adaptability and elasticity necessary to ensure the smooth working of the banking system in modern conditions.

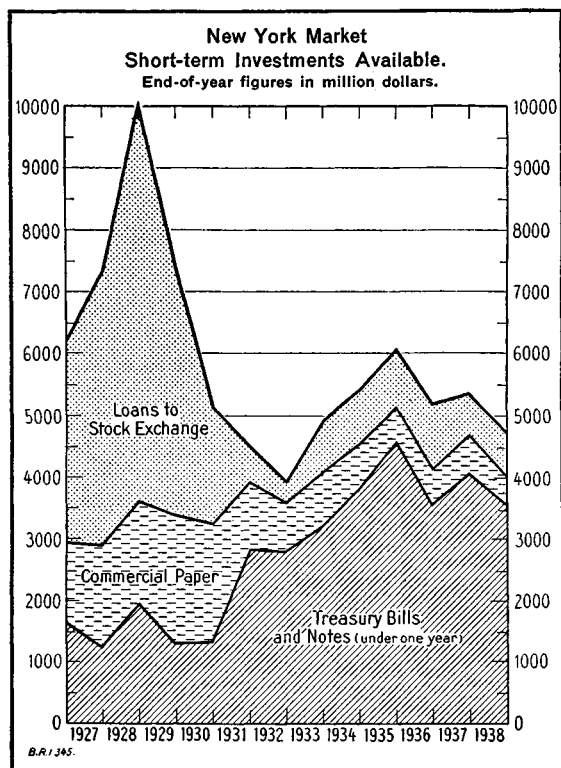
In the discount market itself the supply of bills has been supplemented by the holding of "shorts", i. e., bonds maturing within a few years. This is not a new practice and was current even before 1914, but it has been greatly extended in recent years. That this involves certain dangers was exemplified in September 1938 when "outside" money was scarce and the bonds themselves

fell sharply on the stock exchange. In present circumstances the disappearance of smaller firms from the market has been an unavoidable process. That the larger companies have been able to maintain a satisfactory earning power even in the adverse conditions of recent years is disclosed by their published accounts.

The New York money market in 1938 presents a picture of unprecedented monetary ease due to the combination of a rapid accumulation of funds and a reduction of normal outlets. The excess reserves of all member banks were increased by \$760,000,000 through the cut in reserve requirements made in April 1938. Secondly, the continued recession of business activity in the first half of the year, falling prices and the liquidation of inventories were accompanied by a reduction in the banks' commercial loans which continued until August. The influence of the vigorous upturn of business activity in the second half and of seasonal crop-financing movements was almost wholly offset by the continued repayment of old loans, confirming experience of the past that business concerns themselves, after a recession, are usually in possession of sufficient funds to finance the first stages of expansion. Thirdly, imports of nearly \$2,000,000,000 gold increased both deposits and reserves of member banks, except for \$500,000,000 added to the unused "free" gold of the Treasury.

Concurrent with this great increase in the supply of funds there was an appreciable decrease in the paper available for short-term investment. As in any money market material for such investment is confined to three main classes: short-term paper issued by the government or other public bodies, bills for the financing of domestic and foreign trade, and short-term loans to the stock exchange. In the late 'twenties loans to the stock exchange comprised the greater part of the New York money market, but these loans have fallen to roughly one-tenth of the former volume, which was then, indeed, far greater than was desirable. Bankers' acceptances and other commercial paper (shown together as "commercial paper" in the next graph), although they expanded slightly in the boom of 1937, have at present roughly one-quarter the volume of ten years ago. And, as in other centers, changes in methods of financing trade, particularly the replacement of bills by direct credits, seem to reveal a long-term trend unfavorable to this type of paper.

Thus the money market of New York, as indeed money markets all over the world, has come to rely more and more on the short (and medium) term issues of the government.



Although this graph has been drawn up on similar lines to that given for London, some warning against too close a comparison is necessary. The figures for loans to the stock exchange are comprehensive for New York but not for London, while the inclusion of U. S. Treasury notes with one year or less to run (in addition to three-months' Treasury bills) has no counterpart in the English graph. As the London market has held "shorts", so Treasury notes with longer than one year to run have been held in New York. (Total notes outstanding amounted to \$8,500,000,000 at the end of 1938, including those with one year or less to run.)

The reduction in the volume of Treasury notes and bills in 1938 was due partly to continued conversion to longer-dated maturities and partly to repayments from desterilized gold, the latter operation having the double effect of increasing the member banks' cash and reducing the outlet. The result of

these influences was a further sharp reduction of interest rates, already abnormally low, and a further piling-up of idle balances.

The reduction of interest rates, particularly those at very short term, continued until, near the end of December, the yield on Treasury bills disappeared completely and the extraordinary phenomenon of a negative rate of interest made its appearance, not only for bills already on the market but even for new issues; in other words, the Treasury had no interest to pay on its borrowing but received a premium on the issue. The chief reason for this, other than "window-dressing" by the banks, was the demand for short-term tax-exempt securities to reduce tax liabilities on State tax dates. Further, market quotations of Treasury notes were distorted by the value of prospective "rights" given by maturing notes in connection with subscriptions to new issues of government securities. Thus certain notes rose to one or two per cent above the price which would have been equivalent to a no-yield basis. This one or two per cent premium was considered the value of the "rights" to obtain a hundred per cent allotment of the bonds or notes offered in exchange at maturity.

The new plan of financing government expenditure in Germany announced by the President of the Reichsbank in March 1938 aimed at curtailing the expansion of central-bank credit and at the covering of government needs from current revenues and savings received through the issue of government loans. Some elasticity was given to this system through the possibility of part payment on contracts by a limited issue of delivery bills of six months' maturity, not, however, rediscountable as were the old "special" bills, the issue of which ceased after March 1938. As the special bills, of six-months' maturity, fell due for payment (by the latest in September 1938) they came back through the banking system to the Reichsbank, which took over the responsibility of administering such bills as had not been liquidated and of gradually funding them during the next few years in the form of long-term loans. Some of the special bills were replaced by "block bills", a form of consolidation, but the volume treated in this way has not been published. In the meantime the new delivery bills were issued from April 1938 onwards at the rate of about RM 500,000,000 a month, so that at the end of the six months to October RM 3,000,000,000 were outstanding, of which

RM 2,000,000,000 had been taken up by the monthly-reporting banks as shown by their returns.

Under a new finance plan announced in March 1939 no more delivery bills are to be issued after April 1939, but from May 2, 1939 onwards payments will be made partly in cash and partly in tax certificates. This applies in the first place to contractors working for the government, the States, municipalities and associations of municipalities, the government railways and roadways and the postal administration; additions to this list may be made by the Finance Minister. Sixty per cent is to be paid in cash and forty per cent equally in two types of tax certificates. These certificates enjoy a limited legal tender in that they may be given by the recipients in payment up to 40 per cent to sub-contractors or suppliers working directly or indirectly on government contracts. The first class of certificates may be used at their nominal value for payment of taxes after six months but may, alternatively, be held as an investment for longer than their six-months' term, in which case they carry certain privileges regarding future taxation payments. The second class of certificates may be presented in payment of taxes only after three years at 112 per cent but may, in the meantime, be utilized as collateral for bank (including Reichsbank) loans. As the financing possibilities offered by the tax certificates are to be made available to the Reich alone, the States, municipalities and public bodies mentioned above must purchase from the Reich with cash the tax certificates they issue. At the same time it was announced that, in order to leave the resources of the capital market available for increased private financing, long-term Reich loans would in future be issued only exceptionally.

The increases made during recent years in official discount rates are exceptional and cheap money remains the general rule on the various markets. With certain exceptions the same tendency is found in long-term interest rates, despite the growing demand by governments to finance increased armaments and other exceptional expenditure. By the fact that commercial banks in a number of countries hold large amounts of government bonds and also tend to increase their advances against mortgages, a closer link is being established between the money and capital markets.

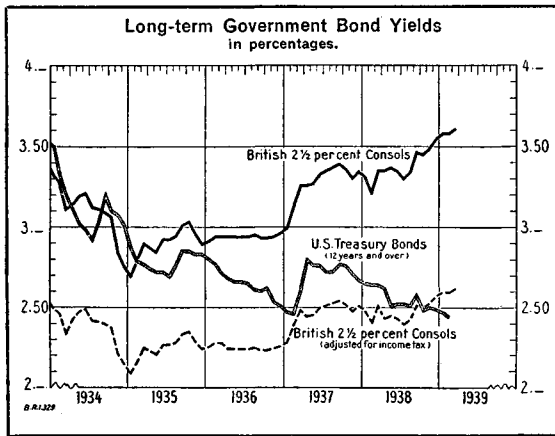
2. CAPITAL MARKETS AND LONG-TERM INTEREST RATES

Nowhere have government borrowing and spending assumed greater proportions than in the United States where a considerable budget deficit has been running since 1930. The resultant of the budget deficit and the movements of extra-budgetary funds is the cash deficit (or surplus) of the Treasury to be covered by securities issued to the market or by fluctuations in the General Fund. The cash deficit practically disappeared from the third quarter of 1937 to the first quarter of 1938, in fact, in the twelve months to March 1938 the Treasury's cash needs were wholly covered by cash income.

The Treasury's policy of placing the debt upon a long-term basis was continued in 1938. In spite of the increase of the total, under 40 per cent of the publicly-offered debt now matures in less than five years (against 60 per cent and over, a year or two ago), while 15 per cent matures after fifteen years. Also there is no large amount of issues maturing or callable in any single year as was previously the case. This improvement in distribution has been accompanied by a reduction in the average interest on the debt from about $3\frac{3}{4}$ per cent in 1930 to 3 per cent in 1934 and $2\frac{1}{2}$ per cent at the present time, reflecting the substantial decline in the general level of interest rates during this period.

The decline in long-term interest rates has not, however, had the stimulating effect on private capital issues that might perhaps have been hoped for and expected. Total issues of new capital for American corporations, some \$500,000,000 per annum in the late 'twenties, fell below \$200,000,000 in 1933-34 and, after rising to \$1,200,000,000 in each of the years 1936 and 1937, declined again to \$850,000,000 in 1938. The apparent suspension of the flow of new capital into private enterprise is one of the most striking phenomena of the past few years. It is true that borrowers often attempt to make issues directly by private treaty, circumventing the regular issue market and thus avoiding the expenses of public issue and the control of the Securities and Exchange Commission. Moreover, the commercial banks are empowered to make time loans of from five to ten years. But even taking into account the increasing importance of these factors in recent years, there can be little doubt that the productive utilization of new capital by private enterprise is only a fraction of what it was a decade ago.

The accompanying graph shows the increase in the yield of British Consols during the last four years, the flat yield and a yield calculated to allow for deduction of income tax at the standard rate.



For comparison with the trend of American rates, the average yield of all U. S. Treasury bonds with more than twelve years to run is also given (these bonds having important tax-exemption rights). Comparison of the actual yields is difficult and apt to be misleading, but the trends are easily seen. Although parallel movements are shown in the autumn of 1935 and early in 1937, these were short lived. For four years the longer trends have been in opposite directions.

An interesting sidelight on the differences of speed with which changes of interest rates penetrate the various parts of the economic system is given by two significant changes of rates, in opposite directions, during the year under review. While the fall of the yield on government securities from 5 per cent in 1931 to 2 3/4 per cent in January 1935 was taking place, life assurance companies generally maintained their premiums unchanged for new business, being aided to some extent by favorable mortality experience. But the lower interest earned on insurance funds is naturally exerting its influence and from January 1939 (four years after the decline in interest rates had ceased and was reversed) a group of leading life assurance offices announced increased premiums for new non-profit business, the increase amounting in general to rather less than 5 per cent on the old rates. While insurance companies find it necessary to take account of relatively lower interest rates, building societies are already affected by the rise which has re-

cently taken place, and a number of important companies have increased the interest paid on tax-free deposits or "shares" from 3 to 3 1/2 per cent, while in some cases the limits on individual holdings have been raised. The building societies are, however, gradually reaching a point where they will need no new money, as the increased volume of repayments of old loans approaches the volume of new loans made. This question raises the problem of an outlet for the savings previously absorbed by the expansion of the building industry. Increased government loans may, of course, in present abnormal circumstances be a most important factor. But it is not inappropriate to mention here the rôle of investment trusts, especially of "unit trusts", which have grown in importance in recent years. From the beginning of the movement some eight years ago the sale of "units" in seventy odd trusts exceeds £80,000,000. These trusts, which provide for comparatively small holdings the possibilities of "risk-spreading" previously only available to the large investor, are notable particularly as a method of canalizing small savings into equities. The idea, originally American, might, if developed in the United States, provide a means of deflecting part of the flow of small savings in that country, which at present goes automatically into government bonds.

The capital markets of the world, almost without exception, are dominated by government borrowing for armaments and other economically unproductive purposes. Comparison with the period of high business activity ten years ago gives a striking contrast. At that time the internal debts of governments were falling and the markets active with the flow of capital into private enterprise. Now the governments of the world are spending over \$1,000,000,000 a month more than their revenue from taxation, while private issues for productive investment have fallen to a fraction of what they were in the progressive years 1926-29.

DEVELOPMENTS IN CENTRAL AND COMMERCIAL BANKING

All European central banks felt the effects of the international political crisis of September 1938. September brings the conclusion of the harvest season and the marketing of crops and, being also the end of the quarter, when rents and many other regular payments are made, this month is normally one of monetary expansion (in some coun-

tries even greater than in December). In 1938, superimposed on these normal factors, were the monetary effects of the grave international political crisis which led to the agreement of Munich.

These abnormal influences were greater in some countries than in others but in the internal credit field may be described as (a) an urge for greater liquidity not only by banks but by individuals and firms who felt the need of higher cash holdings which, in an emergency, might be utilized more easily than deposits, and (b) the necessity of extraordinary government expenditure in excess of current revenue at a time when the short-term government debt floated uneasily.

These factors naturally resolved themselves into pressure on the central bank as the lender of last resort in the internal credit mechanism and as source of the currency circulation. The extent of the calls on central banks may be appraised from the exceptional increases of the note circulation in various countries. These increases tended to be greatest in the smaller countries (40 per cent or more in Hungary, Latvia and Czecho-Slovakia), but in Germany there was a rise of 17 and in France of 22 per cent (against 2 per cent in each case in 1937). In Italy the increase was of 13 per cent.

The acute phase of the crisis lasted, however, for only a few days, and in most countries relief came suddenly at the end of September. In October notes flowed back to the central banks although, in general, leaving the circulation at a somewhat higher level than before. The liquidity mechanism worked with very few disturbances. Only in Czecho-Slovakia was there a partial restriction of the repayment of bank deposits. In France bank rate was raised by $\frac{1}{2}$ per cent, and in Poland the "legal minimum" of the central bank was temporarily broken through. The mechanism worked with equal efficiency in countries with free and those with controlled currencies. No bank failures were reported and no insuperable technical difficulties appear to have arisen in finding material eligible for borrowing at the central bank. The stock of notes kept in reserve by central banks appeared to be sufficient in every case to meet the extraordinary expansion.

The events of September 1938 were a severe test of the liquidity mechanism, and the fact that this mechanism worked in abnormal conditions with so few disturbances can be imputed in part to the continuous

steady adaptation of central-bank technique to changing circumstances. While the fundamental principles of central banking have been little modified by the events of recent years, the evolution of technique must continue to keep abreast of realities.

The increased liquidity of commercial banks which is found in the great majority of countries reflects—at least in part—a decline in the demand for short-term credits by industrial and other enterprises; it naturally induces the banks to seek opportunities for new business in other lines of lending and investment. In doing so they generally meet with a keener competition from such institutions as savings banks and insurance companies, which often find difficulty in investing the larger amounts at their disposal from increased savings by people with relatively moderate incomes. In fact, the distinction between the activities of different kinds of financial institutions has become less clear in recent years. While the commercial banks generally hold more government securities and have thus become more akin in type to savings banks and insurance companies, the latter have increasingly turned to investments in mortgages to supplement the smaller yield on their security holdings. On the whole the relative importance of commercial banks in the financial structure of many countries has tended rather to decline. In these circumstances a certain relaxation can be found in the tendency so noticeable after 1929 to restrict the operations of commercial banks. And in some countries this change in attitude is clearly connected with the desire to stimulate long-term investment generally.

CONCLUSION

The continuously mounting volume of government expenditure for armaments and other purposes is becoming the predominating influence in every sphere of economic life and raises problems of a fundamental nature which must be faced in all countries whatever their political or economic orientation. Indeed, discussions in government and other circles, in countries large or small, show a striking similarity. The same problems are present everywhere: and it depends on the stage of development whether they make themselves felt as present difficulties or as preoccupations about the future.

In the depths of the depression men, money and machinery were unemployed; the problem was to make active use of existing pro-

ductive capacity, and, even after the state of actual depression was overcome, unemployment in many countries remained high and prosperity was sectional rather than all-round. It seemed that not only were governments bound to utilize the available capacity in order to employ labor, but almost unlimited possibilities were at their disposal for increasing home production. According to differences in economic position and national temperament attention converged on extending the home market or producing at home an increasing part of what was previously obtained from abroad. Moreover, an ever-increasing proportion of the country's capacity was used for types of production which did not serve directly or indirectly the needs of the consumer.

It now appears as if the period in which the countries in the old world have to cope with the problem of excess capacity is nearing its end; in some countries it has already been definitely passed. In almost all countries the governments are forced to attach more importance to foreign trade by the inevitable logic of facts: increased home production, whether it aims at supplying the home market with more goods or with goods formerly obtained from abroad, tends to lead at a given stage to more imports. And production for non-economic purposes has in this respect a still greater effect. In each country, therefore, part of the productive capacity must be reserved for the manufacture of goods for export. The variety of methods used to further exports illustrates the prominent place now given everywhere to questions of foreign trade—a development which strongly contrasts with the concentration on domestic measures of recovery during the years 1932 to 1937. An increase in the

volume of international trade should be possible without creating a clash of interests between different countries, since the need for more exports is born from increasing imports. The problem facing all countries is to find the right relation between production for home needs and for export purposes and to adapt the latter production to the requirements of the importing countries, which under the influence of the growth of home production may have changed greatly from what they were before. However, as events show, even the tendency to increased self-sufficiency is not necessarily inconsistent with an intensification of world trade.

But the acutest problem which arises in every country where the limits of productive capacity come in sight and which remains the same, whatever the political or economic structure may be and whatever the financial and economic methods with which the problem is met, is that a canalization of production from its natural purpose of serving the needs of the consumer must have an influence on the general standard of living. It must lead to a reduction of that standard as soon as the needs of non-economic production (including production of those exports required to cover the increase of imports necessitated by non-economic production) can no longer be fulfilled by a net increase of economic activity. Whether this effect is reached by the price-raising influence of inflationary financing or by the absorption of purchasing power through taxation or government borrowing is, of course, by no means irrelevant. The psychological and social effects are very different. But the influence on the standard of living in all cases must inevitably be adverse.

ANNUAL REPORT OF THE GERMAN REICHSBANK

The Annual Report of the German Reichsbank for the year ending December 31, 1938, was submitted on June 30, 1939, to the general meeting of the shareholders by the President of the Bank, Dr. Walther Funk. The main text of the report is given in translation below.¹

During the entire year under review Germany was under the influence of world historical events. The struggle of our Führer Adolf Hitler for Germany's military and economic independence and his appeal to the German people to prepare for sacrifices led to an overwhelming success in the peaceful realization of the concept of a Greater Germany. Due to the increase in population, space for living, and economic potentialities arising from the realignment of Europe, the Third Reich has gained a new and broader basis for the fulfillment of the tasks devolving upon it in consequence of its position in Central Europe.

The course of economic events in the year 1938 was, of course, decisively influenced by political developments. The economy, which has developed more and more into an effective tool of the Government, was faced with an abundance of special tasks which in importance and scope far surpassed those of previous years. Military needs and the continuation of the Four-Year Plan, together with the demands arising from current activities, called for extraordinary efforts on every hand.

Immediately after the political annexation of the districts of the Ostmark and the Sudetenland which, because of their industrial character, had in part suffered from serious unemployment, they were incorporated into the huge work program of the German economy, but, naturally, they have not yet been able to reach the same level of employment as the old Reich. In the latter, production, turnover, and especially investment activities were accelerated and expanded far beyond the volume of the previous year. Coupled with this was an increase in national income and a growth in savings which, together with the higher revenue from taxation, served to satisfy the undiminished financial needs of the Reich.

It became increasingly urgent to broaden the scope of German economy by regrouping

the existing agencies and mobilizing new ones, by rationalizing methods and means of production, and by taking other measures. More than in previous years it became evident that Germany, by the intensity of its economy, occupies a special position as compared with the other leading industrial countries which, despite increased armaments, suffered from considerable fluctuations. Foreign trade, which was extended to several neighboring economies supplementing the German economic structure, assumed more importance than formerly despite the efforts to build up the bases for domestic raw materials. Foreign trade played an important part in supplying raw materials. Due to the volume and constant steadiness of demand for these raw materials and in spite of political tension and keen competition in world markets, which caused a decrease in German exports and resulted in a negative merchandise balance, the German economy was doubtless enabled to give considerable support to world trade which on the whole had abandoned hope for stimulation from within.

With this enormous expenditure of economic and military strength by the German people the task of regulating financial matters was of special importance. Without being disturbed by fluctuations of foreign currencies and by manifestations of outflow of capital, which repeatedly left their imprint on the international monetary situation, the Government of the Reich and the Reichsbank, with all the elasticity of individual measures, held fast to their principles of monetary policies recognized as right and appropriate. Because stabilization of the currency remains further an indispensable condition for the stability of the economic life sought by the Government, and since the usual means employed by the bank of issue necessarily could not suffice to stem the undesirable effects of credit expansion carried on within the last few years, supplementary measures, especially in the field of wage and price supervision, continued to be of considerable importance.

Credit policy.—Deliberations with regard to credit policy led to the announcement in last year's general meeting of the Reichsbank that beginning April 1, 1938, no further special bills (Sonderwechsel) were to be issued for financing expenses of the Reich not covered by current revenues. Public expenditures were met by current revenue and also

¹ The report, available in German, contains in addition tables and charts showing the operations of the bank in detail. For earlier reports, see BULLETIN for May 1938, 1937, 1936, 1935, April 1934, May 1933, April 1932, etc.

by the issue of a new type of promissory note, the so-called delivery certificates (Lieferungsschatzanweisungen) with a term of six months, to be redeemed at maturity out of current revenues or by borrowing. When in the course of the year—as mentioned before—unforeseen tasks of great magnitude were added to the already existing ones, it seemed expedient to adjust the manner of financing to these changed requirements. For this reason a New Finance Plan was decided upon during the year 1939 which, in accordance with the law of March 20, 1939, for the financing of the national requirements (Reichsgesetzblatt I, p. 561) and the appurtenant administrative regulations of April 26, 1939 (Reichsgesetzblatt I, p. 829), provides for anticipation of future tax revenues of the Reich by means of new tax certificates.

The delivery certificates (Lieferungsschatzanweisungen) introduced during the year under review were put into circulation at once and in this manner found their way mostly to the banks which, in case of necessity, had the privilege of borrowing from the Reichsbank against these securities, but could not discount them at the Reichsbank. The special bills (Sonderwechsel) which, as an instrument of preliminary financing, for a long time had occupied a special place among the investment securities on the money market, therefore were no longer available to the money market in their original form. However, provision was made so that available funds awaiting investment at banks and other institutions could be drawn upon for the unloading of the block of renewable paper deposited with the Reichsbank. This renewable paper, until it could be repaid according to schedule out of the Reich's own resources, formed a considerable part of the entire volume of short-term credits. Because of abundant opportunities for investment the sale of the usual non-interest-bearing Treasury bills for account of the Reich came at times to an almost complete stop during the first half of 1938. Sales increased only in August when a new short-term series was issued, the maturity of which was timed with that of the delivery certificates. A lively and undiminished demand existed almost during the entire year for private as well as for Treasury bills. During the second half of the year only a fraction of the authorized maximum of RM 400,000,000 of the Treasury bills was used by the Reich. Being an especially liquid investment, the promissory notes (Solawechsel) of the Gold Discount Bank were again

greatly preferred. Their circulation in November reached the highest level with RM 1,807,000,000.

Money market.—The German money market on the whole could be described as liquid. Even though considerable assets of the money market were tied up temporarily through the change in the methods of financing and through the various Reich loan issues, the success of the great conversion loans and the increasing deposits in the banking institutions proved that on the whole the economic system showed no scarcity of liquid funds. Except for certain monetary measures of a preparatory character, international political tension had no serious influence on the German money and credit situation. The liquidity of the money market was reflected in the low interest rates. During the year under review the private discount rate remained unchanged at the level of $2\frac{7}{8}$ per cent established in the middle of April 1937, and it was subsequently reduced by $\frac{1}{8}$ per cent to $2\frac{3}{4}$ per cent at the beginning of May 1939. The average monthly rate for call money was almost throughout below 3 per cent and in the second half of the year sometimes only a little above $2\frac{1}{2}$ per cent; the yearly average for this rate at 2.79 per cent corresponded to that of the previous year.

The investments of the Reichsbank in bills, securities, and Lombard loans increased in the course of the year under review by RM 2,559,000,000 to RM 9,143,000,000. Correspondingly, there was an increase in note circulation by RM 2,730,000,000 to RM 8,223,000,000. The entire circulation of means of payment increased by RM 2,910,000,000 to RM 10,388,000,000 together with a corresponding considerable increase in clearings and transfers. These figures in the sphere of money and credit reflect the fact that during the year under review the territory of the German Reich was considerably enlarged and that the German people progressed far in the direction of attaining economic and military security.

Capital market.—In view of its absorptive power the capital market during 1938 formed again an indispensable complement to the credit system in financing the requirements of the Reich. Despite political tension the supply of monetary capital has been growing, which is gratifying and at the same time is an expression of confidence of the German people in their Government. In this manner the capital market was enabled to fulfill in increasing measure its chief function, namely,

to make funds available for the execution of the great national-political tasks. Four new issues of the well-known 4½ per cent Treasury bonds of the Reich were released in a total amount of RM 6,350,000,000. The maturity of the last three issues was extended to 20 years with the terms of subscription in the main unchanged. The amount of subscriptions to the loans of the Reich during 1938 reached altogether about RM 8,000,000,000 and thus was larger than the total amount for the three preceding years. Austria participated in the success of these loans. The Austrian banks, partly in their capacity as members and partly in their capacity as sub-participants in the credit consortium of the Reich, subscribed to and disposed of a part in proportion to the wealth of the country. The total amount borrowed for purposes of the Reich since 1935 amounts to approximately RM 15,000,000,000.

To satisfy demands for other capital, especially insofar as investments for the execution of the Four-Year-Plan are concerned, various stocks, industrial bonds, and debentures issued by public and private institutions were admitted, although the total amounts thus poured into the market remained far behind the amounts of the Reich loans. Under the new finance plan future requirements of the Reich will not be covered by loans and it will thus become possible for private borrowers to enter the capital market to a greater extent.

Gold and foreign exchange.—A continuously difficult task was to keep the German economy supplied with foreign exchange, all the more since the high level of employment, the efforts to accumulate adequate supplies, and the preparation for other purposes continued to make heavy demands on foreign exchange. In spite of everything a fairly satisfactory balance was obtained during the year under review between demand and the available supply. Though the most important source of foreign exchange—exports—could not be kept at the same level as in the previous year because of decreased sales on world markets, it was nevertheless possible to increase the volume of imports as compared with the year before. Besides profiting from falling prices of raw materials on international markets, this was due to a series of measures designed to increase the foreign exchange holdings. Excellent crops during 1938 released for industrial purposes foreign exchange which otherwise would have had to be used for foodstuffs. The situation

regarding foreign exchange has again emphasized the importance of exports for the German economy and with it the necessity for continuation of the efforts made in maintaining and enlarging markets. The Reichsbank, either directly or through the German Gold Discount Bank, has supported vigorously the efforts to facilitate the tasks of exporters and to increase an exchange of merchandise with foreign countries by various measures designed to ease the financing of exports and by safeguarding the exchange rate.

Under these circumstances the supervision of foreign exchange, in which the Reichsbank participates to a considerable extent, assumed additional importance during 1938. Today less than ever can Germany afford to abandon this minutely organized supervision, all the more since the world situation, the unsolved problem of debts, and not in the least the political tension, continue to stand in the way of clarification of the international currency situation. The measures taken regarding foreign exchange extend particularly to a sharper control of foreign exchange resources on hand or falling due in the future, to a more rigid interpretation of the respective regulations, which have gradually become less and less clear, and to the inclusion of the new Reich territories in the system of supervision by the old Reich.

Again a great deal of work devolved upon the Reichsbank and other monetary institutions with respect to the clearing and transfer agreements, which once more made up the greatest part of payments to and from foreign countries. Special tasks arose from the necessity to extend to the new territories those agreements which had been arranged previously between Germany and other countries. It became therefore necessary to make special arrangements concerning transfer and clearing agreements with those countries.

Because the available foreign exchange was not sufficient for the needs of the German people, the already existing restrictions concerning transfers for the servicing of the foreign debt had to be kept in force. Diplomatic efforts to reduce interest rates, which were partly too high, were successful in some cases. In order to regulate the defaulted debt of Austria, which heretofore had serviced its foreign debt under entirely different stipulations, separate arrangements were made, in which the point of view was taken, however, that the Anschluss did not render valid as against the Reich the legal

claims of foreign creditors arising from indebtedness incurred by the Austrian Government.

The total amount of the Standstill credits was further reduced during 1938, chiefly by payments of Reichsmarks into the Registered Account, and, according to the statement of February 28, 1939, amounted to about RM 780,000,000. During May 1939 the German credit agreement of 1939 was signed which will run for one year. The outstanding new idea in this agreement is the effort gradually to render the Standstill credits less complicated and more flexible in order to pave the way for a return to normal and simple credit relations with foreign countries. Such a step would also be in the interest of German foreign trade. This idea, among others, is especially emphasized in the newly introduced supplementary commercial regulations (*Rekommmerzialisierung*) which, within the scope of foreign trade available for such purposes, are prepared for those creditors who are willing to grant credits for a term of three years to take the place of the owing Standstill credits. The procedure used in the commercial regulations of the German credit arrangement of 1938 was retained since it had shown such satisfactory results in the previous year. On the whole the tested basic ideas of the old agreements have been carried over. Just as in the previous year the German Gold Discount Bank, which has become sole debtor for these credits originally guaranteed by it, again plans to redeem a part of them. The situation with regard to foreign exchange, however, does not even under the new agreement permit redemptions in foreign exchange, so that as heretofore a reduction in Standstill credits in the main can be effected only by payment of Reichsmarks into the Registered Account. In the German credit agreement of 1939 have been included the stipulations set forth in special agreements concerning public Standstill credits, the credits granted to Austria, and the commitments falling under the separate contract with Switzerland. The credit agreement of 1939 for the first time includes also the respective foreign credits of debtors in Sudetenland.

Inclusion of new territories in the sphere of German currency.—The inclusion of new territories in the German Reich, besides necessitating economic and legal measures for the transitory and adjustment period, also made imperative changes in their monetary standards and made necessary the enforcement in these territories of the many safety

measures taken in the old Reich toward protecting the Reichsmark, the management of foreign exchange, the control of exports and of the capital market, as well as the protection of wage and price levels. The Reichsbank, cooperating in these tasks, at all times aimed to make decisions without delay so that the economy in the territories taken over would have clear sailing as soon as possible and could fall in step with the old Reich. In reviewing it may be said that unavoidable difficulties in commercial relations were reduced to a minimum.

The adjustment of the Austrian Schilling to the Reichsmark was effected by the regulation of March 17, 1938 (*Reichsgesetzblatt I*, p. 253), concerning the introduction of the Reichsmark currency in Austria, which determined the exchange rate of 1 Reichsmark = 1.50 Schillings. During the transition period both the Reichsmark and the Austrian Schilling were considered legal tender. The regulation issued the same day (*Reichsgesetzblatt I*, p. 254), concerning the taking over of the Austrian National Bank, paved the way for a quick and smooth execution of the shift in monetary standard. The management of the National Bank was taken over by the Reichsbank, which was also charged with the liquidation of the Austrian note issuing institution for account of the Reich. At the time of the shift from Austrian currency to the Reichsmark, a similar shift took place in credit institutions and in general business transactions. The executive order of April 23, 1938 (*Reichsgesetzblatt I*, p. 405) introduced in Austria the German currency law, the banking law, and several relevant regulations. The note issuing privilege of the Austrian National Bank was abrogated, its notes lost their legal status and were called in, although an extension up to May 15, 1938, was granted. The shift in the monetary standard of the Ostmark was completed when the regulation of May 25, 1938 (*Reichsgesetzblatt I*, p. 601) caused the Austrian gold and silver coins to be put out of circulation. Special transitory rules were published concerning small coins of base metals.

The regulation of October 10, 1938 (*Reichsgesetzblatt I*, p. 1393) announced the introduction of the German monetary standard in the Sudeten territories and fixed the exchange rate at 1 Koruna = 12 Reichspfennige. The Reichsbank took over the most important branches of the Czecho-Slovak National Bank in the ceded territories, thus obtaining a local base for the exchange of the

foreign coins into German tender. A second regulation dated October 15, 1938 (Reichsgesetzblatt I, p. 1430), concerning the introduction of the monetary standard in the Sudeten-German territories, abrogated the legality of the Czecho-Slovak koruna in the territories ceded as of October 31, 1938. The adjustment of the monetary system in the Sudetenland to that of the Reich was practically completed when in November the extensions granted for the exchange expired. An exchange bureau was set up to take care of payments arising from debts between the inhabitants of the Sudeten-German territories and those in Czecho-Slovakia. These mutual payments were effected at the newly established rate.

A decree of March 16, 1939 (Reichsgesetzblatt I, p. 485) ruled that in Bohemia and Moravia, until further notice, the koruna be retained as legal tender together with the Reichsmark. The regulation of March 21, 1939 (Reichsgesetzblatt I, p. 555) fixed the exchange value of the two currencies at 1 Koruna = 10 Reichspfennige.

The regulation of March 23, 1939 (Reichsgesetzblatt I, p. 565) fixed the exchange rate of 1 Lit = 40 Reichspfennige for the Memel territory.

Law concerning the German Reichsbank.—

In his letter of January 19, 1939, the Führer asked the Minister of Economics and President of the Reichsbank, Dr. Walther Funk, to bring the transformation of the bank of issue, which had begun with the law of February 10, 1937, to a conclusion in conformity with the national socialist principles. Therefore the law concerning the German Reichsbank was promulgated which once more gives the Reich the unrestricted sovereignty over the bank of issue. The German Reichsbank shall be responsible directly to the Führer, and decisions of special importance to the currency system, such as the fixing of the maximum amount of working credits for the Reich as well as the determining of the maximum amount of Treasury bills which the Reichsbank may hold, are made only by the Führer. In accordance with the national socialist principles concerning closely defined

responsibilities, the law gives the President alone the authority to make decisions. It is interesting to note that concerning the appointment of employees of the Reichsbank the representative of the Führer is to be consulted to the same extent as is the case for the appointment of other Reich employees. Further regulations of the new law make it possible for the President to adjust the personnel of the Bank in accordance with the special needs of the banking business, but on the other hand, they insure a broad conformity to the general employees and wages law. In order to insure direct contact between the German Reichsbank and the leading personalities of German economy and labor, the new law provides for the organization of an Advisory Council whose composition and development is put into the hands of the President. The capital stock of the German Reichsbank is to remain the same as heretofore; however, shares may be owned only by German citizens who, on the basis of their racial origin, fulfill the regulations for acquisition of citizenship, as well as corporate bodies and enterprises which have their headquarters within the area wherein this law is valid. Concerning distribution of dividends the law provides that a dividend of not more than 5 per cent shall be granted in future and retroactive for the year 1938, and that any profit over and above that—after due deductions—shall be turned over to the Reich. The general meeting shall remain the representation of the stockholders. It shall receive the report of the yearly balance and the report of the Board of Directors, and at the suggestion of the President, it shall decide on the increase in capital stock. The regulations concerning the sphere of activity of the Bank as well as the note coverage are in agreement with the national-socialist economic concepts in that the stability of the German currency is not dependent on the existing amounts of gold and foreign exchange, but on the fact that the money in circulation shall be in direct ratio to the circulation of consumption and production goods produced by German labor. The new law became effective on June 16, 1939.

BALANCE SHEET OF THE GERMAN REICHSBANK AS OF DECEMBER 31, 1938 AND DECEMBER 31, 1937

[In thousands of reichsmarks]

Assets	1938	1937	Liabilities	1938	1937
Gold, not under lien (gold bars, domestic and foreign coins):			Total bank note issue.....	18,716,777	16,724,325
In the cash offices of the bank.....	60,201	50,306	Credit balances of giro and current accounts..	1,527,469	1,058,501
With foreign banks of issue.....	10,572	20,334	Non-interest-bearing deposits	27	27
	70,773	70,640	Original capital.....	150,000	150,000
Cash:			Legal reserve fund (including transfers from net profits of the year).....	87,353	83,286
Reichsbank notes.....	10,492,892	11,230,283	Reserve for pension and unemployment fund..	100,000	80,000
Subsidiary coin.....	116,453	110,958	Reserve for probable losses.....	274,962	241,962
Rentenbank notes.....	16,778	7,607	Reserves for:		
	10,626,123	11,348,848	Printing of new notes.....	21,250	16,537
Credit balances in foreign currencies (of which the equivalent of 3,179,000 ¹ reichsmarks was assigned as cover for the notes in circulation)	29,544	21,282	New buildings.....	58,260	52,349
Foreign notes.....	2,336	2,570		79,510	68,886
Foreign bills and checks.....	165,544	166,167	Special reserve fund for future payments of dividends.....	40,307	40,289
Domestic bills and checks:			Miscellaneous:		
Treasury bills of the Reich.....	120,690	118,590	Interest on bills due in 1939.....	36,620	43,128 ²
Other domestic bills and checks.....	7,959,062	5,847,206	Dividends due but not yet paid.....	322	316
Silver.....	31	9	Dollar Treasury notes of the Reich to be redeemed by the Reichsbank.....	141	142
Loans against collateral (lombards), viz.:			Liabilities in foreign currencies.....	9	2,175
Loans against gold and silver (sec. 21, 3a, of the bank law).....	1	1	Unpaid claim of the German Government—contra account.....	70,082	70,082
Loans against securities (sec. 21, 3b, c, d, of the bank law).....	19,731	39,467	Other book debts.....	102,336	53,494
Loans against bills (sec. 21, 3e, of the bank law).....	5,883	1,979		209,511	169,338
Loans against goods (sec. 21, 3f, of the bank law).....	19,245	18,846	Net profits for the year less 10 per cent assigned to the legal reserve.....	36,607	36,074
Loans against Treasury bills of the Reich (sec. 21, 3g, of the bank law).....	1	1			
	44,861	60,294			
Securities eligible for note cover.....	565,052	105,789			
Other securities owned.....	298,820	297,991			
Overdue and doubtful claims.....	1	1			
Land and buildings.....	30,000	30,000			
Claims resulting from the settlement with the Reich.....	92,601	93,758			
Miscellaneous:					
Bank notes no longer fit for collection.....	1,238	1,126			
Postponed claim on the German Government in virtue of sec. 11, 4, of the law of Aug. 30, 1924, for the liquidation of Rentenbank notes in circulation.....	70,082	70,082			
Credit balances with postal check offices.....	48,168	29,251			
Investments for pension and unemployment fund.....	100,000	78,892			
Reichsmark claims on foreign correspondents.....	10,005	8,111			
Revolving credit to the Reich.....	208,600	43,100			
Claims against the Reich for sinking-fund purchases.....	22,460	23,062			
Foreign exchange authorized but not yet delivered.....	183,455	120,880			
Government debt C taken over from the former Austrian National Bank.....	104,615	-----			
Claim arising from exchange of Czecho-Slovak Currency.....	306,746	-----			
Other claims.....	161,717	115,040			
	1,217,086	489,545			
Total assets.....	21,222,524	18,652,689	Total liabilities.....	21,222,524	18,652,689

¹ 3,179,000 reichsmarks on Dec. 31, 1937.

² Interest on bills due in 1938.

FINANCIAL, INDUSTRIAL, AND COMMERCIAL STATISTICS
UNITED STATES

MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS

[In millions of dollars]

Date	Reserve bank credit outstanding					Gold stock	Treasury currency outstanding	Money in circulation	Treasury cash holdings	Treasury deposits with Federal Reserve banks	Non-member deposits	Other Federal Reserve accounts	Member bank reserve balances	
	Bills discounted	Bills bought	U. S. Government securities	Other Reserve bank credit ¹	Total								Total	Excess (estimated)
End of month figures:														
1938—June 30	8	1	2,564	23	2,596	12,963	2,713	6,461	2,303	860	363	261	8,024	2,875
July 31	7	1	2,564	18	2,589	13,017	2,721	6,452	2,348	721	384	257	8,164	3,022
Aug. 31	7	1	2,564	14	2,585	13,136	2,731	6,504	2,480	720	313	255	8,179	2,941
Sept. 30	8	1	2,563	29	2,600	13,760	2,739	6,622	2,810	853	356	260	8,198	2,860
Oct. 31	7	1	2,564	14	2,586	14,065	2,751	6,700	2,770	535	424	260	8,713	3,227
Nov. 30	7	1	2,564	13	2,584	14,312	2,773	6,787	2,689	494	574	259	8,876	3,383
Dec. 31	4	1	2,564	33	2,601	14,512	2,798	6,856	2,706	923	441	260	8,724	3,205
1939—Jan. 31	5	1	2,574	28	2,607	14,682	2,816	6,653	2,776	747	458	255	9,215	3,644
Feb. 28	4	1	2,564	30	2,598	14,874	2,824	6,731	2,740	1,148	488	254	8,936	3,357
Mar. 31	4	1	2,564	18	2,587	15,258	2,830	6,817	2,691	1,229	533	257	9,157	3,559
Apr. 30	3	1	2,571	20	2,595	15,791	2,849	6,905	2,669	931	545	255	9,900	4,098
May 31	4	1	2,564	4	2,573	15,957	2,862	6,967	2,636	920	586	253	10,029	4,218
June 30	5	1	2,551	23	2,579	16,110	2,881	7,047	2,573	944	739	258	10,018	4,140
July 31	5	1	2,488	-8	2,486	16,238	2,895	7,049	2,360	752	693	257	10,507	4,553
Wednesday figures:														
1938—Sept. 7	7	1	2,564	21	2,592	13,237	2,729	6,579	2,579	561	317	254	8,269	3,034
Sept. 14	7	1	2,564	25	2,596	13,421	2,733	6,550	2,759	346	416	254	8,425	3,131
Sept. 21	8	1	2,564	23	2,596	13,588	2,735	6,552	2,833	917	342	261	8,014	2,744
Sept. 28	9	1	2,564	24	2,597	13,714	2,738	6,574	2,816	864	337	261	8,197	2,889
Oct. 5	7	1	2,564	21	2,593	13,812	2,741	6,640	2,809	770	346	261	8,321	3,019
Oct. 12	9	1	2,564	32	2,605	13,860	2,744	6,667	2,812	703	376	260	8,400	3,045
Oct. 19	7	1	2,564	17	2,589	14,008	2,746	6,668	2,770	609	342	261	8,693	3,265
Oct. 26	6	1	2,564	8	2,580	14,051	2,749	6,654	2,767	584	374	261	8,740	3,275
Nov. 2	8	1	2,564	9	2,582	14,071	2,752	6,706	2,751	576	426	260	8,686	3,217
Nov. 9	8	1	2,564	-3	2,560	14,091	2,755	6,784	2,737	578	531	259	8,546	3,132
Nov. 16	7	1	2,564	18	2,590	14,162	2,756	6,732	2,721	544	525	259	8,727	3,262
Nov. 23	7	1	2,564	16	2,587	14,240	2,767	6,763	2,717	474	563	258	8,818	3,353
Nov. 30	7	1	2,564	13	2,584	14,312	2,773	6,787	2,689	484	574	259	8,876	3,383
Dec. 7	6	1	2,564	20	2,591	14,367	2,775	6,844	2,681	407	576	258	8,966	3,442
Dec. 14	7	1	2,564	29	2,600	14,380	2,784	6,858	2,651	413	551	258	9,034	3,476
Dec. 21	8	1	2,564	84	2,656	14,454	2,788	6,943	2,677	1,025	514	267	8,472	2,979
Dec. 28	7	1	2,564	39	2,610	14,508	2,790	6,912	2,707	941	505	265	8,577	3,072
1939—Jan. 4	4	1	2,564	35	2,604	14,565	2,800	6,839	2,725	891	436	258	8,819	3,298
Jan. 11	5	1	2,564	23	2,592	14,577	2,805	6,716	2,712	873	450	258	8,956	3,436
Jan. 18	4	1	2,564	15	2,588	14,615	2,810	5,666	2,726	800	435	256	9,130	3,559
Jan. 25	5	1	2,564	14	2,583	14,640	2,812	6,623	2,754	767	470	256	9,166	3,597
Feb. 1	5	1	2,564	13	2,582	14,694	2,817	6,663	2,770	887	469	256	9,047	3,478
Feb. 8	7	1	2,564	12	2,584	14,732	2,818	6,673	2,768	931	488	255	9,018	3,459
Feb. 15	5	1	2,564	17	2,587	14,772	2,819	6,695	2,771	1,250	500	254	8,707	3,166
Feb. 21	4	1	2,564	23	2,592	14,818	2,821	6,708	2,752	1,181	495	254	8,841	3,298
Mar. 1	4	1	2,564	19	2,586	14,888	2,827	6,739	2,716	1,168	484	253	8,942	3,382
Mar. 8	3	1	2,564	-3	2,565	14,923	2,829	6,751	2,716	1,102	510	253	8,985	3,407
Mar. 15	3	1	2,564	27	2,595	14,983	2,832	6,751	2,712	1,059	552	259	9,077	3,443
Mar. 22	3	1	2,564	5	2,573	15,075	2,834	6,758	2,743	1,222	511	258	8,989	3,364
Mar. 29	3	1	2,564	10	2,578	15,160	2,837	6,765	2,722	1,201	505	257	9,125	3,519
Apr. 5	3	1	2,564	17	2,584	15,292	2,838	6,855	2,712	1,103	470	257	9,318	3,708
Apr. 12	3	1	2,564	17	2,584	15,430	2,842	6,835	2,707	1,015	515	256	9,528	3,879
Apr. 19	3	1	2,564	23	2,591	15,605	2,844	6,858	2,723	951	509	256	9,743	3,998
Apr. 26	3	1	2,564	12	2,580	15,714	2,849	6,860	2,693	913	516	256	9,903	4,124
May 3	3	1	2,564	4	2,572	15,801	2,851	6,915	2,691	936	554	255	9,872	4,084
May 10	4	1	2,564	7	2,575	15,856	2,854	6,904	2,678	959	521	255	9,967	4,186
May 17	4	1	2,564	8	2,576	15,892	2,857	6,913	2,683	927	543	255	10,005	4,244
May 24	4	1	2,564	8	2,576	15,927	2,859	6,893	2,646	915	558	254	10,097	4,304
May 31	4	1	2,564	4	2,573	15,957	2,862	6,967	2,636	920	586	253	10,029	4,218
June 7	3	1	2,564	8	2,576	15,987	2,864	6,986	2,571	935	630	253	10,053	4,279
June 14	3	1	2,564	37	2,605	16,027	2,868	6,936	2,570	928	714	253	10,101	4,264
June 21	5	1	2,564	15	2,584	16,060	2,873	6,934	2,566	941	714	263	10,090	4,227
June 28	5	1	2,551	10	2,567	16,093	2,879	6,962	2,559	962	677	263	10,116	4,243
July 5	5	1	2,551	13	2,569	16,136	2,880	7,100	2,577	820	678	257	10,151	4,292
July 12	5	1	2,535	28	2,569	16,174	2,885	7,041	2,552	791	638	257	10,350	4,447
July 19	5	1	2,515	17	2,537	16,191	2,890	7,022	2,530	764	634	257	10,432	4,485
July 26	5	1	2,488	19	2,512	16,227	2,893	7,002	2,506	742	690	257	10,436	4,485
Aug. 2	5	1	2,453	18	2,476	16,248	2,895	7,054	2,370	863	662	257	10,413	4,462
Aug. 9	5	1	2,443	14	2,462	16,270	2,897	7,070	2,354	844	597	256	10,509	4,533
Aug. 16	5	1	2,423	25	2,453	16,335	2,900	7,091	2,366	776	565	256	10,633	4,590

¹ Includes industrial advances.

NOTE.—For description of figures in this table and discussion of their significance, see BULLETIN for July 1935, pp. 419-429. Reprints of article together with all available back figures, may be obtained upon request from Division of Research and Statistics. Back figures are also shown in Annual Report for 1937 (tables 3 and 4) and for excess reserves in BULLETIN for August 1935, pp. 499-500. Averages of daily figures for recent months and years are shown in the table on p. 718.

PRINCIPAL ASSETS AND LIABILITIES OF ALL FEDERAL RESERVE BANKS

[In thousands of dollars]

	Wednesday figures							End of month		
	1939							1939		1938
	Aug. 16	Aug. 9	Aug. 2	July 26	July 19	July 12	July 5	July	June	July
ASSETS										
Gold certificates on hand and due from U. S. Treasury.....	13,968,221	13,914,220	13,869,222	13,709,222	13,651,218	13,604,719	13,534,719	13,869,218	13,514,711	10,633,405
Redemption fund—F. R. notes.....	9,056	8,594	9,101	9,101	7,722	8,242	8,412	9,101	8,845	8,937
Other cash.....	341,509	348,919	349,505	370,979	356,076	353,161	317,756	351,410	350,484	406,282
Total reserves.....	14,318,786	14,271,733	14,227,828	14,089,302	14,015,016	13,966,122	13,860,887	14,229,729	13,874,046	11,048,624
Bills discounted:										
For member banks.....	2,527	2,893	2,635	2,671	2,572	3,241	2,613	2,886	2,689	7,127
For nonmember banks, etc.....	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025
Total bills discounted.....	4,552	4,918	4,660	4,696	4,597	5,266	4,638	4,905	4,714	7,127
Bills bought:										
Payable in foreign currencies.....	545	545	545	558	556	556	556	545	556	539
Industrial advances.....	11,615	11,665	11,746	12,579	12,557	12,496	12,318	11,866	12,350	15,785
U. S. Government securities:										
Bonds.....	911,090	911,090	911,090	911,090	911,090	911,090	911,090	911,090	911,090	744,105
Treasury notes.....	1,176,109	1,176,109	1,176,109	1,176,109	1,176,109	1,176,109	1,176,109	1,176,109	1,176,109	1,190,870
Treasury bills.....	335,540	355,715	366,220	401,020	427,930	447,938	463,438	401,020	463,438	629,040
Total U. S. Government securities.....	2,422,738	2,442,914	2,453,419	2,488,219	2,515,137	2,535,137	2,550,637	2,488,219	2,550,637	2,564,015
Other Reserve bank credit.....	13,209	2,428	6,058	5,979	4,196	15,951	554	-19,951	10,346	1,752
Total Reserve bank credit outstanding.....	2,436,000	2,462,470	2,476,428	2,512,031	2,537,043	2,569,406	2,568,703	2,485,587	2,578,603	2,589,218
LIABILITIES										
F. R. notes in actual circulation.....	4,563,822	4,550,689	4,530,715	4,498,758	4,508,962	4,522,709	4,543,177	4,530,099	4,511,116	4,135,314
Deposits:										
Member bank—reserve account.....	10,633,449	10,509,003	10,412,883	10,436,286	10,412,047	10,349,946	10,151,053	10,506,799	10,018,493	8,164,160
U. S. Treasurer—general account.....	775,739	844,268	863,462	742,400	764,216	790,596	820,208	752,382	944,078	721,446
Foreign bank.....	280,665	307,298	311,136	287,657	279,038	289,455	297,265	281,057	359,596	123,549
Other deposits.....	284,585	289,237	351,180	402,454	355,016	348,115	380,299	411,705	379,007	260,841
Total deposits.....	11,974,438	11,949,806	11,938,661	11,868,797	11,810,317	11,778,142	11,648,825	11,951,943	11,701,174	9,269,996
Ratio of total reserves to deposit and P. R. note liabilities combined (per cent).....	86.6	86.5	86.4	86.1	85.9	85.7	85.6	86.3	85.6	82.4

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:										
July 26.....	4,696	1,483	194	1,949	618	448	4			
Aug. 2.....	4,660	1,454	155	2,250	367	433	1			
Aug. 9.....	4,918	1,708	218	2,337	331	324				
Aug. 16.....	4,552	1,431	2,053	447	304	317				
Bills bought in open market:										
July 26.....	558	134	6	95	323					
Aug. 2.....	545	28	47	107	363					
Aug. 9.....	545	6	120	33	386					
Aug. 16.....	545	47	106	83	309					
Industrial advances:										
July 26.....	12,579	1,381	757	259	583	1,798	1,855	2,548	3,398	
Aug. 2.....	11,746	1,297	59	526	331	1,827	2,610	2,526	2,570	
Aug. 9.....	11,665	1,218	76	562	371	1,934	2,437	2,528	2,539	
Aug. 16.....	11,615	1,165	218	553	364	1,804	2,452	2,538	2,521	
U. S. Government securities:										
July 26.....	2,488,219	79,305	83,790	139,875	85,550	115,176	296,068	270,250	587,860	830,345
Aug. 2.....	2,453,419	85,355	85,140	127,675	68,050	102,676	296,068	326,576	531,534	830,345
Aug. 9.....	2,442,914	83,790	77,625	111,163	49,137	136,676	296,068	326,575	531,535	830,345
Aug. 16.....	2,422,739	85,140	60,625	105,963	63,137	123,351	296,068	326,575	531,535	830,345

STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS, BY WEEKS

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
ASSETS													
Gold certificates on hand and due from U. S. Treasury:													
July 26	13,709,222	785,544	6,605,679	663,719	860,505	334,740	285,224	2,189,264	365,794	249,277	343,714	219,918	805,844
Aug. 2	13,869,222	794,194	6,588,427	692,640	856,610	343,686	312,620	2,245,575	355,305	253,803	383,430	232,233	810,690
Aug. 9	13,914,220	813,032	6,536,417	697,730	864,610	350,717	316,217	2,287,641	367,940	263,013	384,812	224,474	807,617
Aug. 16	13,968,221	798,145	6,591,773	706,500	870,497	351,748	301,628	2,303,680	366,873	257,440	376,787	224,836	818,314
Redemption fund—Federal Reserves notes:													
July 26	9,101	446	1,747	937	580	757	264	1,126	496	403	681	496	1,168
Aug. 2	9,101	446	1,747	937	580	757	264	1,126	496	403	681	496	1,168
Aug. 9	8,594	403	1,560	937	505	757	227	1,037	474	392	604	496	1,142
Aug. 16	9,056	403	1,560	857	505	1,312	227	1,037	474	392	604	483	1,142
Other cash:													
July 26	370,979	23,952	101,543	29,057	24,375	24,807	23,522	45,188	17,332	10,299	19,445	16,193	35,266
Aug. 2	349,505	21,845	92,237	28,290	24,188	21,608	21,733	45,821	17,403	9,712	17,723	16,215	32,760
Aug. 9	348,919	22,233	94,895	28,229	23,181	22,658	22,433	43,663	17,563	9,219	18,446	15,365	31,034
Aug. 16	341,509	22,583	89,320	28,354	24,196	20,220	20,787	43,800	17,235	9,727	18,012	15,836	31,439
Total reserves:													
July 26	14,089,302	809,942	6,708,969	693,713	885,460	360,304	309,010	2,235,578	383,622	259,979	363,840	236,607	842,278
Aug. 2	14,227,828	816,485	6,682,411	721,837	881,378	366,051	334,617	2,292,522	373,204	263,918	401,834	248,944	844,627
Aug. 9	14,271,733	835,668	6,632,872	726,896	888,296	374,132	338,877	2,332,941	385,977	272,624	403,922	240,335	839,793
Aug. 16	14,318,786	821,131	6,682,653	735,711	895,198	373,280	322,642	2,348,517	384,582	267,559	395,463	241,155	850,895
Bills discounted:													
Secured by U. S. Government obligations, director or fully guaranteed:													
July 26	1,061	115	121	165	23	446	20	-----	-----	10	34	67	60
Aug. 2	1,073	115	305	75	23	376	20	17	-----	10	-----	82	50
Aug. 9	1,400	115	562	84	98	341	30	27	-----	10	-----	88	45
Aug. 16	1,052	70	396	68	98	215	30	37	-----	20	-----	73	45
Other bills discounted:													
July 26	3,635	28	954	196	240	307	126	268	173	53	263	412	615
Aug. 2	3,587	29	909	196	254	307	136	245	168	63	246	417	617
Aug. 9	3,518	14	901	196	237	307	119	245	166	78	285	380	590
Aug. 16	3,500	-----	906	196	237	297	124	245	166	78	299	360	592
Total bills discounted:													
July 26	4,696	143	1,075	361	263	753	146	268	173	63	297	479	675
Aug. 2	4,660	144	1,214	271	277	683	156	262	168	73	246	499	667
Aug. 9	4,918	129	1,463	280	335	648	149	272	166	88	285	468	635
Aug. 16	4,552	70	1,302	264	335	512	154	282	166	98	299	433	637
Bills bought in open market:													
July 26	558	42	218	56	52	24	20	70	2	2	16	16	40
Aug. 2	545	41	212	55	51	23	19	69	2	2	16	16	39
Aug. 9	545	41	212	55	51	23	19	69	2	2	16	16	39
Aug. 16	543	41	212	55	51	23	19	69	2	2	16	16	39
Industrial advances:													
July 26	12,579	1,708	2,794	2,721	361	1,144	762	474	4	897	206	565	943
Aug. 2	11,746	1,690	2,131	2,708	363	1,145	758	380	4	856	205	563	943
Aug. 9	11,665	1,687	2,063	2,702	365	1,144	758	380	4	852	205	563	942
Aug. 16	11,615	1,732	2,060	2,701	369	1,067	755	380	3	849	205	552	942
U. S. Government securities:													
Bonds:													
July 26	911,090	66,909	267,160	77,274	91,264	50,811	38,571	98,492	41,879	25,775	44,955	34,652	73,348
Aug. 2	911,090	66,959	266,076	77,214	91,250	51,045	38,686	98,582	42,093	25,862	45,185	34,760	73,378
Aug. 9	911,090	66,975	265,741	77,196	91,245	51,119	38,721	98,610	42,138	25,889	45,253	34,794	73,387
Aug. 16	911,090	67,003	265,094	77,160	91,237	51,259	38,790	98,664	42,284	25,940	45,394	34,859	73,406
Treasury notes:													
July 26	1,176,109	86,373	344,870	99,750	117,812	65,590	49,792	127,141	54,063	33,274	58,030	44,731	94,683
Aug. 2	1,176,109	86,436	343,471	99,674	117,793	65,895	49,939	127,258	54,336	33,385	58,328	44,871	94,723
Aug. 9	1,176,109	86,454	343,042	99,651	117,788	65,987	49,884	127,293	54,420	33,419	58,421	44,914	94,736
Aug. 16	1,176,109	86,494	342,203	99,605	117,777	66,170	50,073	127,363	54,585	33,486	58,598	44,997	94,758
Treasury bills:													
July 26	401,020	29,451	117,592	34,012	40,170	22,364	16,977	43,352	18,433	11,345	19,787	15,252	32,285
Aug. 2	366,220	26,915	106,951	31,037	36,679	20,518	15,550	39,626	16,919	10,395	18,163	13,972	29,495
Aug. 9	355,715	26,149	103,753	30,139	35,625	19,958	15,118	38,500	16,460	10,583	17,669	13,584	28,652
Aug. 16	335,540	24,676	97,630	28,417	33,601	18,878	14,286	36,336	15,573	9,105	16,718	12,838	27,034
Total U. S. Government securities:													
July 26	2,488,219	182,733	729,622	211,036	249,246	138,765	105,340	268,985	114,375	70,394	122,772	94,635	200,316
Aug. 2	2,453,419	180,310	716,498	207,925	245,722	137,458	104,175	265,466	113,348	69,642	121,676	93,603	197,596
Aug. 9	2,442,914	179,578	712,536	206,986	244,658	137,064	103,823	264,403	113,038	69,416	121,345	93,292	196,775
Aug. 16	2,422,739	178,173	704,927	205,182	242,615	136,307	103,149	262,363	112,442	68,979	120,710	92,694	195,198
Total bills and securities:													
July 26	2,506,052	184,626	733,709	214,174	249,922	140,686	106,268	269,797	114,554	71,356	123,291	95,695	201,974
Aug. 2	2,470,370	182,185	720,055	210,959	246,413	139,309	105,108	266,177	113,522	70,573	122,143	94,681	199,245
Aug. 9	2,460,042	181,435	716,274	210,023	245,409	138,879	104,749	265,124	113,210	70,358	121,851	94,339	198,391
Aug. 16	2,439,451	180,016	708,501	208,202	243,370	137,909	104,077	263,094	112,613	69,928	121,230	93,695	196,816
Due from foreign banks:													
July 26	165	12	61	17	15	7	6	21	2	2	5	5	12
Aug. 2	178	13	67	18	17	8	6	22	2	2	5	5	13
Aug. 9	178	13	67	18	17	8	6	22	2	2	5	5	13
Aug. 16	178	13	67	18	17	8	6	22	2	2	5	5	13

**STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS,
BY WEEKS—Continued**

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
CAPITAL ACCOUNTS													
Capital paid in:													
July 26.....	135,430	9,408	50,867	12,201	13,734	5,113	4,535	13,774	3,993	2,916	4,283	4,038	10,568
Aug. 2.....	135,408	9,405	50,873	12,118	13,744	5,108	4,550	13,806	3,993	2,914	4,285	4,038	10,574
Aug. 9.....	135,428	9,407	50,878	12,115	13,742	5,115	4,554	13,806	3,993	2,914	4,289	4,041	10,574
Aug. 16.....	135,477	9,405	50,874	12,116	13,740	5,117	4,559	13,804	3,997	2,916	4,292	4,042	10,615
Surplus (section 7):													
July 26.....	149,152	10,083	52,463	13,696	14,323	4,983	5,630	22,666	4,685	3,153	3,613	3,892	9,965
Aug. 2.....	149,152	10,083	52,463	13,696	14,323	4,983	5,630	22,666	4,685	3,153	3,613	3,892	9,965
Aug. 9.....	149,152	10,083	52,463	13,696	14,323	4,983	5,630	22,666	4,685	3,153	3,613	3,892	9,965
Aug. 16.....	149,152	10,083	52,463	13,696	14,323	4,983	5,630	22,666	4,685	3,153	3,613	3,892	9,965
Surplus (section 13b):													
July 26.....	27,264	2,874	7,457	4,416	1,007	3,293	713	1,429	545	1,001	1,142	1,266	2,121
Aug. 2.....	27,264	2,874	7,457	4,416	1,007	3,293	713	1,429	545	1,001	1,142	1,266	2,121
Aug. 9.....	27,264	2,874	7,457	4,416	1,007	3,293	713	1,429	545	1,001	1,142	1,266	2,121
Aug. 16.....	27,264	2,874	7,457	4,416	1,007	3,293	713	1,429	545	1,001	1,142	1,266	2,121
Other capital accounts:													
July 26.....	34,071	1,539	8,453	2,072	3,537	1,462	1,752	6,903	1,306	2,041	1,014	1,853	2,139
Aug. 2.....	33,692	1,507	8,419	2,046	3,494	1,426	1,740	6,810	1,298	2,027	983	1,828	2,114
Aug. 9.....	33,950	1,510	8,425	2,082	3,536	1,452	1,754	6,855	1,312	2,036	1,003	1,843	2,142
Aug. 16.....	33,689	1,510	8,428	2,052	3,506	1,427	1,741	6,824	1,284	2,017	970	1,826	2,104
Total liabilities and capital accounts:													
July 26.....	17,337,686	1,062,245	7,637,471	961,793	1,224,621	559,809	441,338	2,598,869	529,110	351,049	524,703	358,786	1,087,892
Aug. 2.....	17,460,717	1,069,543	7,598,576	991,950	1,213,307	561,844	470,169	2,662,574	518,539	354,462	564,140	368,970	1,086,643
Aug. 9.....	17,429,578	1,080,339	7,528,292	993,044	1,209,235	566,725	469,973	2,690,390	529,664	362,878	561,593	358,075	1,079,370
Aug. 16.....	17,595,573	1,077,564	7,620,192	1,005,747	1,236,375	576,324	455,869	2,722,438	531,955	358,987	556,833	365,300	1,087,989
Contingent liability on bills purchased for foreign correspondents:													
Aug. 16.....	101	7	36	10	10	4	4	12	3	2	3	3	7

INDUSTRIAL ADVANCES AND COMMITMENTS UNDER SECTION 13b OF THE FEDERAL RESERVE ACT, JUNE 19, 1934, TO AUGUST 16, 1939

[Amounts in thousands of dollars]

Date (last Wednesday of each month)	Applications received by Federal Reserve banks after consideration by Industrial Advisory Committees, net		Applications under consideration by Federal Reserve banks		Applications approved to date by Federal Reserve banks (with and without conditions)						
	Number	Amount	Number	Amount	Total		Federal Reserve bank advances outstanding ¹	Federal Reserve bank commitments outstanding	Approved but not completed ²	Repaid, expired, or withdrawn by applicant, etc.	Financing institution participations outstanding ³
					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	27,649	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	7,298
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	7,258
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	168,380	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	13,004	1,293	132,009	12,534
Feb. 21 ⁴	9,221	389,654	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. 16 ⁵	9,336	400,245	2	75	2,734	183,700	14,617	11,261	786	144,537	12,499

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 \$1,470,200 on August 16, 1939.

⁴ Tuesday.

⁵ August 23 and 30 not yet available.

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

[In thousands of dollars]

	Total	Boston	New 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:													
July 26.....	4,811,723	408,157	1,228,003	332,719	440,538	207,065	162,974	1,028,221	191,118	137,563	182,112	83,703	409,550
Aug. 2.....	4,814,318	406,323	1,226,446	335,029	440,899	208,222	163,400	1,031,562	190,314	136,939	181,364	85,321	410,445
Aug. 9.....	4,841,728	407,049	1,228,269	337,127	442,460	212,387	164,594	1,037,623	193,210	137,953	183,759	84,544	412,753
Aug. 16.....	4,847,304	408,876	1,224,996	340,800	443,972	213,314	163,670	1,038,471	191,951	137,344	183,659	84,042	416,209
Held by Federal Reserve bank:													
July 26.....	312,965	23,163	105,791	16,180	18,508	13,070	11,882	30,574	12,483	6,625	11,181	7,556	55,952
Aug. 2.....	283,603	18,777	94,552	17,367	19,411	9,580	10,592	28,529	10,486	5,232	8,350	8,206	52,521
Aug. 9.....	291,039	17,127	99,710	17,873	16,167	11,197	10,927	29,007	13,500	5,859	9,968	7,305	52,399
Aug. 16.....	283,482	19,169	88,847	20,069	18,803	10,723	10,311	26,337	11,359	4,970	10,135	6,005	56,154
In actual circulation: ¹													
July 26.....	4,498,758	384,994	1,122,212	316,539	422,030	193,995	151,092	997,647	178,635	130,938	170,931	76,147	353,598
Aug. 2.....	4,530,715	387,546	1,131,894	317,662	421,488	196,642	152,868	1,003,033	179,828	131,701	173,014	77,115	357,924
Aug. 9.....	4,550,689	389,922	1,128,559	319,254	426,293	201,190	153,667	1,008,616	179,710	132,094	173,791	77,239	360,354
Aug. 16.....	4,563,822	389,707	1,136,149	320,731	425,169	202,591	153,359	1,012,134	180,592	132,374	173,524	77,437	360,055
Collateral held by bank as security for notes issued to bank:													
Gold certificates on hand and due from U. S. Treasury:													
July 26.....	4,927,000	420,000	1,248,000	345,000	445,000	210,000	169,000	1,045,000	196,000	143,500	185,000	86,500	434,000
Aug. 2.....	4,928,500	420,000	1,248,000	345,000	445,000	210,000	169,000	1,045,000	196,000	143,500	185,000	88,000	434,000
Aug. 9.....	4,929,500	420,000	1,248,000	345,000	445,000	215,000	169,000	1,045,000	196,000	139,500	185,000	88,000	434,000
Aug. 16.....	4,941,500	420,000	1,248,000	345,000	447,000	215,000	169,000	1,055,000	196,000	139,500	185,000	88,000	434,000
Eligible paper:													
July 26.....	2,453	128	199	165	73	666	-----	-----	17	16	238	421	530
Aug. 2.....	1,963	129	338	75	87	596	-----	-----	13	16	188	-----	521
Aug. 9.....	2,251	124	594	84	146	561	-----	-----	10	16	226	-----	490
Aug. 16.....	1,766	70	434	68	-----	425	-----	-----	10	26	241	-----	492
Total collateral:													
July 26.....	4,929,453	420,128	1,248,199	345,165	445,073	210,666	169,000	1,045,000	196,017	143,516	185,238	86,921	434,530
Aug. 2.....	4,930,463	420,129	1,248,338	345,075	445,087	210,596	169,000	1,045,000	196,013	143,516	185,188	88,000	434,521
Aug. 9.....	4,931,751	420,124	1,248,594	345,084	445,146	215,561	169,000	1,045,000	196,010	139,516	185,226	88,000	434,490
Aug. 16.....	4,943,266	420,070	1,248,434	345,068	447,000	215,425	169,000	1,055,000	196,010	139,526	185,241	88,000	434,492

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,
JUNE, 1939**

[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	34,135	27,816	11,690	5,919	10,321	4,402
Central reserve city banks:						
New York	12,510	11,672	715	2,691	5,195	2,504
Chicago	2,593	2,279	486	543	848	305
Reserve city banks:						
Boston district	1,141	1,024	99	184	357	173
New York district	204	160	147	35	52	16
Philadelphia district	1,224	1,007	248	189	346	157
Cleveland district	1,616	1,277	730	260	443	183
Richmond district	706	549	206	106	152	46
Atlanta district	697	492	174	95	118	24
Chicago district	1,271	896	569	185	280	95
St. Louis district	868	621	178	118	187	69
Minneapolis district	385	262	89	50	79	29
Kansas City district	1,008	638	158	120	178	58
Dallas district	698	432	128	82	116	34
San Francisco district	2,122	1,676	1,943	390	519	128
Total	11,881	9,034	4,669	1,814	2,827	1,013
Country banks:						
Boston district	852	621	557	102	167	65
New York district	1,277	945	1,393	183	340	157
Philadelphia district	624	428	879	95	156	61
Cleveland district	589	406	663	82	131	49
Richmond district	508	319	347	56	91	36
Atlanta district	483	296	223	47	70	24
Chicago district	859	576	716	105	184	79
St. Louis district	360	231	242	40	63	23
Minneapolis district	308	193	271	37	58	21
Kansas City district	457	279	156	41	66	25
Dallas district	504	327	104	44	71	27
San Francisco district	330	211	269	39	53	14
Total	7,151	4,831	5,819	871	1,451	581

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. 797 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:					
June	7,878	3,341	890	2,359	1,280
July	8,167	3,545	925	2,396	1,302
August	8,119	3,523	875	2,402	1,319
September	8,196	3,669	861	2,352	1,314
October	8,546	3,939	884	2,409	1,317
November	8,727	4,075	888	2,426	1,338
December	8,745	4,139	898	2,387	1,322
1939—January	9,029	4,409	780	2,474	1,366
February	8,925	4,482	673	2,405	1,364
March	9,021	4,472	681	2,475	1,393
April	9,624	4,889	794	2,544	1,397
May	9,997	5,094	878	2,630	1,395
June	10,085	5,049	893	2,728	1,415
July	10,321	5,195	848	2,827	1,451
Week ending (Friday):					
1939—June 30	10,068	5,025	912	2,736	1,395
July 7	10,118	5,049	874	2,751	1,445
July 14	10,304	5,161	857	2,818	1,468
July 21	10,389	5,242	833	2,864	1,450
July 28	10,429	5,287	826	2,862	1,443
Aug. 4	10,433	5,229	862	2,876	1,469
Aug. 11	10,498	5,185	924	2,899	1,490
Excess reserves:					
1938—June	2,762	1,153	404	747	459
July	3,026	1,352	424	767	483
August	2,955	1,320	379	762	495
September	2,920	1,382	361	698	479
October	3,143	1,589	375	712	467
November	3,276	1,712	374	710	480
December	3,226	1,734	376	658	457
1939—January	3,484	1,996	260	734	495
February	3,373	2,047	164	609	484
March	3,432	1,986	179	741	526
April	3,926	2,302	299	794	531
May	4,212	2,465	360	858	529
June	4,240	2,394	362	944	546
July	4,402	2,504	305	1,013	581
Week ending (Friday):					
1939—June 30	4,214	2,365	372	948	530
July 7	4,250	2,392	355	958	574
July 14	4,396	2,477	314	1,007	598
July 21	4,459	2,547	289	1,044	579
July 28	4,468	2,572	290	1,033	573
Aug. 4	4,464	2,506	315	1,048	595
Aug. 11	4,501	2,453	366	1,064	619

² 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	
	July	June	July	June	July	June	July	June	July	June	July	June
Boston	1,994	1,923	656	656	1,864	1,799	528	528	129	124	128	128
New York	13,991	13,683	2,255	2,241	1,190	1,203	1,042	1,042	291	282	498	496
Philadelphia	1,848	1,827	1,126	1,122	1,625	1,610	671	668	223	217	455	453
Cleveland	2,205	2,163	1,393	1,400	1,982	1,941	1,097	1,104	222	221	296	296
Richmond	1,215	1,213	554	555	1,037	1,033	360	362	177	180	193	193
Atlanta	1,181	1,194	397	396	1,029	1,036	311	310	152	157	87	87
Chicago	4,722	4,665	1,771	1,754	1,810	1,787	1,993	1,986	319	321	291	289
St. Louis	1,168	1,141	420	416	957	932	303	299	211	209	117	117
Minneapolis	693	682	360	358	515	505	176	175	178	178	184	184
Kansas City	1,465	1,417	314	314	1,130	1,088	200	200	335	329	113	114
Dallas	1,203	1,194	232	233	926	916	186	187	277	278	46	46
San Francisco	2,452	2,394	2,212	2,224	2,337	2,281	2,115	2,127	115	113	97	97
Total	34,135	33,495	11,690	11,668	16,403	16,134	7,983	7,988	2,629	2,607	2,506	2,498

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
1938—July.....	6,452	78	40	1,247	1	341	145	258	4,098	30	214
August.....	6,504	77	40	1,263	1	344	146	262	4,129	29	211
September.....	6,622	77	40	1,292	1	348	147	264	4,215	29	208
October.....	6,700	76	41	1,297	1	351	148	269	4,282	28	206
November.....	6,787	76	41	1,312	1	356	151	269	4,349	28	203
December.....	6,856	75	42	1,339	1	357	151	257	4,405	28	201
1939—January.....	6,653	75	41	1,269	1	348	149	244	4,301	27	198
February.....	6,731	74	41	1,327	1	350	150	246	4,320	27	195
March.....	6,817	74	41	1,378	1	352	151	251	4,350	27	193
April.....	6,905	73	42	1,385	1	354	152	255	4,426	26	191
May.....	6,967	72	42	1,417	1	358	154	259	4,449	26	189
June.....	7,047	72	42	1,454	1	361	155	266	4,484	26	186
July.....	7,049	71	43	1,446	1	362	156	264	4,496	25	184

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 ¹	Coin and small denomination currency ²						Large denomination currency ³						Unassorted ⁴		
		Total	Coin	\$1 ²	\$2	\$5	\$10	\$20	Total	\$50	\$100	\$500	\$1,000		\$5,000	\$10,000
1938—July.....	6,462	4,836	526	481	31	879	1,508	1,410	1,618	388	727	152	307	17	27	2
August.....	6,504	4,885	530	488	32	891	1,528	1,416	1,622	389	727	152	308	17	29	3
September.....	6,622	4,970	536	501	32	912	1,556	1,434	1,656	396	744	156	317	17	25	4
October.....	6,700	5,021	540	505	32	923	1,572	1,450	1,683	400	754	157	321	18	33	4
November.....	6,787	5,096	548	511	33	936	1,599	1,469	1,696	404	761	158	323	17	32	5
December.....	6,856	5,147	550	524	34	946	1,611	1,481	1,714	409	770	160	327	17	32	6
1939—January.....	6,653	4,953	538	492	32	904	1,546	1,440	1,705	403	768	160	329	17	28	6
February.....	6,731	5,011	541	498	33	919	1,574	1,446	1,721	406	774	161	335	17	28	1
March.....	6,817	5,049	544	503	33	928	1,594	1,448	1,770	411	799	165	349	17	28	2
April.....	6,905	5,069	548	505	32	929	1,602	1,453	1,838	418	829	170	370	18	33	3
May.....	6,967	5,109	554	513	33	937	1,614	1,458	1,861	422	836	172	380	17	33	3
June.....	7,047	5,164	558	514	33	947	1,638	1,473	1,887	428	848	176	388	17	29	3
July.....	7,049	5,169	561	514	33	947	1,644	1,470	1,885	426	847	175	391	17	28	4

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
1938—July.....	2,721	1,596	374	157	347	30	217
August.....	2,731	1,608	375	157	347	30	214
September.....	2,739	1,618	376	158	347	29	212
October.....	2,751	1,634	376	158	347	29	208
November.....	2,773	1,657	376	158	347	29	206
December.....	2,798	1,685	376	159	347	28	203
1939—January.....	2,816	1,705	376	159	347	28	201
February.....	2,824	1,717	376	160	347	27	198
March.....	2,839	1,733	377	160	347	27	196
April.....	2,849	1,746	376	160	347	27	193
May.....	2,862	1,759	377	161	347	26	191
June.....	2,881	1,778	380	161	347	26	189
July.....	2,895	1,794	381	162	347	26	186

¹ Includes silver held against silver certificates amounting to \$1,696,000,000 on July 31, 1939 and \$1,530,000,000 on July 31, 1938.

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
1936.....	34.8	26.2	8.6	-----
1937.....	21.5	47.6	-----	26.1
1938.....	33.1	34.4	-----	1.3
1938—July.....	.1	3.8	-----	3.7
August.....	1.1	2.3	-----	1.2
September.....	14.7	.6	-----	13.7
October.....	10.6	.6	-----	10.0
November.....	3.4	1.0	-----	2.4
December.....	.7	2.2	-----	1.5
1939—January.....	6.7	2.0	-----	4.7
February.....	3.0	1.0	-----	2.0
March.....	27.3	.9	-----	26.4
April.....	46.1	.3	-----	45.8
May.....	3.8	.7	-----	3.1
June.....	2.9	1.1	-----	1.8
July.....	2.2	1.0	-----	1.2

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]

Year or month	Gold stock at end of year or month		Increase in total gold stock	Net gold import	Net gain or loss (-) through earmarking transactions ²	Domestic gold production
	Total	Inactive account				
1934 ¹	8,238	-----	4,202.5	1,133.9	82.6	96.0
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
1937—April.....	11,799	568.0	225.6	215.8	7.2	9.2
May.....	11,990	759.1	191.1	155.4	26.2	12.4
June.....	12,318	1,086.8	327.8	262.0	-15.9	11.2
July.....	12,446	1,214.1	127.3	175.4	-35.5	12.7
August.....	12,567	1,335.7	121.6	104.8	-5.3	16.9
September.....	12,741	1,210.0	174.3	145.5	9.3	12.2
October.....	12,803	1,271.9	62.0	90.5	-8.0	14.9
November.....	12,774	1,242.5	-29.3	22.1	-20.1	13.8
December.....	12,760	1,227.9	-14.0	18.0	-101.6	11.9
1938—January.....	12,756	1,223.2	-4.6	2.1	-1.1	11.0
February.....	12,776	1,200.6	20.7	8.0	-18.2	10.0
March.....	12,795	1,183.0	18.5	52.9	-6	10.7
April.....	12,869	74.3	71.1	-----	-1.2	10.6
May.....	12,919	49.8	52.8	-----	-53.9	11.5
June.....	12,963	44.2	55.3	-----	-15.5	9.6
July.....	13,017	54.5	63.8	-----	-20.9	14.2
August.....	13,136	118.3	166.0	-----	-28.8	14.7
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	12.2
February.....	14,874	-----	192.7	223.3	-48.6	10.4
March.....	15,258	-----	383.8	365.4	10.7	11.0
April.....	15,791	-----	532.3	605.8	-114.8	13.1
May.....	15,957	-----	166.2	429.4	-251.6	12.6
June.....	16,110	-----	153.3	240.4	-102.6	10.6
July.....	16,238	-----	128.0	278.6	-166.2	11.4
Aug. 1-23 ^p	16,501	-----	262.6	144.2	78.8	-----

^p Preliminary.¹ Figures based on rate of \$20.67 a fine ounce in January 1934 and \$35 a fine ounce thereafter.² Gold held under earmark at Federal Reserve banks for foreign account on July 31, 1939, in millions of dollars: 1,287.5.

NOTE.—Figures for domestic production of gold are those published in table, p. 819, adjusted to exclude production in Philippines. 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

Year or month	Total, all banks	Member banks		Nonmember banks	
		National	State	In-sured 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—Jan.-July.....	30	4	2	18	6
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—Jan.-July.....	33,849	1,357	25,634	4,779	2,079

¹ Represents licensed banks suspended; does not include nonlicensed banks placed in liquidation or receivership.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—	1939					
	July		June		Jan.-July	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
Belgium.....	-----	-----	-----	-----	165,121	-----
France.....	1	-----	2	-----	3,682	-----
Germany.....	-----	-----	-----	-----	9	-----
Netherlands.....	45,554	-----	55,081	-----	275,680	-----
Spain.....	-----	-----	-----	-----	379	-----
Sweden.....	10	-----	-----	-----	3,860	-----
Switzerland.....	5,628	-----	5,644	-----	77,463	68
United Kingdom.....	177,805	-----	128,196	-----	1,461,114	52
Canada.....	15,204	8	17,210	19	74,148	116
Mexico.....	4,150	-----	3,280	-----	19,995	206
Central America.....	539	-----	502	-----	3,536	-----
Argentina.....	1	-----	-----	-----	4,505	-----
Chile.....	1,127	-----	781	-----	5,609	-----
Colombia.....	2,123	-----	2,107	-----	14,783	-----
Ecuador.....	369	-----	174	-----	1,751	-----
Peru.....	226	-----	380	-----	2,247	-----
Venezuela.....	318	-----	394	-----	2,467	-----
Australia.....	5,034	-----	5,677	-----	35,690	-----
British India.....	2,760	-----	2,244	-----	17,200	-----
China and Hong Kong.....	1,190	-----	560	-----	9,362	-----
Japan.....	10,938	-----	14,093	-----	96,165	-----
Philippine Islands.....	3,022	-----	3,843	-----	20,437	-----
All other countries ²	2,647	-----	280	-----	4,520	2
Total.....	278,645	9	240,450	19	2,299,722	444

¹ Figures represent customs valuations which, with some exceptions are at rate of \$35 a fine ounce.² Includes all movements of unreported origin or destination.

Back figures.—See table, p. 819, and Annual Report for 1937 (tables 31 and 32).

BANK DEBITS

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

Year and month	Total, all reporting centers	New York City	140 other leading cities ¹	133 other reporting cities ²
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
1938—June.....	35,501	15,637	17,160	2,704
July.....	33,133	13,828	16,677	2,628
August.....	30,798	12,247	16,023	2,528
September.....	32,192	13,085	16,440	2,666
October.....	36,130	15,140	18,096	2,895
November.....	32,224	12,425	17,039	2,760
December.....	43,209	18,879	21,087	3,243
1939—January.....	35,180	14,533	17,860	2,786
February.....	29,973	12,380	15,201	2,392
March.....	37,322	16,274	18,211	2,837
April.....	32,822	13,311	16,832	2,679
May.....	34,656	14,165	17,763	2,728
June.....	36,883	15,312	18,676	2,895
July.....	33,245	12,794	17,683	2,768

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 Cities (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.—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 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	Na-tional	State	Mutual savings banks	Other non-member 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—Mar. 7.....	15,348	6,335	5,250	1,085	563	8,450
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—Mar. 29.....	15,151	6,331	5,212	1,119	555	8,265

For footnotes see table below.

DEPOSITS, EXCLUSIVE OF INTERBANK DEPOSITS¹

[In millions of dollars]

Call date	All banks	Member banks			Nonmember banks	
		Total	Na-tional	State	Mutual savings banks	Other non-member 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	21,086	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	12,516	10,213	7,635
Dec. 31.....	52,440	34,810	22,655	12,155	10,257	7,373
1938—Mar. 7.....	51,703	34,118	22,264	11,854	10,259	7,325
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—Mar. 29....	53,812	36,089	23,340	12,749	10,376	7,348

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—Mar. 7.....	48,319	21,779	26,540	31,521	13,546	17,975	10,196	4,995	5,201	6,602	3,238	3,364
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	5,225	6,604	3,217	3,387
1939—Mar. 29 ²	48,929	21,154	27,775	32,095	13,047	19,048	10,265	4,926	5,338	6,569	3,180	3,389

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 The December 1938 and March 1939 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."

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

CONDITION OF ALL MEMBER BANKS—Continued

[In millions of dollars]

Call date	Re-serves 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
					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			
TOTAL—ALL MEMBER BANKS																
1929—Dec. 31	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
1933—June 30	2,235	405	2,008	12,089	11,830	1,087	657	806	7,020	300	788	3,057	89	146	191	4,837
1934—Dec. 31	4,082	609	3,149	15,686	14,951	1,799	838	1,636	9,020	294	452	4,569	134	154	13	5,054
1935—Dec. 31	5,573	665	3,776	18,801	18,035	2,139	882	844	9,680	361	218	5,096	151	449	6	5,145
1936—Dec. 31	6,572	697	4,066	21,647	20,970	2,329	881	882	10,429	296	104	6,402	153	438	15	5,275
1937—Dec. 31	7,005	589	3,414	20,387	19,747	2,132	767	781	10,806	432	95	5,436	129	464	12	5,371
1938—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
Dec. 31	8,694	746	4,240	22,293	21,119	2,386	547	790	10,846	462	61	6,510	132	511	6	5,424
1939—Mar. 29	9,112	777	4,403	22,364	20,845	2,467	533	775	10,940	461	68	6,816	133	629	7	5,467
June 30	10,011	712	4,674	23,587	22,448	2,532	790	694	11,063	441	59	7,097	142	607	5	5,496
NEW YORK CITY⁵																
1929—Dec. 31	827	68	179	4,750	5,847	128	1,180	20	1,112	33	18	1,198	40	597	179	2,105
1933—June 30	846	46	101	4,358	4,676	96	461	332	671	4	110	1,255	22	128	8	1,582
1934—Dec. 31	1,576	86	103	5,069	5,370	229	540	792	591	4	56	1,798	1	133	-----	1,565
1935—Dec. 31	2,541	65	111	6,193	6,479	323	524	224	591	12	3	2,338	-----	414	-----	1,573
1936—Dec. 31	2,658	61	133	6,929	7,274	285	457	225	679	13	-----	2,493	-----	397	12	1,585
1937—Dec. 31	2,738	56	120	6,111	6,507	189	404	382	696	49	-----	2,108	-----	423	-----	1,606
1938—June 30	3,517	65	119	6,698	6,900	273	367	123	694	32	-----	2,514	-----	291	-----	1,587
Dec. 31	4,104	68	109	7,168	7,273	280	195	139	652	36	-----	2,687	-----	442	-----	1,593
1939—Mar. 29	4,582	63	156	7,605	7,677	260	272	135	655	53	-----	2,731	-----	553	-----	1,592
June 30	4,975	61	112	8,012	8,281	288	472	84	653	46	-----	2,992	-----	524	-----	1,586
CITY OF CHICAGO⁵																
1929—Dec. 31	169	13	133	957	1,041	42	32	8	332	58	2	310	19	33	41	316
1933—June 30	232	34	203	912	870	87	16	46	358	1	6	259	-----	2	-----	204
1934—Dec. 31	415	40	207	1,189	1,073	182	23	46	381	-----	1	445	-----	4	-----	226
1935—Dec. 31	511	39	209	1,401	1,301	208	27	98	413	-----	-----	522	-----	4	-----	229
1936—Dec. 31	558	32	188	1,554	1,495	191	27	72	449	-----	-----	599	-----	5	-----	244
1937—Dec. 31	596	27	179	1,438	1,354	207	23	64	445	8	-----	528	-----	6	-----	255
1938—June 30	936	31	208	1,523	1,386	221	23	86	443	16	-----	638	-----	6	-----	249
Dec. 31	884	35	235	1,688	1,597	181	29	83	452	9	-----	658	-----	9	-----	257
1939—Mar. 29	705	22	178	1,250	1,182	141	26	83	452	12	-----	834	-----	10	-----	261
June 30	897	26	235	1,666	1,565	197	22	60	471	17	-----	746	-----	12	-----	270
RESERVE CITY BANKS																
1929—Dec. 31	751	156	947	5,229	5,547	423	300	76	4,433	371	41	1,604	30	64	292	2,029
1933—June 30	705	122	1,002	3,764	3,708	349	108	312	2,941	208	388	1,315	59	15	16	1,533
1934—Dec. 31	1,268	207	1,543	5,136	4,919	585	169	620	3,494	206	186	1,984	117	18	-----	1,614
1935—Dec. 31	1,594	256	1,779	6,161	6,001	707	204	385	3,796	266	79	2,422	134	29	-----	1,657
1936—Dec. 31	2,108	285	1,816	7,126	7,023	843	230	407	4,026	203	35	2,826	137	34	-----	1,697
1937—Dec. 31	2,310	200	1,470	6,870	6,743	777	192	256	4,161	266	34	2,389	107	34	-----	1,735
1938—June 30	2,289	300	1,951	6,934	6,668	812	146	266	4,238	262	31	2,514	113	32	-----	1,753
Dec. 31	2,354	321	1,940	7,214	7,034	796	170	424	4,233	269	17	2,719	108	57	-----	1,777
1939—Mar. 29	2,459	342	2,106	7,326	6,899	889	123	420	4,276	243	22	2,813	108	64	2	1,795
June 30	2,735	318	2,210	7,654	7,331	917	160	415	4,320	233	19	2,920	115	69	-----	1,812
COUNTRY BANKS																
1929—Dec. 31	627	321	908	5,711	5,091	742	169	39	6,390	133	61	405	6	3	367	2,258
1933—June 30	452	203	702	3,054	2,576	555	72	116	3,833	86	285	228	7	1	167	1,517
1934—Dec. 31	822	275	1,296	4,292	3,589	804	106	178	4,554	84	210	342	16	2	13	1,650
1935—Dec. 31	927	305	1,676	5,047	4,254	901	127	137	4,879	83	136	415	16	1	6	1,687
1936—Dec. 31	1,247	319	1,929	6,039	5,177	1,011	167	178	5,275	80	69	483	16	2	3	1,750
1937—Dec. 31	1,361	307	1,645	5,968	5,143	959	149	78	5,504	158	61	412	21	1	12	1,775
1938—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
Dec. 31	1,353	322	1,956	6,224	5,215	1,128	154	143	5,509	147	44	446	23	2	6	1,798
1939—Mar. 29	1,367	350	1,963	6,183	5,087	1,176	114	137	5,557	153	46	438	25	2	5	1,818
June 30	1,403	307	2,117	6,255	5,272	1,130	135	136	5,619	145	40	439	26	2	5	1,828

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.

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

CONDITION OF REPORTING MEMBER BANKS IN 101 LEADING CITIES—Continued

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

Date or month	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
					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			
TOTAL—101 CITIES																
1938—July	6,675	403	2,435	15,021	15,900	443	452	5,198	13	5,821	115	310	6	3,645		
1939—January	7,437	440	2,561	16,054	17,020	463	631	5,161	12	6,216	111	531	---	3,675		
February	7,358	410	2,543	16,042	16,997	461	631	5,170	11	6,175	113	563	1	3,682		
March	7,427	410	2,580	16,032	15,638	1,327	560	4,976	224	17	6,395	116	587	1	3,687	
April	7,973	424	2,596	16,455	16,000	1,372	428	4,974	235	18	6,473	116	638	1	3,695	
May	8,361	423	2,644	16,796	16,259	1,452	441	4,984	251	18	6,530	118	639	2	3,712	
June	8,460	447	2,727	17,182	16,633	1,470	419	4,966	229	15	6,607	121	606	---	3,721	
July	8,645	448	2,765	17,366	17,008	1,317	406	5,006	216	16	6,763	127	620	8	3,716	
1939—May 31	8,449	427	2,702	16,965	16,464	1,498	478	4,987	238	18	6,556	119	635	3	3,719	
June 7	8,417	456	2,670	17,057	16,390	1,496	473	4,985	237	15	6,570	121	623	1	3,726	
June 14	8,470	448	2,735	17,212	16,770	1,479	424	4,991	227	15	6,631	122	605	---	3,719	
June 21	8,475	431	2,747	17,238	16,652	1,488	386	5,001	230	15	6,600	120	599	---	3,723	
June 28	8,479	455	2,756	17,220	16,720	1,417	391	5,007	223	16	6,625	122	600	---	3,715	
July 5	8,473	441	2,759	17,109	16,790	1,331	488	5,009	214	15	6,800	122	624	1	3,715	
July 12	8,649	464	2,790	17,368	17,061	1,310	385	5,001	217	15	6,797	127	615	6	3,715	
July 19	8,706	439	2,767	17,387	17,050	1,275	389	5,000	217	15	6,786	128	616	12	3,715	
July 26	8,750	448	2,745	17,601	17,132	1,352	363	5,014	218	17	6,667	129	627	13	3,718	
Aug. 2	8,684	424	2,793	17,462	16,908	1,492	532	5,019	218	18	6,884	128	623	9	3,718	
Aug. 9	8,791	446	2,777	17,551	16,899	1,438	369	5,028	217	18	6,924	127	629	10	3,721	
Aug. 16	8,917	426	2,842	17,641	17,271	1,399	461	5,019	220	18	7,055	128	655	7	3,722	
NEW YORK CITY																
1938—July	3,380	52	74	6,236	6,559	279	108	648	---	2,443	---	272	---	1,478		
1939—January	4,208	58	73	6,730	7,085	285	116	613	---	2,661	---	469	---	1,479		
February	4,288	52	74	6,844	7,209	299	116	621	---	2,639	---	495	---	1,484		
March	4,309	52	94	6,966	7,075	242	395	587	38	---	2,743	517	---	1,483		
April	4,651	56	82	7,287	7,348	257	268	110	583	43	---	2,785	---	1,483		
May	4,895	56	77	7,467	7,495	304	274	85	578	42	---	2,814	---	1,488		
June	4,866	67	76	7,608	7,636	280	269	60	580	41	---	2,845	---	1,488		
July	4,995	65	77	7,660	7,773	225	231	59	589	44	---	2,928	---	1,479		
1939—May 31	4,976	60	82	7,614	7,668	344	290	66	579	38	---	2,830	---	1,490		
June 7	4,842	80	77	7,590	7,574	292	316	61	575	41	---	2,803	---	1,492		
June 14	4,870	63	77	7,624	7,684	290	307	60	579	41	---	2,836	---	1,488		
June 21	4,886	58	74	7,640	7,644	299	231	60	583	40	---	2,850	---	1,490		
June 28	4,864	68	77	7,578	7,643	268	222	60	584	41	---	2,891	---	1,483		
July 5	4,881	69	76	7,524	7,706	203	294	62	587	41	---	2,940	---	1,477		
July 12	4,985	67	77	7,656	7,759	224	214	61	587	43	---	2,940	---	1,478		
July 19	5,044	62	76	7,655	7,764	214	218	59	586	46	---	2,941	---	1,479		
July 26	5,072	63	78	7,804	7,864	258	199	56	596	47	---	2,892	---	1,480		
Aug. 2	4,953	62	73	7,715	7,701	343	361	55	597	49	---	2,987	---	1,481		
Aug. 9	5,005	62	73	7,791	7,760	306	210	52	603	50	---	2,983	---	1,483		
Aug. 16	5,145	60	76	7,875	7,958	291	291	50	594	50	---	3,074	---	1,482		
OUTSIDE NEW YORK CITY																
1938—July	3,295	351	2,361	8,785	9,341	164	344	4,550	13	3,378	115	38	6	2,167		
1939—January	3,229	382	2,488	9,324	9,935	178	515	4,548	12	3,555	111	62	---	2,166		
February	3,070	358	2,469	9,198	9,788	162	515	4,549	11	3,536	113	68	1	2,198		
March	3,118	358	2,486	9,066	8,563	1,085	165	511	4,389	186	17	6,652	116	70	1	2,204
April	3,322	368	2,514	9,168	8,652	1,115	160	510	4,391	192	18	3,688	116	77	1	2,212
May	3,466	367	2,567	9,329	8,764	1,148	167	496	4,406	209	18	3,716	118	79	2	2,224
June	3,594	380	2,651	9,574	8,997	1,190	150	485	4,416	188	15	3,762	121	77	---	2,233
July	3,650	383	2,688	9,706	9,235	1,092	175	482	4,417	172	16	3,835	127	80	8	2,237
1939—May 31	3,473	367	2,620	9,351	8,796	1,154	188	485	4,408	200	18	3,726	119	82	3	2,229
June 7	3,575	376	2,593	9,467	8,816	1,204	157	483	4,410	196	15	3,767	121	78	1	2,234
June 14	3,600	385	2,658	9,588	9,086	1,219	117	484	4,412	186	15	3,795	122	77	---	2,231
June 21	3,589	373	2,673	9,598	9,008	1,189	155	486	4,418	190	15	3,750	120	78	---	2,233
June 28	3,615	387	2,679	9,642	9,077	1,149	169	486	4,423	182	16	3,734	122	79	---	2,232
July 5	3,592	372	2,683	9,585	9,084	1,128	194	484	4,422	173	15	3,860	122	83	1	2,238
July 12	3,664	397	2,713	9,712	9,302	1,086	171	480	4,414	174	15	3,857	127	83	6	2,237
July 19	3,662	377	2,691	9,732	9,286	1,061	171	482	4,414	171	15	3,845	128	76	12	2,236
July 26	3,678	385	2,667	9,797	9,268	1,094	164	480	4,418	171	17	3,775	129	81	13	2,238
Aug. 2	3,731	362	2,720	9,747	9,207	1,149	171	482	4,422	169	18	3,897	128	78	9	2,237
Aug. 9	3,786	384	2,704	9,760	9,139	1,132	159	484	4,425	167	18	3,941	127	79	10	2,238
Aug. 16	3,772	366	2,766	9,766	9,313	1,108	170	482	4,425	170	18	3,981	128	80	7	2,240

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.

CONDITION OF REPORTING MEMBER BANKS IN 101 LEADING CITIES—Continued

[In millions of dollars]

Federal Reserve district and date (1939)	Total loans and investments	Loans								Investments						
		Total	Com-mercial, in-dustrial, 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				Guar-an-teeed	Other secur-ities
					To brok-ers and deal-ers	To others					Total	Direct				
												Total	Bills	Notes		
BOSTON (6 cities)																
July 26	1,163	584	267	63	26	22	81	2	123	579	400		57	343	48	131
August 2	1,166	586	270	62	26	22	81	1	124	580	397		57	340	54	129
August 9	1,169	589	276	62	24	22	81	1	123	580	395		62	333	55	130
August 16	1,169	588	275	61	24	22	81	1	124	581	396	1	62	333	55	130
NEW YORK (8 cities)*																
July 26	9,005	3,150	1,520	126	528	247	202	60	467	5,855	3,393	147	867	2,379	1,186	1,276
August 2	9,136	3,160	1,546	124	506	245	203	64	472	5,976	3,430	194	868	2,368	1,210	1,336
August 9	9,162	3,163	1,573	122	489	245	203	64	467	5,999	3,443	206	885	2,352	1,218	1,338
August 16	9,216	3,201	1,579	125	530	243	205	50	469	6,015	3,452	220	884	2,348	1,222	1,341
PHILADELPHIA (4 cities)																
July 26	1,131	416	186	26	21	32	54	1	96	715	352		39	313	97	266
August 2	1,147	420	189	26	21	32	55	1	96	727	353		39	314	98	276
August 9	1,154	419	189	26	21	31	54	1	97	735	358		39	319	99	278
August 16	1,156	417	188	26	20	31	55	1	96	739	358		39	319	98	283
CLEVELAND (10 cities)																
July 26	1,893	668	240	6	23	26	170	3	200	1,225	829	14	220	595	106	290
August 2	1,902	672	244	7	24	26	170	3	198	1,230	830	14	220	596	111	289
August 9	1,904	673	248	7	21	26	171	3	197	1,231	832	14	220	598	111	288
August 16	1,912	678	250	7	24	26	171	3	197	1,234	832	14	221	597	112	290
RICHMOND (12 cities)																
July 26	676	245	105	10	5	15	37		73	431	315		178	137	51	65
August 2	677	246	105	11	4	15	37	1	73	431	315		178	137	51	65
August 9	677	246	105	11	4	15	38	1	72	431	315		177	138	51	65
August 16	673	245	105	11	4	15	37	1	72	428	312		177	135	51	65
ATLANTA (8 cities)																
July 26	594	305	175	3	7	12	30	2	76	289	141	8	33	100	59	89
August 2	581	289	157	3	6	12	31	2	78	292	141	8	32	101	62	89
August 9	580	285	154	3	6	12	31	1	78	295	141	8	32	101	65	89
August 16	579	282	153	3	6	11	31	1	77	297	142	8	32	102	65	90
CHICAGO (12 cities)*																
July 26	3,239	878	503	33	42	82	103		115	2,361	1,611	251	430	930	267	483
August 2	3,194	854	479	34	43	81	103		114	2,340	1,575	212	428	935	283	482
August 9	3,194	853	483	34	39	79	104		114	2,341	1,575	210	430	935	283	483
August 16	3,202	852	480	34	42	79	104		113	2,350	1,579	211	430	938	287	484
ST. LOUIS (5 cities)																
July 26	693	315	188	4	5	13	50	3	52	378	210	6	50	154	66	102
August 2	694	318	189	5	5	14	51	2	52	376	207	4	49	154	67	102
August 9	690	314	185	5	6	14	51	2	51	376	207	3	49	155	67	102
August 16	683	308	178	5	6	14	51	2	52	375	207	3	49	155	67	101
MINNEAPOLIS (8 cities)																
July 26	378	160	79	4	2	7	7		61	218	148		34	114	26	44
August 2	377	158	78	4	1	7	7		61	219	149		34	115	27	43
August 9	376	157	78	4	1	7	7		60	219	148		34	114	28	43
August 16	376	158	78	4	1	7	7		61	218	148		34	114	27	43
KANSAS CITY (12 cities)																
July 26	661	275	165	20	4	10	25		51	386	197	6	78	113	56	133
August 2	661	271	160	20	4	10	25		52	390	196	6	76	114	60	134
August 9	661	271	161	19	4	10	25	1	51	390	195	5	78	112	61	143
August 16	664	272	162	19	4	10	25		52	392	197	5	81	111	61	134
DALLAS (9 cities)																
July 26	512	256	170	2	4	14	21		45	256	158	29	51	78	43	55
August 2	513	254	168	2	3	14	21		46	259	160	31	51	78	44	55
August 9	510	251	164	2	4	14	21		46	259	159	30	50	79	45	55
August 16	507	250	163	2	3	14	21	1	46	257	158	29	51	78	45	54
SAN FRANCISCO (7 cities)																
July 26	2,190	942	301	15	14	48	385		179	1,248	760	4	100	656	163	325
August 2	2,196	938	302	15	12	48	384		177	1,258	762	4	100	658	174	322
August 9	2,197	935	301	15	12	47	384		176	1,262	762	4	99	659	176	324
August 16	2,200	935	301	16	12	47	384		175	1,265	763	4	99	660	177	325
CITY OF CHICAGO*																
July 26	2,141	547	357	18	37	71	14		50	1,594	1,131	243	242	646	137	326
August 2	2,111	540	351	19	36	70	14		50	1,571	1,096	206	240	650	150	325
August 9	2,112	538	355	18	33	68	14		50	1,574	1,098	205	242	651	149	327
August 16	2,117	539	352	18	37	68	14		50	1,578	1,102	206	243	653	149	327

* Separate figures for New York City are shown in the immediately preceding table, and for the city of Chicago in this table. The figures for the New York and Chicago districts, as shown in this table, include New York City and Chicago, respectively.

CONDITION OF REPORTING MEMBER BANKS IN 101 LEADING CITIES—Continued
 [In millions of dollars]

Federal Reserve district and date (1939)	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			Capital accounts	
					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		Borrowings
												Demand	Time			
BOSTON (6 cities)																
July 26	423	141	156	1,120	1,076	87	15	15	245	3	2	287	25	1	243	
August 2	412	139	171	1,123	1,086	87	17	15	245	3	2	292	24	-----	243	
August 9	415	140	155	1,118	1,072	83	15	15	245	3	2	288	24	-----	243	
August 16	401	139	150	1,097	1,067	80	16	15	245	3	2	287	25	-----	244	
NEW YORK (8 cities)*																
July 26	5,216	81	180	8,343	8,321	356	217	74	963	57	-----	2,964	17	548	1,603	
August 2	5,099	78	180	8,267	8,166	451	330	74	964	58	-----	3,058	17	547	1,604	
August 9	5,152	80	178	8,347	8,210	423	232	71	970	59	-----	3,052	17	552	1,606	
August 16	5,291	77	178	8,426	8,412	412	307	69	961	60	-----	3,145	17	577	1,605	
PHILADELPHIA (4 cities)																
July 26	356	17	189	857	841	65	9	53	276	4	1	338	16	14	222	
August 2	362	16	198	886	844	105	8	53	277	5	1	336	16	13	223	
August 9	370	17	188	885	828	105	8	53	277	7	1	341	16	14	223	
August 16	373	16	187	881	851	94	9	53	275	7	1	347	16	13	223	
CLEVELAND (10 cities)																
July 26	462	43	277	1,230	1,186	108	17	42	709	23	2	346	40	2	372	
August 2	455	40	281	1,227	1,175	113	18	42	710	24	2	350	40	2	371	
August 9	444	42	275	1,216	1,153	112	17	42	711	24	2	347	39	2	371	
August 16	450	38	274	1,220	1,176	123	21	42	711	25	2	352	39	2	371	
RICHMOND (12 cities)																
July 26	161	21	171	462	442	51	12	28	197	3	-----	242	6	-----	96	
August 2	163	19	171	458	439	55	10	28	197	3	-----	247	6	-----	96	
August 9	169	21	170	465	442	53	10	29	197	3	-----	250	6	-----	96	
August 16	170	19	180	465	449	54	11	28	197	3	-----	256	6	1	96	
ATLANTA (8 cities)																
July 26	116	13	172	381	353	63	4	40	177	5	2	230	3	2	93	
August 2	135	12	177	379	354	64	5	39	178	5	2	243	3	1	93	
August 9	139	13	186	383	355	65	4	39	179	5	2	251	3	1	92	
August 16	137	11	199	385	365	60	4	39	179	7	2	254	3	1	93	
CHICAGO (12 cities)*																
July 26	1,100	66	490	2,520	2,327	323	35	104	908	19	6	975	10	13	402	
August 2	1,142	61	499	2,453	2,271	311	39	105	909	20	6	1,043	9	14	402	
August 9	1,167	67	499	2,459	2,264	305	35	105	910	20	6	1,065	10	13	402	
August 16	1,164	66	512	2,464	2,301	297	43	104	911	20	6	1,077	10	14	402	
ST. LOUIS (5 cities)																
July 26	188	11	148	461	464	37	6	20	187	3	2	285	6	-----	93	
August 2	179	10	158	456	456	39	5	20	187	3	2	292	6	-----	93	
August 9	184	11	161	457	457	38	4	20	187	3	2	294	6	-----	94	
August 16	188	10	166	460	467	36	5	20	187	3	2	292	6	-----	94	
MINNEAPOLIS (8 cities)																
July 26	87	7	120	293	246	69	7	2	118	-----	1	127	2	1	58	
August 2	89	6	124	290	246	66	6	2	119	-----	1	134	2	1	58	
August 9	91	7	127	288	246	63	6	2	119	-----	1	140	2	1	58	
August 16	90	6	127	288	250	59	6	2	119	-----	1	139	2	1	58	
KANSAS CITY (12 cities)																
July 26	173	15	298	505	492	67	10	22	140	4	1	388	7	-----	101	
August 2	183	13	299	499	488	70	10	22	140	4	1	401	7	-----	101	
August 9	188	15	301	509	487	72	10	22	140	3	1	402	7	-----	101	
August 16	181	14	317	519	506	69	10	22	140	3	1	403	7	-----	101	
DALLAS (9 cities)																
July 26	119	11	246	456	432	48	9	30	128	7	-----	207	-----	-----	85	
August 2	127	10	240	453	430	49	10	30	127	7	1	213	-----	-----	85	
August 9	125	11	246	448	430	42	7	32	127	8	1	217	-----	-----	85	
August 16	124	10	260	456	449	41	8	32	127	7	1	218	-----	1	85	
SAN FRANCISCO (7 cities)																
July 26	349	22	298	973	952	78	22	106	966	90	-----	278	22	22	350	
August 2	338	20	295	971	953	82	24	107	966	86	-----	275	22	21	349	
August 9	347	22	291	976	955	77	21	106	966	82	-----	277	21	22	350	
August 16	348	20	292	980	978	74	21	106	967	82	-----	285	22	20	350	
CITY OF CHICAGO*																
July 26	857	34	225	1,716	1,606	190	21	60	475	18	3	740	-----	12	265	
August 2	893	33	231	1,680	1,575	186	24	60	476	19	3	788	-----	12	266	
August 9	922	38	221	1,682	1,575	179	20	60	477	19	3	810	-----	11	266	
August 16	923	38	226	1,686	1,597	175	26	60	478	19	3	815	-----	12	265	

* 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, ACCEPTANCES, AND BROKERS' BALANCES

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	By holders					By classes					
			Held by accepting banks			Held by Federal Reserve banks		Held by others	Based on im- ports into U. S.	Based on ex- ports from U. S.	Dollar ex- change	Based on goods stored in or shipped between points in	
			Total	Own bills	Bills bought	For own ac- count	For ac- count of foreign corre- spond- ents					U. S.	Foreign coun- tries
1938—July	211	265	217	133	84	1	47	78	63	1	60	63	
August	209	258	216	129	87	(2)	42	83	58	2	55	60	
September	212	261	221	129	92	(2)	40	89	57	2	56	57	
October	213	270	223	130	93	(2)	46	94	57	3	59	56	
November	206	273	222	124	98	(2)	51	94	59	3	59	57	
December	187	270	212	121	91	(2)	58	95	60	3	57	56	
1939—January	195	255	204	122	82		52	89	57	2	52	55	
February	195	248	198	122	76		50	87	57	2	48	54	
March	191	245	191	117	74		54	87	58	2	42	56	
April	192	238	189	118	72		49	86	56	1	38	57	
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	

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)
1937—March	1,549	61	175	223	1,172	346	115	29	18	419
June	1,489	55	161	214	1,217	266	92	25	13	397
September	1,363	48	128	239	1,088	256	66	26	12	385
December	985	34	108	232	688	278	85	26	10	355
1938—March	831	29	95	215	576	239	81	25	9	315
June	774	27	88	215	495	258	89	22	11	298
July	843	28	80	209	528	284	82	22	10	303
August	864	29	84	200	571	272	77	20	9	301
September	823	29	76	213	559	257	68	20	7	300
October	905	32	85	196	617	270	73	20	8	304
November	939	30	78	189	662	252	65	20	8	303
December	991	32	106	190	754	247	60	22	5	305
1939—January	971	34	75	192	713	235	60	22	12	298
February	967	29	83	168	709	222	62	20	5	294
March	953	27	84	174	699	225	59	20	9	294
April	831	26	83	190	579	236	60	20	7	290
May	828	26	76	183	561	230	69	21	6	284
June	834	25	73	178	570	230	70	21	6	280
July	839	24	84	183	589	238	67	20	6	278

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

FEDERAL RESERVE BANK DISCOUNT RATES

[Per cent per annum]

Federal Reserve Bank	Rediscounts and advances under secs. 13 and 13a of the Federal Reserve Act ¹			Advances under sec. 10(b) of the Federal Reserve Act		Advances secured by direct obligations of the United States (last paragraph of sec. 13 of the Federal Reserve Act)	
	Rate Aug. 24	In effect beginning—	Previous rate	Rate Aug. 24	In effect beginning—	Rate Aug. 24	In effect beginning—
Boston	1½	Sept. 2, 1937	2	2	Sept. 2, 1937	2½	April 29, 1938
New York	1	Aug. 27, 1937	1½	2	Oct. 10, 1935	3½	Feb. 8, 1934
Philadelphia	1½	Sept. 4, 1937	2	2	Sept. 4, 1937	4	Oct. 20, 1933
Cleveland	1½	May 11, 1935	2	2	Oct. 19, 1935	3½	May 11, 1935
Richmond	1½	Aug. 27, 1937	2	2	Sept. 10, 1937	4	Feb. 19, 1934
Atlanta	1½	Aug. 21, 1937	2	2	Aug. 21, 1937	2½	April 23, 1938
Chicago	1½	Aug. 21, 1937	2	2	Aug. 21, 1937	4	Oct. 16, 1933
St. Louis	1½	Sept. 2, 1937	2	2	Sept. 2, 1937	4	Feb. 23, 1935
Minneapolis	1½	Aug. 24, 1937	2	2	Aug. 24, 1937	3	Oct. 8, 1938
Kansas City	1½	Sept. 3, 1937	2	2	Sept. 3, 1937	2½	Apr. 16, 1938
Dallas	1½	Aug. 31, 1937	2	2	Aug. 31, 1937	2½	Apr. 16, 1938
San Francisco	1½	Sept. 3, 1937	2	2	Sept. 17, 1937	4	Oct. 19, 1933

¹ Rates indicated also apply to United States Government securities bought under repurchase agreement.

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 Aug. 24	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	¾	do.....	1
121-180 days	1	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).

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.

FEDERAL RESERVE BANK RATES ON INDUSTRIAL ADVANCES

Rates in effect, August 24, 1939, on advances and commitments under Sec. 13b, of the Federal Reserve Act as amended June 19, 1934.

[Per cent per annum except as otherwise specified]

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	2½	(²)	½-2
Cleveland	4½-6	3½	4	1
Richmond	6	4-6	4-6	1-2
Atlanta	5-6	5	5	½
Chicago	5-6	(¹)2½	5-6	1-2
St. Louis	4-5½	3½	4	(²)½
Minneapolis	6	4½-5	4½-5	1
Kansas City	4-6	4	4	½-2
Dallas	5-6	4	5-6	1
San Francisco	5-6	3-4	4-5	½-2

¹ Authorized rate 1 per cent above prevailing discount rate.

² Same as to borrower but not less than 4 per cent.

³ Flat charge.

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

MEMBER BANK RESERVE REQUIREMENTS

[Per cent of deposits]

Classes of deposits and banks	June 21, 1917- Aug. 15, 1936	Aug. 16, 1936- Feb. 28, 1937	Mar. 1, 1937- Apr. 30, 1937	May 1, 1937- Apr. 15, 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. 786 for explanation of method of computing net demand deposits.

MONEY RATES AND BOND YIELDS

OPEN-MARKET RATES IN NEW YORK CITY
[Per cent per annum]

Year, month, or week	Prevailing rate 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 ¹	91-day dealers' quotation	
1936 average	.75	.15	1.16	.91	.143	.17	1.11
1937 average	.95	.43	1.25	1.00	.447	.28	1.40
1938 average	.81	.44	1.25	1.00	.053	.07	.83
1938—July	3/4	7/16	1 1/4	1.00	.053	.07	.70
Aug.	3/4	7/16	1 1/4	1.00	.047	.06	.71
Sept.	5/8-3/4	7/16	1 1/4	1.00	.096	.08	.82
Oct.	5/8-3/4	7/16	1 1/4	1.00	.023	.05	.68
Nov.	5/8-3/4	7/16	1 1/4	1.00	.024	.04	.71
Dec.	5/8	7/16	1 1/4	1.00	.007	.03	.67
1939—Jan.	1/2-5/8	7/16	1 1/4	1.00	.002	.03	.65
Feb.	1/2-5/8	7/16	1 1/4	1.00	.004	.03	.63
Mar.	1/2-5/8	7/16	1 1/4	1.00	.005	.03	.51
April.	1/2-5/8	7/16	1 1/4	1.00	.019	.03	.50
May	1/2-5/8	7/16	1 1/4	1.00	.006	.03	.42
June	1/2-5/8	7/16	1 1/4	1.00	.006	.03	.39
July	1/2-5/8	7/16	1 1/4	1.00	.017	.04	.45
Week ending:							
July 22	1/2-5/8	7/16	1 1/4	1.00	.019	.04	.44
July 29	1/2-5/8	7/16	1 1/4	1.00	.022	.04	.43
Aug. 5	1/2-5/8	7/16	1 1/4	1.00	.032	.04	.42
Aug. 12	1/2-5/8	7/16	1 1/4	1.00	.032	.04	.43
Aug. 19	1/2-5/8	7/16	1 1/4	1.00	.042	.04	.43

¹ 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.

Back figures.—See Annual Report for 1937 (tables 43 and 44). Figures for 91-day Treasury bills available on request.

RATES CHARGED CUSTOMERS BY BANKS IN PRINCIPAL CITIES
[Weighted averages of prevailing rates; per cent per annum]

	1929	1932	1933	1934	1935	1936	1937	1938	1939
New York City:									
January	5.74	4.71	4.12	3.58	2.83	2.64	2.50	2.36	2.29
February	5.73	4.71	4.11	3.43	2.90	2.56	2.41	2.34	2.24
March	5.81	4.72	4.88	3.31	2.64	2.61	2.50	2.40	(1)
April	5.58	4.69	4.33	3.39	2.61	2.54	2.53	2.36	2.36
May	5.88	4.55	4.24	3.42	2.69	2.51	2.44	2.40	2.40
June	5.93	4.61	4.10	3.30	2.66	2.44	2.34	2.36	2.36
July	5.88	4.42	3.93	3.30	2.61	2.44	2.36	2.27	2.27
August	6.05	4.45	3.97	3.33	2.77	2.42	2.41	2.16	2.16
September	6.06	4.30	3.79	3.26	2.72	2.40	2.39	2.25	2.25
October	6.08	4.35	3.76	3.28	2.72	2.46	2.38	2.29	2.29
November	5.86	4.12	3.52	3.22	2.77	2.43	2.45	2.33	2.33
December	5.74	4.22	3.48	3.18	2.61	2.43	2.40	2.33	2.33
Other northern and eastern cities:									
January	5.87	5.07	4.89	4.65	4.08	3.62	3.36	3.37	3.41
February	5.86	5.13	4.84	4.49	4.02	3.63	3.43	3.29	3.33
March	5.91	5.14	5.39	4.52	4.05	3.60	3.34	3.25	(1)
April	6.00	5.10	5.09	4.52	3.99	3.47	3.36	3.26	3.26
May	6.09	5.14	4.99	4.39	3.88	3.45	3.45	3.27	3.27
June	6.02	5.13	4.97	4.30	3.78	3.51	3.32	3.38	3.38
July	6.08	5.05	4.82	4.15	3.87	3.61	3.32	3.28	3.28
August	6.11	5.12	4.68	4.12	3.79	3.47	3.29	3.26	3.26
September	6.24	5.03	4.65	4.11	3.75	3.45	3.33	3.30	3.30
October	6.25	4.96	4.51	4.13	3.75	3.50	3.37	3.37	3.37
November	6.12	4.88	4.54	4.08	3.63	3.47	3.42	3.28	3.28
December	5.94	4.88	4.59	3.98	3.67	3.46	3.36	3.47	3.47
27 southern and western cities:									
January	5.94	5.61	5.60	5.40	4.95	4.47	4.16	4.16	4.10
February	5.96	5.61	5.56	5.39	4.84	4.51	4.15	4.09	4.09
March	6.04	5.64	5.66	5.40	4.85	4.44	4.15	4.15	(1)
April	6.07	5.63	5.68	5.34	4.80	4.40	4.21	4.13	4.13
May	6.10	5.64	5.66	5.28	4.79	4.43	4.17	4.13	4.13
June	6.16	5.62	5.62	5.19	4.76	4.39	4.18	4.14	4.14
July	6.17	5.63	5.54	5.07	4.58	4.35	4.19	4.12	4.12
August	6.22	5.68	5.53	5.05	4.63	4.25	4.18	4.12	4.12
September	6.27	5.63	5.55	5.04	4.51	4.29	4.18	4.07	4.07
October	6.29	5.56	5.50	5.05	4.55	4.25	4.16	4.06	4.06
November	6.29	5.55	5.42	4.93	4.51	4.24	4.17	4.05	4.05
December	6.20	5.60	5.43	4.92	4.55	4.14	4.15	4.04	4.04

¹ Series discontinued. New revised series on somewhat different basis to be substituted.

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
1936 average	2.65	3.07	3.87	3.24	3.46	4.02	4.77	3.50	4.24	3.88
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
1938—July	2.52	2.87	4.17	3.22	3.62	4.21	5.63	3.48	5.25	3.79
August	2.51	2.82	4.09	3.18	3.57	4.13	5.49	3.43	5.09	3.76
September	2.58	3.02	4.17	3.21	3.60	4.20	5.65	3.50	5.18	3.82
October	2.48	2.82	4.03	3.15	3.53	4.08	5.36	3.43	4.94	3.73
November	2.50	2.74	3.95	3.10	3.46	4.02	5.23	3.39	4.83	3.65
December	2.49	2.75	3.95	3.08	3.42	4.02	5.27	3.40	4.82	3.63
1939—January	2.47	2.70	3.86	3.01	3.32	3.97	5.12	3.31	4.70	3.57
February	2.44	2.70	3.81	3.00	3.26	3.94	5.05	3.29	4.63	3.52
March	2.34	2.67	3.74	2.99	3.22	3.87	4.89	3.29	4.46	3.48
April	2.30	2.75	3.84	3.02	3.22	3.97	5.15	3.35	4.66	3.51
May	2.17	2.66	3.78	2.97	3.16	3.92	5.07	3.30	4.60	3.45
June	2.13	2.63	3.71	2.92	3.13	3.86	4.91	3.23	4.47	3.42
July	2.16	2.65	3.66	2.89	3.08	3.83	4.84	3.18	4.42	3.39
Week ending:										
July 29	2.14	2.64	3.63	2.90	3.06	3.79	4.79	3.17	4.37	3.38
Aug. 5	2.14	2.65	3.62	2.90	3.06	3.78	4.78	3.17	4.35	3.38
Aug. 12	2.17	2.66	3.63	2.91	3.07	3.79	4.79	3.17	4.37	3.39
Aug. 19	2.17	2.69	3.65	2.92	3.09	3.78	4.82	3.18	4.39	3.39

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; see BULLETIN for December 1938, pp. 1045-1046 for description.

³ Standard Statistics Co.

⁴ Moody's Investors Service, week ending Friday. Because of limited number of suitable issues, the industrial Aaa group has been reduced from 10 to 4, the industrial Aa group from 10 to 3, the industrial A group from 10 to 8, and the railroad Aaa group from 10 to 5.

Back figures.—See Annual Report for 1937 (table 80); for U. S. Treasury bonds, see pp. 1045-1046 of BULLETIN for December 1938.

BOND PRICES¹

Year, month, or date	U. S. Treasury ²	Municipal ³	Corporate ³			
			Total	Industrial	Railroad	Utility
Number of issues.....	2-6	15	60	20	20	20
1936 average.....	103.7	110.8	97.5	92.2	94.7	105.4
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
1938—July.....	103.8	114.2	80.8	85.0	60.2	97.3
August.....	104.0	115.2	81.3	85.7	60.0	98.1
September.....	103.0	111.7	78.7	84.2	55.7	96.3
October.....	104.3	115.2	81.8	86.8	59.9	98.6
November.....	104.0	116.6	82.1	86.9	60.2	99.3
December.....	104.1	116.5	81.1	86.0	58.6	98.7
1939—January.....	104.4	117.3	81.9	86.2	59.7	99.7
February.....	104.8	117.3	82.1	86.4	59.0	100.7
March.....	106.0	117.9	83.1	87.1	60.9	101.3
April.....	106.6	116.4	79.4	83.8	54.5	99.7
May.....	108.3	118.1	80.2	84.8	54.8	101.0
June.....	109.1	118.6	81.4	86.2	56.2	101.6
July.....	108.9	118.3	81.6	86.3	56.4	102.1
July 26.....	109.2	118.4	82.3	86.5	57.8	102.5
Aug. 2.....	109.2	118.2	82.4	86.7	57.6	102.8
Aug. 9.....	108.8	118.0	81.8	86.3	56.8	102.2
Aug. 16.....	108.8	117.5	81.5	86.2	56.2	102.1

¹ Monthly data are averages of daily figures except for municipal bonds, which are averages of Wednesday figures.
² A average prices of all outstanding bonds due or callable after 12 years, based on quotations from Treasury Department; see BULLETIN for December 1938, pp. 1045-1046 for description. Prices expressed in decimals. Figure for July 5, should be revised to 108.4.
³ Prices derived from average yields, as computed by Standard Statistics Co.
Back figures.—See Annual Report for 1937 (table 79); for U. S. Treasury bonds, see pp. 1045-1046 of BULLETIN for December 1938.

STOCK MARKET

Year, month, or date	Stock prices ¹					Volume of trading ³
	Preferred ²	Common (index, 1926=100)				
		Total	Industrial	Railroad	Utility	
Number of issues.....	20	420	348	32	40	-----
1936 average.....	138.9	111	127	51	104	1,824
1937 average.....	136.2	112	131	49	95	1,519
1938 average.....	135.6	83	99	26	73	1,100
1938—July.....	135.6	88	105	27	77	1,762
August.....	138.1	90	108	28	75	843
September.....	137.9	86	104	26	72	1,054
October.....	140.4	91	110	28	77	1,889
November.....	142.3	95	114	30	81	1,355
December.....	141.7	92	111	29	78	1,195
1939—January.....	141.7	92	109	30	81	1,114
February.....	141.8	90	106	28	84	708
March.....	142.3	92	108	30	86	999
April.....	140.4	82	96	25	80	964
May.....	141.8	83	97	25	82	548
June.....	143.9	86	101	26	85	507
July.....	143.7	86	101	26	85	821
July 26.....	143.3	90	105	27	89	938
Aug. 2.....	143.5	90	105	27	90	790
Aug. 9.....	142.9	87	102	26	88	573
Aug. 16.....	142.9	86	100	25	87	632

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, in thousands of shares. 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-fund-ing)	For new capital							For refunding								
		Total (domestic and foreign)	Domestic						Foreign ¹	Total (domestic and foreign)	Domestic						Foreign ¹
			Total	State and municipal	Federal agencies ²	Corporate					Total	State and municipal	Federal agencies ²	Corporate			
						Total	Bonds and notes	Stocks						Total	Bonds and notes	Stocks	
1929.....	11,513	10,093	9,420	1,418	0	8,002	2,078	5,924	673	1,420	1,387	13	0	1,374	542	833	33
1930.....	7,619	6,912	6,004	1,434	87	4,483	2,980	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.....	4,461	2,359	2,323	971	481	872	807	65	35	2,102	2,075	129	665	1,280	1,249	31	28
1938—July.....	470	391	390	43	216	130	128	2	1	79	79	3	20	56	56	0	0
Aug.....	417	182	182	55	0	127	123	4	0	236	236	11	14	211	211	0	0
Sept.....	238	146	146	53	8	85	83	2	0	92	92	6	6	65	65	(*)	0
Oct.....	766	167	167	103	0	64	62	2	0	599	599	2	323	274	274	1	0
Nov.....	386	226	196	152	0	43	37	6	31	160	135	6	22	108	89	18	0
Dec.....	529	241	241	126	55	60	44	16	0	288	286	15	20	250	240	11	25
1939—Jan.....	257	200	200	76	118	6	5	1	0	57	57	27	19	10	10	(*)	3
Feb.....	561	398	378	44	310	24	17	7	20	163	163	10	17	136	101	35	0
Mar.....	240	162	162	105	4	53	43	10	0	78	75	13	15	47	46	(*)	0
Apr.....	356	143	142	63	2	77	47	31	(*)	213	161	11	21	129	106	23	3
May.....	1,312	117	117	94	2	21	18	3	0	1,195	1,180	7	1,021	151	131	20	53
June.....	605	293	283	253	0	30	22	9	10	312	312	39	21	252	249	2	16
July.....	586	318	318	66	203	49	40	9	0	268	268	18	74	177	137	39	0

* Revised.
¹ Includes issues of noncontiguous U. S. Territories and Possessions.
² Includes publicly-offered issues of Federal credit agencies, but excludes direct obligations of U. S. Treasury.
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).

TREASURY FINANCE
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. savings							
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
1938—July.....	37,191	36,642	33,400	79	21,846	1,275	9,147	1,054	864	1,641	738	106	443
August.....	37,593	37,052	33,681	79	21,846	1,305	9,147	1,304	859	1,757	754	102	440
September.....	38,393	37,850	34,493	79	22,712	1,334	9,067	1,302	830	1,788	739	106	437
October.....	38,423	37,897	34,527	79	22,712	1,367	9,067	1,362	826	1,807	736	94	433
November.....	38,463	38,068	34,559	79	22,712	1,399	9,067	1,303	827	1,937	745	105	431
December.....	39,427	38,899	35,327	79	24,005	1,442	8,496	1,306	827	2,002	743	101	427
1939—January.....	39,631	39,097	35,469	79	24,005	1,580	8,496	1,309	826	2,046	756	109	425
February.....	39,859	39,326	35,533	79	24,005	1,643	8,496	1,316	825	2,207	761	112	421
March.....	39,985	39,442	35,579	79	25,218	1,701	7,270	1,311	827	2,257	779	125	419
April.....	40,063	39,525	35,627	79	25,218	1,751	7,270	1,309	826	2,294	780	122	416
May.....	40,282	39,751	35,680	79	25,218	1,806	7,270	1,308	825	2,442	805	117	414
June.....	40,440	39,886	35,715	79	25,218	1,868	7,243	1,308	839	2,511	820	142	411
July.....	40,661	40,114	35,798	79	25,218	1,949	7,243	1,309	833	2,542	941	140	408

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 old-age reserve account, 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, JULY 31, 1939,

[In millions of dollars]

Date maturing or callable	Maturing					Bonds call-able ¹
	Total	Bills	Notes	Bonds		
				U. S. Sav-ings	Other	
1939—Before Oct. 1.....	918	906	11	-----	-----	-----
Oct. 1—Dec. 31.....	928	402	526	-----	-----	-----
1940—Jan. 1—Mar. 31.....	1,378	-----	1,378	-----	-----	-----
Apr. 1—June 30.....	738	-----	738	-----	-----	353
July 1—Sept. 30.....	-----	-----	-----	-----	-----	-----
Oct. 1—Dec. 31.....	737	-----	737	-----	-----	-----
1941.....	2,219	-----	1,385	-----	834	1,379
1942.....	1,001	-----	1,001	-----	-----	-----
1943.....	1,948	-----	1,050	-----	898	1,855
1944.....	416	-----	416	-----	-----	2,555
1945.....	2,118	-----	177	1,941	-----	1,755
1946.....	1,844	-----	325	1,519	-----	2,372
1947.....	2,824	-----	426	2,399	-----	1,460
1948.....	2,002	-----	515	1,487	1,674	1,460
1949.....	1,326	-----	² 507	819	-----	2,278
1950.....	-----	-----	-----	1,186	-----	2,382
1951.....	1,223	-----	-----	1,223	-----	-----
1952.....	2,436	-----	-----	2,436	-----	-----
1953.....	1,786	-----	-----	1,786	-----	-----
1954.....	2,663	-----	-----	2,663	-----	-----
1955.....	755	-----	-----	755	-----	2,611
1956.....	489	-----	-----	489	-----	982
1958.....	-----	-----	-----	-----	-----	919
1959.....	982	-----	-----	982	-----	-----
1960.....	2,611	-----	-----	2,611	-----	1,485
1961.....	50	-----	-----	50	-----	50
1963.....	919	-----	-----	919	-----	-----
1965.....	1,485	-----	-----	1,485	-----	-----
Total.....	35,798	1,309	7,243	1,949	25,297	25,217

¹ Excludes U. S. savings bonds. Other bonds in the amount of \$2,577,-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 AGENCIES ¹

[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	-----	-----
Dec.....	3,063	980	1,334	249	-----	-----
1935—June.....	4,123	1,226	2,647	250	-----	-----
Dec.....	4,494	1,387	2,855	252	-----	-----
1936—June.....	4,718	1,422	3,044	252	-----	-----
Dec.....	4,662	1,422	2,988	252	-----	-----
1937—June.....	4,665	1,422	2,987	255	-----	-----
Dec.....	4,045	1,410	2,937	297	-----	-----
1938—June.....	4,853	1,410	2,937	299	-----	206
1938—July.....	5,064	1,410	2,937	510	-----	206
Aug.....	5,015	1,410	2,888	511	-----	206
Sept.....	5,009	1,404	2,888	511	-----	206
Oct.....	5,001	1,395	2,888	511	-----	206
Nov.....	4,993	1,388	2,888	511	-----	206
Dec.....	4,992	1,388	2,888	509	-----	206
1939—Jan.....	4,987	1,383	2,888	509	-----	206
Feb.....	5,410	1,381	2,888	819	-----	114
Mar.....	5,410	1,381	2,888	819	-----	114
Apr.....	5,410	1,380	2,888	819	-----	114
May.....	5,409	1,379	2,888	820	-----	114
June.....	5,450	1,379	2,928	820	-----	114
July.....	5,480	1,379	2,958	820	-----	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 \$2,248,000 on July 31, 1939.

² Excludes obligations guaranteed as to interest only.

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. ⁷ excess of receipts (+) or expenditures (-)	Increase or decrease during period				
	Receipts					Expenditures ¹								Excess of receipts (+) or expenditures (-)	General fund balance ⁷	Gross debt		
	Total	Income taxes	Social security taxes ²	Other internal revenue ³	All other	Total	General			Recovery and relief	Revolving funds (net) ⁵	Transfers to trust accts. etc. ⁶						
							Interest on debt	National defense and Veterans' Adm. ⁴	All other									
Fiscal year ending:																		
June 1936	4,116	1,427	(8)	2,086	603	8,666	749	1,340	1,310	3,441	11	1,814	-4,550	+312	+840	+5,078		
June 1937	5,294	2,158	253	2,187	697	8,442	866	1,436	1,994	3,073	204	868	-3,149	+374	-128	+2,646		
June 1938	6,242	2,635	755	2,285	567	7,626	926	1,556	2,178	2,238	121	607	-1,384	+306	-338	+740		
June 1939	5,668	2,182	740	2,238	507	9,210	941	1,627	2,761	3,105	92	685	-3,542	+890	+622	+3,275		
1938—July	311	47	32	186	47	763	13	137	256	216	5	135	-451	+325	-100	+27		
August	487	32	131	283	42	683	17	142	227	236	13	48	-195	-63	+144	+402		
September	711	498	3	170	40	751	146	131	177	243	10	45	-40	-41	+719	+800		
October	332	41	34	209	48	769	67	136	250	262	9	44	-437	-3	-409	+30		
November	382	36	129	175	41	678	9	137	228	249	7	49	-296	-6	-122	+180		
December	704	481	3	181	40	862	173	136	190	309	4	49	-157	-31	+636	+824		
1939—January	308	48	43	173	45	693	30	140	221	258	5	39	-385	+30	-151	+204		
February	417	56	182	143	37	662	17	122	209	254	10	50	-245	+428	+410	+227		
March	737	506	4	183	45	870	120	136	243	297	6	68	-132	+52	+46	+127		
April	268	40	30	156	42	785	66	133	258	266	8	55	-517	+93	-346	+78		
May	397	43	124	187	42	744	10	136	279	262	7	50	-348	+9	-119	+219		
June	613	355	25	193	39	951	272	140	223	252	8	56	-339	+95	-56	+158		
July	308	42	36	187	43	807	15	155	249	220	1	167	-499	-113	-391	+222		

Period	Details of trust accounts, etc.									Details of general fund balance (end of period)						
	Old-age reserve and railroad retirement accounts			Unemployment trust fund			Net expenditures in checking accounts of Government agencies			All other, excess of receipts (+) or expenditures (-) ¹⁰	Total	In-active gold	In-crement on gold	Seigniorage	Work-ing balance	
	Re-ceipts	In-vest-ments	Benefit pay-ments	Re-ceipts	In-vest-ments	With-drawals by States	Recon-struction Finance Corporation	Com-mo-dity Credit Corporation	All other							
Fiscal year ending:																
June 1936				19	19		\$ 241	33	100	+204	2,682			140	316	2,225
June 1937	267	267	(8)	294	293	1	\$ 329	\$ 112	127	+60	2,553	1,087		141	356	970
June 1938	550	461	85	763	560	191	\$ 9	\$ 184	\$ 11	+87	2,216			142	446	1,628
June 1939	639	516	120	838	395	442	\$ 658	136	\$ 246	+116	2,838			142	536	2,160
1938—July	60	40	9	35		36	\$ 260	10	\$ 55	+10	2,116			142	451	1,523
August	48	35	9	131	82	53	10	31	26	+3	2,260			142	455	1,663
September	45	35	9	35	\$ 4	40	24	27	\$ 7	+3	2,978			142	460	2,376
October	44	34	10	38	\$ 14	40	19	23	\$ 6	+19	2,569			142	467	1,960
November	49	34	10	125	96	26	21	18	\$ 11	+13	2,447			142	478	1,828
December	49	34	10	37	32	19	18	16	\$ 4	+8	3,084			142	492	2,449
1939—January	39	34	10	51	10	33	\$ 15	10	\$ 20	+2	2,933			142	503	2,288
February	50	50	10	148	111	36	\$ 326	(8)	\$ 112	-1	3,343			142	508	2,693
March	68	50	11	34		44	\$ 6	2	\$ 37	+14	3,389			142	515	2,732
April	55	50	10	34	\$ 13	41	\$ 60	5	\$ 27	+11	3,044			142	522	2,380
May	50	40	11	137	108	32	3		\$ 4	+23	2,924			142	528	2,254
June	85	83	11	32	\$ 13	41	\$ 86	(9)	\$ 2	+11	2,838			142	536	2,160
July	65	45	10	58	\$ 14	42	16		144	+13	2,447			142	544	1,761

¹ Excludes debt retirements.
² Includes taxes under Social Security Act and on carriers and their employees.
³ Includes miscellaneous internal revenue, unjust enrichment tax, and processing taxes.
⁴ Excludes expenditures for adjusted service which are included under "Transfers to trust accounts, etc."
⁵ Includes revolving funds of Public Works Administration and Farm Credit Administration.
⁶ Includes expenditures for retirement funds, adjusted service certificate fund, old-age reserve account and railroad retirement account; except for the adjusted service certificate fund, these appear as receipts under "Trust accounts, etc."
⁷ Details given in lower section of table. ⁸ Less than \$500,000. ⁹ Excess of credits.
¹⁰ Includes other trust accounts, increment resulting from reduction in weight of the gold dollar, expenditures chargeable against increment on gold (other than retirement of national bank notes) and receipts from seigniorage.

GOVERNMENTAL CORPORATIONS AND CREDIT AGENCIES, JUNE 30, 1939

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

	Recon- struction Finance Corpo- ration and Public Works Admin- istration	Home mortgage and housing agencies			Farm credit agencies				Ten- nes- see Val- ley Auth- ority	In- sur- ance agen- cies	Other	Total						
		Home Owners' Loan Corpo- ration	Other mort- gage agen- cies	United States Hous- ing Auth- ority	Farm mort- gage agen- cies	Other Farm Credit Adm. banks and corpo- rations	Com- mod- ity Credit Corpo- ration	Other				June 30, 1939	May 31, 1939	June 30, 1938				
ASSETS																		
Loans and preferred stock:																		
Loans to financial institutions.....	217		169					(1)		60			446	434	494			
Preferred stock, etc.....	529	216	44				75				(1)		365	863	869			
Loans to railroads.....	463										30		493	501	471			
Home and housing mortgage loans.....		2,081	182	68									2,331	2,325	2,357			
Farm mortgage loans.....					2,658								2,658	2,671	2,804			
Other agricultural loans.....	24					291	372	92			(1)		780	776	663			
All other loans.....	396		(1)					258			238		892	941	856			
Total loans and preferred stock.....	1,629	2,297	395	68	2,658	367	372	350		60	269		8,465	8,511	8,514			
Cash.....	1	240	78	60	109	31	2	17	5	27	15		585	538	444			
U. S. Govt. direct obligations.....	48		37	2	76	170				377	4		713	708	651			
Obligations of Government credit agencies:																		
Fully guaranteed by U. S.....			12			21					106		140	142	158			
Other ¹	8				3	36							48	45	42			
Accounts and other receivables.....	25	10	6	1	201	4	16	(1)	4	63	47		377	377	287			
Business property.....	(1)	6	(1)	130	6	(1)	(1)		239	1	98		481	476	430			
Property held for sale.....	35	549	(1)		121	(1)				2	1		708	713	733			
Other assets.....	2	3	(1)		7	(1)			5	(1)	4		189	191	130			
Total assets other than inter- agency ²	1,749	3,107	529	260	3,181	630	390	372	248	640	600		11,706	11,703	11,389			
LIABILITIES																		
Bonds, notes, and debentures:																		
Guaranteed by United States.....	820	2,949		114	1,379		206			3			5,471	5,410	4,853			
Other ³		(1)	175		1,001	195			8	(1)	8		1,389	1,382	1,346			
Other liabilities (including reserves).....	88	117	39	3	101	11	74	4	6	185	162		791	790	743			
Total liabilities other than interagency ⁴	908	3,066	214	118	2,482	206	280	4	14	188	170		7,651	7,581	6,941			
Excess of assets over liabilities, ex- cluding interagency transactions.....	841	40	315	143	699	424	110	368	234	452	430		4,056	4,122	4,447			
Privately owned interests.....			48		196	3				139			387	389	370			
U. S. Government interests.....	841	40	267	143	503	420	110	368	234	313	430		3,668	3,732	4,078			

¹ Less than \$500,000.

² Includes \$55,000,000 loans of Public Works Administration.

³ Includes \$256,000,000 loans of Farm Security Administration.

⁴ Includes \$122,000,000 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]

	July 31, 1938	Jan. 31, 1939	Feb. 28, 1939	Mar. 31, 1939	Apr. 30, 1939	May 31, 1939	June 30, 1939	July 31, 1939
Loans to financial institutions.....	232,279	205,539	199,183	196,679	193,967	190,447	183,943	¹ 181,502
Loans on preferred stock of banks and insurance companies.....	37,438	34,116	33,779	33,626	33,583	33,494	33,444	33,349
Preferred stock, capital notes, and debentures.....	531,694	532,352	526,153	524,343	528,024	528,573	529,270	526,876
Loans to railroads (including receivers).....	398,304	437,789	436,139	439,560	443,840	436,612	439,199	438,863
Loans for self-liquidating projects.....	193,053	187,588	187,301	186,978	111,391	113,450	44,683	68,106
Loans to industrial and commercial businesses.....	81,060	109,419	110,664	112,048	112,531	114,498	117,079	121,804
Loans to drainage, levee, and irrigation districts.....	79,529	82,396	82,494	82,757	82,966	83,084	83,109	83,358
Other loans.....	4,287	28,952	26,988	27,067	27,129	28,640	27,393	25,196
Securities purchased from Public Works Administration.....	138,132	140,801	136,725	131,090	130,313	128,865	116,577	119,705
Total loans and investments, other than interagency.....	1,695,775	1,758,951	1,739,427	1,734,148	1,663,744	1,657,663	1,574,697	1,598,759
Loans to Federal land banks.....	4,992							
Preferred stock of Export-Import bank.....	20,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Loans to Rural Electrification Administration.....	46,498	47,698	49,848	53,948	56,698	61,148	146,498	146,498
Capital stock of, and loans to R. F. C. Mortgage Co.....	41,186	56,548	51,691	53,258	55,066	55,625	57,004	55,219
Capital stock of, and loans to Fed. Natl. Mtge. Assn.....	11,788	11,000	17,234	24,215	29,398	33,796	37,996	41,776
Loans to Tennessee Valley Authority.....		3,000	3,000	3,000	3,000	3,000	8,300	8,300
Total loans and investments.....	1,820,239	1,922,197	1,906,200	1,913,569	1,852,906	1,856,232	1,869,585	1,895,551

¹ Includes \$52,000,000 of loans for distribution to depositors of closed banks.

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	111,182	33,969	27,851	54,863
1935—December	2,071,925	794,726	104,706	47,162	94,096	43,400	172,489	2,731	50,013	44,433
1936—December	2,064,158	836,779	129,872	41,017	105,212	25,288	164,887	1,641	69,647	53,754
1937—December	2,035,307	812,749	165,194	40,464	138,169	15,592	172,130	1,813	87,633	30,982
1938—July	2,013,645	781,703	199,288	42,582	183,891	14,442	183,289	118	75,264	25,028
August	2,008,661	776,982	197,274	42,984	181,154	14,003	181,867	118	75,961	26,119
September	2,003,810	771,988	189,937	40,808	170,806	13,374	179,898	256	82,544	27,370
October	1,997,561	766,502	174,626	36,121	154,560	12,354	174,574	744	86,931	27,917
November	1,990,475	760,326	166,549	34,537	148,430	11,592	172,043	851	86,221	25,313
December	1,982,224	752,851	168,392	33,545	148,037	11,081	170,891	920	87,496	23,728
1939—January	1,973,179	745,631	163,815	33,077	148,416	10,863	169,707	834	80,266	23,948
February	1,968,790	740,870	166,996	34,115	155,409	10,689	170,400	1,152	73,692	23,631
March	1,960,357	733,647	175,362	35,318	167,867	10,399	175,509	1,528	65,783	23,305
April	1,954,677	728,489	182,643	36,483	177,792	10,298	179,156	1,256	61,363	23,190
May	1,947,944	723,187	186,588	38,124	183,351	10,286	179,834	596	60,465	23,061
June	1,940,586	717,622	190,359	39,794	187,712	10,235	179,565	359	59,577	22,592
July	1,934,013	712,823	189,044	40,657	187,844	10,003	178,754	263	62,124	22,189

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	1,328	853,500	200,092
1938—July	2,248,982	1,348	961,300	191,889
August	2,234,899	1,354	976,074	189,415
September	2,221,417	1,365	994,218	189,548
October	2,203,896	1,370	1,011,087	189,217
November	2,186,170	1,374	1,020,873	189,685
December	2,168,920	1,368	1,034,162	198,840
1939—January	2,149,038	1,370	1,040,770	178,852
February	2,134,261	1,375	1,051,109	170,614
March	2,117,598	1,375	1,067,887	161,614
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

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—July	1,252	1,290	115	1,103	936	167	72
August	1,252	1,291	102	1,103	937	166	86
September	1,252	1,291	99	1,113	947	166	79
October	1,248	1,287	98	1,118	952	166	71
November	1,250	1,289	96	1,118	952	166	75
December	1,250	1,291	87	1,128	961	167	76
1939—January	1,252	1,291	86	1,132	965	167	73
February	1,259	1,299	83	1,137	971	166	79
March	1,263	1,304	81	1,144	978	166	79
April	1,266	1,309	80	1,153	986	167	76
May	1,264	1,306	76	1,154	988	166	76
June	1,261	1,305	73	1,157	1,011	146	75
July	^{p1} 1,262						
	^{p1} 1,268						

^{p1} 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.

PRODUCTION, EMPLOYMENT, AND TRADE

[Index numbers; 1923-25 average=100. The terms "adjusted" and "unadjusted" refer to adjustment for seasonal variation]

Year and month	Industrial production ¹ *						Construction contracts awarded (value) ²						Factory employment ³		Factory pay-rolls ³		Freight-car loadings ⁴ *		Department store sales ⁴ * (value)			
	Total		Manufactures		Minerals		Total		Residential		All other		Ad-justed	Unad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	
	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	
1919.....		83		84		77		63		44		79		107		98		84		78		84
1920.....		87		87		89		63		30		90		107		117		91		87		94
1921.....		67		67		70		66		44		65		82		76		78		80		87
1922.....		85		86		74		79		68		88		91		81		85		88		88
1923.....		101		101		105		84		81		86		104		103		100		98		98
1924.....		95		94		96		94		95		94		96		96		98		99		103
1925.....		104		105		99		122		124		120		100		101		103		100		106
1926.....		108		108		108		129		121		135		102		104		107		106		107
1927.....		106		106		107		129		117		139		100		102		104		107		107
1928.....		111		112		106		135		126		142		100		104		104		108		108
1929.....		119		119		115		117		87		142		106		110		107		111		111
1930.....		96		95		99		112		50		125		92		89		92		102		102
1931.....		81		80		84		63		37		84		78		68		74		92		92
1932.....		64		63		71		28		13		40		66		47		55		67		67
1933.....		76		75		82		25		11		37		73		50		58		69		69
1934.....		79		78		86		32		12		48		86		65		62		75		75
1935.....		90		90		91		37		21		50		60		74		64		70		70
1936.....		105		105		105		55		37		70		98		86		75		88		88
1937.....		110		109		115		59		41		74		106		102		82		92		92
1938.....		86		84		98		64		45		80		87		78		78		85		85
1936																						
June.....	104	104	105	105	100	101	52	60	36	39	65	78	97	96	84	73	73	87	84	84	84	
July.....	108	105	109	105	102	102	59	65	44	45	71	82	98	87	83	76	77	90	90	90	84	
Aug.....	108	108	110	106	99	104	62	65	46	46	75	81	99	100	87	76	77	87	87	88	88	
Sept.....	109	108	110	107	102	110	59	60	47	47	69	70	100	102	87	75	84	88	84	84	84	
Oct.....	110	111	110	110	105	115	57	54	43	41	69	65	101	103	93	77	86	90	100	100	100	
Nov.....	114	115	114	115	112	115	58	51	40	39	72	62	103	103	94	82	84	94	105	105	105	
Dec.....	121	114	121	114	117	111	66	53	45	38	83	65	105	104	99	83	77	92	161	161	161	
1937																						
Jan.....	114	112	115	113	111	107	63	51	45	37	77	63	105	103	94	80	73	93	72	72	72	
Feb.....	116	117	116	118	116	112	62	54	47	42	75	64	106	105	100	82	76	95	76	76	76	
Mar.....	118	122	117	122	128	119	56	56	45	47	64	63	107	108	106	83	80	93	90	90	90	
April.....	118	122	118	125	115	105	53	61	44	51	61	68	108	109	109	84	79	93	89	89	89	
May.....	118	122	118	123	117	118	56	68	44	52	66	81	109	109	110	80	80	93	95	95	95	
June.....	114	115	114	114	115	118	61	72	42	47	77	92	108	108	107	78	79	93	90	90	90	
July.....	114	111	114	110	112	115	67	75	44	45	86	99	109	108	105	80	82	92	65	65	65	
Aug.....	117	115	117	114	113	121	62	66	40	40	81	87	109	109	108	79	81	93	72	72	72	
Sept.....	111	109	110	106	116	125	56	56	37	37	71	72	107	109	104	78	87	94	100	100	100	
Oct.....	102	102	100	99	113	123	52	49	36	35	65	61	105	107	105	76	84	93	103	103	103	
Nov.....	88	90	85	86	109	112	56	50	32	31	76	65	101	101	93	71	72	91	101	101	101	
Dec.....	84	80	79	75	115	108	61	49	30	25	87	68	95	95	84	67	62	89	156	156	156	
1938																						
Jan.....	80	79	76	75	108	103	52	42	26	22	73	69	90	88	75	65	59	90	70	70	70	
Feb.....	79	79	75	76	103	99	51	44	32	28	66	56	89	88	77	62	57	88	77	77	77	
Mar.....	79	80	75	77	104	96	46	46	33	35	56	55	87	86	77	60	57	86	77	77	77	
April.....	77	78	73	76	100	91	52	59	37	43	65	73	85	86	75	57	55	83	86	86	86	
May.....	76	77	73	75	92	80	51	61	37	44	62	76	84	83	73	58	57	78	80	80	80	
June.....	77	77	74	75	92	82	54	63	42	46	64	76	82	82	71	58	58	82	79	79	79	
July.....	83	81	82	79	83	83	65	65	49	49	68	78	83	82	71	61	62	83	85	85	85	
Aug.....	88	87	87	85	85	87	66	69	53	52	77	84	85	85	77	62	63	83	65	65	65	
Sept.....	90	91	89	89	97	102	78	79	56	56	96	97	87	89	81	64	71	86	91	91	91	
Oct.....	96	97	95	95	98	106	82	78	57	56	102	96	88	90	84	68	75	84	92	92	92	
Nov.....	103	104	103	103	102	105	96	85	56	54	128	111	90	91	84	69	70	89	99	99	99	
Dec.....	104	98	104	98	109	103	96	77	57	48	128	100	92	91	87	69	64	89	156	156	156	
1939																						
Jan.....	101	99	100	98	110	105	86	70	55	45	111	90	92	90	83	69	63	88	69	69	69	
Feb.....	99	99	97	98	110	105	73	63	58	51	85	72	91	91	86	67	62	87	69	69	69	
Mar.....	98	100	96	100	110	102	69	69	55	58	80	79	91	91	87	66	63	88	82	82	82	
April.....	92	95	92	96	95	88	67	76	58	68	74	83	91	91	85	60	58	88	88	88	88	
May.....	92	94	91	94	98	97	63	75	55	65	68	84	90	90	84	62	62	85	87	87	87	
June.....	98	98	97	97	104	105	63	73	58	64	67	80	91	91	86	67	67	86	83	83	83	
July.....	102	98	101	96	108	109	67	73	56	48	71	81	92	91	84	69	60	86	80	80	80	

¹ Preliminary. ² Revised. ³ Average per working day.

¹ For indexes of groups and separate industries see pp. 805-806; for description see BULLETIN for February and March 1927.

² 3-month moving average of F. W. Dodge Corporation data, centered at second month; for description see p. 358 of BULLETIN for July 1931.

³ The indexes for factory employment and payrolls unadjusted for seasonal variation are compiled by the Bureau of Labor Statistics. For description of the seasonally adjusted index of factory employment compiled by F. R. Board of Governors see pp. 835-837 of BULLETIN for October 1938.

For current indexes of groups and separate industries see pp. 807-810. Underlying figures are for payroll period ending nearest middle of month.

⁴ For indexes of groups see p. 812.

Back figures.—See Annual Report for 1937 (table 81). For department store sales see BULLETIN for October 1938, p. 918; for factory employment and payrolls see BULLETIN for October 1938, pp. 838-866.

INDUSTRIAL PRODUCTION, BY INDUSTRIES (ADJUSTED INDEXES)

[Index numbers of the Board of Governors; adjusted for seasonal variation. 1923-25 average=100]

Industry	1938							1939						
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Manufactures—Total	74	82	87	89	95	103	104	100	97	96	92	91	97	p101
Durable.....	50	58	64	69	83	94	92	88	83	80	76	71	82	p90
Nondurable.....	95	102	108	107	106	110	114	110	109	110	106	108	110	p111
IRON AND STEEL	46	62	70	75	90	108	101	*93	*88	83	79	73	89	104
Pig iron.....	36	42	51	59	67	76	74	72	73	75	66	55	73	81
Steel ingots.....	47	64	72	77	92	112	104	*95	89	84	*80	*75	90	106
TRANSPORTATION EQUIPMENT:														
Automobiles ²	46	43	45	46	84	96	99	105	98	91	87	73	81	87
Locomotives.....	14	12	4	4	5	8	12	13	11	12	13			
NONFERROUS METALS:														
Tin deliveries ¹	73	68	65	71	81	73	59	66	72	76	92	102	93	87
Zinc.....	70	69	74	75	80	88	94	89	87	90	91	89	90	91
Lead.....	64	54	46	50	50	66	57	70	73	69	71	82	70	68
CEMENT AND GLASS:														
Cement.....	69	71	67	69	80	84	82	69	80	90	81	75	79	82
Glass, plate.....	80	77	89	107	155	155	153	147	133	131	83	89	124	87
COKE:														
Byproduct.....	69	71	81	89	98	105	106	106	105	106	94	77	103	110
Beehive.....	5	5	5	6	6	6	6	6	5	5	2	2	5	5
TEXTILES	87	97	110	103	100	112	117	109	109	110	97	104	111	p111
Cotton consumption.....	88	101	115	108	104	112	120	110	111	114	106	110	115	117
Wool.....	75	87	106	93	91	107	116	107	111	105	85	105	116	p114
Consumption.....	92	110	133	107	101	123	134	114	117	119	91	120	138	p134
Machinery activity ¹	69	74	91	86	87	101	112	113	113	91	80	98	105	p107
Carpet and rug loom activity ¹	38	42	55	66	67	69	72	77	87	84	78	73	70	p65
Silk deliveries.....	101	105	102	111	104	123	116	107	97	108	88	76	84	84
LEATHER AND PRODUCTS	91	103	109	103	101	107	123	124	124	121	115	113	108	p115
Tanning.....	75	78	82	78	81	90	98	103	105	95	97	94	91	-----
Cattle hide leathers.....	74	77	86	86	89	94	99	100	104	93	91	91	88	-----
Calf and kip leathers.....	76	80	77	72	69	89	109	119	118	103	101	89	90	-----
Goat and kid leathers.....	74	76	75	65	70	77	85	97	97	95	106	104	100	-----
Boots and shoes.....	101	119	126	119	114	118	138	137	137	138	127	126	119	p130
FOOD PRODUCTS:														
Slaughtering and meat packing.....	81	83	89	98	95	94	86	87	83	89	90	94	87	89
Hogs.....	58	62	74	88	92	88	79	74	67	73	81	84	73	77
Cattle.....	108	107	103	106	94	96	89	97	100	106	99	104	103	102
Calves.....	110	112	115	118	108	112	106	111	108	110	105	108	104	107
Sheep.....	151	152	153	152	149	152	137	150	157	156	135	142	143	145
Wheat flour.....	98	98	87	88	91	86	92	92	94	97	100	95	100	96
Sugar meltings.....	78	85	86	106	103	100	108	106	70	78	94	72	66	81
TOBACCO PRODUCTS	154	154	161	160	150	164	[179	165	162	164	164	170	170	158
Cigars.....	73	71	73	75	74	76	76	79	77	78	77	75	75	73
Cigarettes.....	219	219	232	229	211	233	258	237	231	236	236	246	247	227
Manufactured tobacco.....	84	84	81	84	78	95	97	78	78	80	81	85	84	80
PAPER AND PRINTING:														
Newsprint production.....	51	54	53	57	58	63	61	61	61	62	63	65	63	63
Newsprint consumption.....	123	125	123	130	132	128	128	125	127	126	130	127	132	126
PETROLEUM REFINING	193	200	203	206	208	208	201	205	201	202	209	211	215	-----
Gasoline ¹	248	258	264	265	269	269	259	262	256	256	265	269	276	-----
Kerosene.....	117	106	104	109	102	104	107	112	113	122	122	124	122	-----
Fuel oil ¹	126	132	134	141	143	140	142	145	138	140	143	143	144	-----
Lubricating oil ¹	103	110	108	113	110	109	100	106	117	111	115	119	121	-----
RUBBER TIRES AND TUBES¹	70	81	90	95	99	100	112	110	109	114	104	102	112	111
Tires, pneumatic ¹	73	84	93	98	103	104	116	115	114	119	108	106	*117	116
Inner tubes ¹	50	56	69	71	72	75	79	76	71	76	73	68	*77	77
Minerals—Total	92	93	95	97	98	102	109	110	110	110	95	98	104	p108
Bituminous coal.....	57	60	64	71	72	76	78	75	79	77	31	46	71	p76
Anthracite.....	74	47	38	50	49	58	67	69	61	61	80	73	59	p53
Petroleum, crude.....	153	161	167	158	161	165	169	171	169	173	174	175	170	p176
Iron ore.....	34	38	37	41	50	42	-----	-----	-----	-----	-----	55	67	74
Zinc.....	70	69	74	75	80	88	94	89	87	90	91	89	90	91
Lead.....	64	54	46	50	50	66	57	70	73	69	71	82	70	68
Silver.....	91	99	105	102	102	51	85	86	100	86	101	71	107	-----

¹ Without seasonal adjustment.

² Preliminary.

* Revised.

² Seasonal adjustment factors for latter half of 1939 revised due to earlier shift to new model production. Tentative adjustment factors: July, 76; August, 31; September, 75; October, 118; November, 118; December, 110.

NOTE.—For description see BULLETINS for February and March 1927. For latest revisions see BULLETINS for March 1932, pp. 194-196, September 1933, pp. 534-537, November 1936, p. 911, March 1937, p. 255, October 1938, p. 911, and January 1939, pp. 20-21. Series on silk-loom activity and on production of book paper, wrapping paper, fine paper, boxboard, mechanical wood pulp, chemical wood pulp, paper boxes, and lumber, usually published in this table, are in process of revision.

INDUSTRIAL PRODUCTION, BY INDUSTRIES (UNADJUSTED INDEXES)

[Index numbers of the Board of Governors; without seasonal adjustment. 1923-25 average=100]

Industry	1938							1939						
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Manufactures—Total	75	79	85	89	95	103	98	*98	98	100	96	94	97	¶96
Durable.....	52	58	63	66	79	92	85	84	83	86	84	78	85	¶85
Nondurable.....	94	97	104	109	109	113	108	111	111	111	106	107	108	¶106
IRON AND STEEL	46	57	69	75	88	100	89	*90	92	93	*87	79	89	97
Pig iron.....	36	39	49	57	67	77	73	71	75	79	70	56	72	77
Steel ingots.....	47	59	71	76	90	103	90	*92	93	*95	*89	81	90	99
TRANSPORTATION EQUIPMENT:														
Automobiles.....	52	45	26	26	63	115	117	105	98	105	106	88	91	66
Locomotives.....	14	12	5	4	5	8	13	11	11	12	12			
NONFERROUS METALS:														
Tin deliveries.....	73	68	65	71	81	73	59	66	72	76	92	102	93	87
Zinc.....	68	64	69	71	78	88	96	94	93	96	94	90	87	84
Lead.....	65	52	44	48	52	69	58	71	75	70	70	80	71	65
CEMENT AND GLASS:														
Cement.....	86	87	87	86	91	83	64	42	48	65	79	88	98	100
Glass, plate.....	72	69	89	107	155	155	153	147	133	138	91	93	112	78
COKE:														
Byproduct.....	68	69	79	88	98	107	107	107	108	109	95	76	101	107
Beehive.....	4	4	4	5	6	6	7	7	7	6	2	2	5	4
TEXTILES	83	90	103	104	103	116	111	114	115	112	100	104	105	¶103
Cotton consumption.....	85	92	103	104	107	117	110	116	119	119	113	113	111	106
Wool.....	71	81	101	96	96	113	117	109	116	106	84	100	109	¶106
Consumption.....	83	98	123	113	111	134	135	118	128	122	88	111	124	¶119
Machinery activity.....	69	74	91	86	87	101	112	113	113	91	80	98	105	¶107
Carpet and rug loom activity.....	38	42	55	66	67	69	72	77	87	84	78	73	70	¶65
Silk deliveries.....	90	100	106	116	104	127	103	122	104	104	87	75	75	80
LEATHER AND PRODUCTS	87	102	121	119	111	102	104	115	126	125	112	¶105	104	¶113
Tanning.....	73	78	84	84	86	88	95	98	108	94	94	88	89	-----
Cattle hide leathers.....	73	75	85	90	92	93	96	101	111	94	91	87	85	-----
Calf and kip leathers.....	74	93	93	83	82	85	94	98	108	91	91	85	88	-----
Goat and kid leathers.....	74	71	74	68	73	76	92	92	101	97	105	96	100	-----
Boots and shoes.....	96	117	145	143	128	112	109	125	138	145	124	115	113	¶127
FOOD PRODUCTS:														
Slaughtering and meat packing.....	80	79	77	90	94	104	101	101	83	84	81	92	86	84
Hogs.....	60	56	56	66	79	97	103	100	74	74	72	81	76	69
Cattle.....	101	106	101	118	110	111	94	98	88	92	87	101	96	101
Calves.....	114	109	106	113	113	114	100	104	100	111	114	122	108	104
Sheep.....	148	152	154	176	163	151	135	151	147	142	127	139	140	145
Wheat flour.....	86	95	94	104	102	93	88	90	91	91	91	90	88	94
Sugar meltings.....	93	104	97	114	98	78	62	70	69	92	109	81	78	98
TOBACCO PRODUCTS	169	167	172	177	161	167	145	157	147	156	151	172	186	171
Cigars.....	80	74	76	86	90	90	57	61	67	71	72	78	81	76
Cigarettes.....	241	241	250	252	222	231	212	232	211	224	215	248	272	249
Manufactured tobacco.....	86	84	84	91	81	92	79	79	79	81	78	85	86	80
PAPER AND PRINTING:														
Newsprint production.....	52	53	52	57	58	63	61	62	61	61	64	66	64	62
Newsprint consumption.....	122	111	110	128	140	137	132	120	125	131	139	131	131	112
PETROLEUM REFINING	192	199	203	206	209	208	202	205	202	201	208	211	215	-----
Gasoline.....	248	258	264	265	269	269	259	262	256	256	265	269	276	-----
Kerosene.....	109	98	99	111	107	113	115	115	115	119	121	119	113	-----
Fuel oil.....	126	132	134	141	143	140	142	145	138	140	143	143	144	-----
Lubricating oil.....	103	110	108	113	110	109	100	106	117	111	115	119	121	-----
RUBBER TIRES AND TUBES	70	81	90	95	99	100	112	110	109	114	104	102	112	111
Tires, pneumatic.....	73	84	93	98	103	104	116	115	114	119	108	106	¶117	116
Inner tubes.....	50	56	69	71	72	75	79	76	71	76	73	68	¶77	77
Minerals—Total	92	93	97	102	106	105	103	105	105	102	88	97	105	¶109
Bituminous coal.....	51	55	62	76	79	86	82	83	83	77	26	40	63	¶69
Anthracite.....	64	39	38	51	63	60	66	74	66	50	83	73	51	¶44
Petroleum, crude.....	156	165	170	163	163	163	164	164	166	171	174	177	173	¶179
Iron ore.....	67	78	76	78	86	35	-----	-----	-----	-----	-----	82	132	150
Zinc.....	68	64	69	71	78	88	96	94	93	96	94	90	87	84
Lead.....	65	52	44	48	52	69	58	71	75	70	70	80	71	65
Silver.....	89	84	104	97	101	55	86	86	108	94	102	69	105	-----

* Preliminary.

* Revised.

NOTE.—For description see BULLETINS for February and March 1927. For latest revisions see BULLETINS for March 1932, pp. 194-196, September 1933, pp. 534-537, March 1937, p. 256, October 1938, p. 912, and January 1939, pp. 20-21. Series on silk-loom activity and on production of book paper, wrapping paper, fine paper, boxboard, mechanical wood pulp, chemical wood pulp, paper boxes, and lumber, usually published in this table, are in process of revision.

FACTORY EMPLOYMENT, BY INDUSTRIES (ADJUSTED FOR SEASONAL VARIATION)

[Index numbers of the Board of Governors; adjusted to Census of Manufactures through 1935. 1923-25 average=100]

Industry and group	1938							1939						
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Total.....	82.4	82.9	84.9	86.9	87.5	90.0	91.6	91.7	91.3	91.0	90.8	90.4	91.4	91.7
Durable goods.....	71.9	70.7	72.0	75.7	77.9	81.3	83.2	83.6	83.4	83.0	83.2	82.2	83.2	82.6
Nondurable goods.....	92.4	94.5	97.2	97.6	96.7	98.3	99.5	99.5	98.7	98.6	98.0	98.2	99.2	100.3
IRON, STEEL, PRODUCTS.....	77.8	77.3	79.4	80.9	83.1	86.2	88.1	87.7	87.6	87.7	87.6	86.7	87.4	87.6
Blast furnaces, steel works.....	83	83	84	85	86	90	92	92	91	91	91	91	91	93
Bolts, nuts, washers, rivets.....	77	78	79	83	85	90	92	91	91	92	89	88	88	89
Cast-iron pipe.....	62	60	61	64	65	67	67	66	67	68	67	68	68	67
Cutlery, edge tools.....	76	67	76	78	79	81	83	83	82	83	83	79	84	84
Forgings.....	40	40	42	44	46	48	48	49	48	47	49	48	48	50
Hardware.....	61	57	62	67	79	84	86	85	83	82	80	76	69	68
Plumbers' supplies.....	73	73	73	74	72	73	73	73	73	73	73	74	75	76
Stamped, enameled ware.....	113	108	118	123	127	134	134	131	131	135	131	130	135	134
Steam, hot-water heating.....	65	69	70	68	69	68	68	68	69	69	69	68	69	72
Stoves.....	70	71	75	74	77	74	77	78	79	80	79	80	81	84
Structural, ornamental.....	58	58	58	58	60	60	63	63	67	68	68	68	67	68
Tin cans, tinware.....	87	86	90	89	84	87	88	89	90	90	91	90	91	91
Tools.....	73	70	73	76	77	80	83	83	85	84	84	84	84	80
Wirework.....	114	112	111	132	145	163	172	163	161	160	156	150	143	134
MACHINERY.....	86.0	83.3	84.7	85.2	86.8	89.1	91.6	92.1	93.9	94.9	94.9	94.4	95.4	96.0
Agricultural implements.....	124	103	106	96	99	99	105	109	118	118	116	114	112	110
Cash registers, etc.....	137	138	135	136	136	135	136	134	134	133	129	128	130	129
Electrical machinery.....	75	73	74	77	80	83	84	83	84	85	86	85	86	86
Engines, turbines, etc.....	82	81	83	83	86	88	88	93	92	92	92	93	96	95
Foundry, machine-shop products.....	77	76	77	78	78	79	82	82	83	84	84	84	85	86
Machine tools.....	115	112	112	114	115	117	119	121	124	127	131	133	136	141
Radios, phonographs.....	83	82	82	81	89	106	111	114	116	118	113	110	111	118
Textile machinery.....	54	54	58	61	62	65	67	67	69	70	71	73	73	75
Typewriters.....	116	117	119	122	125	126	126	126	127	128	128	125	125	122
TRANSPORTATION EQUIPMENT.....	61.1	56.9	55.9	74.2	81.5	89.9	93.9	93.3	92.0	90.4	90.3	86.3	88.0	80.3
Aircraft.....	790	787	759	779	810	823	854	885	950	952	1,057	1,149	1,246	1,363
Automobiles.....	60	55	55	79	89	99	104	102	98	97	96	89	89	78
Cars, electric, steam-railroad.....	24	23	24	28	26	27	30	32	35	33	31	31	31	30
Locomotives.....	25	20	18	16	16	17	17	20	18	17	19	22	26	30
Shipbuilding.....	99	99	91	89	91	97	100	103	109	107	109	115	123	125
NONFERROUS METALS, PRODUCTS.....	81.3	82.0	84.4	86.7	89.0	92.3	93.5	93.7	94.0	93.9	93.7	93.2	93.3	94.9
Aluminum.....	122	124	131	137	140	141	141	145	150	153	152	155	164	164
Brass, bronze, copper.....	86	87	90	93	95	101	100	99	99	98	97	98	99	99
Clocks, watches.....	78	78	80	79	81	79	79	84	84	84	85	84	82	85
Jewelry.....	84	85	87	88	87	90	94	93	95	96	96	94	95	98
Lighting equipment.....	65	66	72	76	83	87	91	92	89	86	83	81	78	80
Silverware, plated ware.....	58	57	59	59	62	63	64	65	66	66	66	66	66	68
Smelting, refining.....	65	64	64	65	66	70	72	72	72	72	72	72	71	71
LUMBER, PRODUCTS.....	59.9	60.2	61.9	63.2	62.9	64.5	65.3	66.3	65.6	63.7	64.6	65.2	65.9	66.7
Furniture.....	73	73	75	76	75	76	79	79	80	80	81	80	81	82
Lumber, millwork.....	49	50	52	53	53	55	55	56	55	54	54	53	56	57
Lumber, sawmills.....	48	49	50	51	51	53	53	54	53	50	51	53	53	53
STONE, CLAY, GLASS PRODUCTS.....	63.2	63.4	64.0	65.4	67.8	71.1	72.0	73.6	71.5	71.8	72.2	69.7	71.6	72.3
Brick, tile, terra cotta.....	45	46	46	48	49	52	53	57	55	54	54	51	53	54
Cement.....	63	64	64	63	67	68	67	64	65	66	67	62	66	66
Glass.....	78	76	79	82	87	92	93	94	90	89	91	90	92	92
Marble, granite, slate.....	42	42	40	40	41	42	44	44	42	47	47	46	44	45
Pottery.....	74	75	75	75	76	78	79	81	80	79	78	78	81	82
TEXTILES, PRODUCTS.....	87.4	92.1	96.4	97.0	95.6	96.7	98.9	98.4	98.5	97.7	96.4	96.4	98.0	100.7
Fabrics.....	79.3	83.4	87.2	87.1	86.3	88.6	90.3	90.0	89.8	89.2	88.3	88.9	90.1	92.4
Carpets, rugs.....	48	63	68	72	76	80	82	83	83	83	83	81	79	79
Cotton goods.....	78	81	85	85	84	85	85	85	86	85	85	85	86	88
Cotton small wares.....	70	71	75	78	79	83	85	84	84	82	80	82	81	86
Dyeing, finishing textiles.....	101	104	107	107	106	107	110	111	112	111	111	113	110	117
Hats, fur-felt.....	64	82	85	87	90	84	83	84	84	81	80	79	83	85
Knit goods.....	106	109	111	111	111	112	115	113	114	115	114	114	115	118
Hosiery.....	135	138	140	140	141	141	144	145	146	147	146	146	145	147
Knitted outerwear.....	70	72	76	76	77	76	82	68	73	75	72	73	77	80
Knitted underwear.....	65	70	70	69	69	70	71	72	72	71	71	73	74	78
Knitted cloth.....	137	139	150	147	152	157	162	151	151	151	149	144	156	156
Silk, rayon goods.....	58	57	61	61	60	61	62	61	62	63	62	63	61	60
Woolen, worsted goods.....	62	70	74	73	71	79	83	83	79	76	72	77	81	83
Wearing apparel.....	104.1	109.8	115.7	117.9	115.4	113.6	116.4	116.0	116.6	115.5	112.8	111.7	114.0	117.8
Clothing, men's.....	81	91	101	103	102	102	103	101	102	102	100	100	101	104
Clothing, women's.....	158	163	166	170	164	161	166	165	166	165	158	155	162	168
Corsets, allied garments.....	98	96	97	97	98	99	101	101	101	101	103	105	108	110
Men's furnishings.....	126	132	136	142	143	138	140	132	137	132	129	126	130	137
Millinery.....	65	65	68	71	72	61	66	68	72	72	69	68	63	62
Shirts, collars.....	115	113	118	116	114	114	116	126	120	118	116	117	117	120

r Revised.

FACTORY EMPLOYMENT, BY INDUSTRIES (ADJUSTED FOR SEASONAL VARIATION)—Continued

[Index numbers of the Board of Governors; adjusted to Census of Manufactures through 1935. 1923-25 average=100]

Industry and group	1938							1939						
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
LEATHER, MANUFACTURES	84.4	88.4	89.6	91.3	90.8	91.4	92.1	92.8	92.9	93.2	91.7	88.1	90.9	92.3
Boots, shoes.....	85	90	91	92	91	92	92	93	93	92	88	91	92	
Leather.....	73	75	78	79	81	84	84	86	85	85	84	82	84	85
FOOD, PRODUCTS	121.2	122.2	123.0	122.2	119.2	122.8	124.2	124.2	121.3	122.5	122.3	123.7	124.6	123.4
Baking.....	143	144	144	143	142	143	144	143	144	144	143	145	146	146
Beverages.....	232	232	236	234	234	245	244	245	244	240	241	242	244	239
Butter.....	102	101	103	100	99	99	100	100	98	98	99	99	99	99
Canning, preserving.....	131	136	140	131	111	128	129	129	122	136	134	137	139	128
Confectionery.....	78	78	79	79	79	79	82	80	79	79	77	78	77	78
Flour.....	77	77	77	75	75	77	78	78	76	78	76	79	80	80
Ice cream.....	77	77	78	77	78	80	80	80	80	79	80	79	79	77
Slaughtering, meat packing.....	94	95	95	96	97	99	99	96	95	94	95	97	98	99
Sugar, beet.....	91	92	89	109	101	101	142	199	112	101	97	*101	98	92
Sugar refining, cane.....	89	85	88	92	89	88	87	89	86	89	94	81	83	87
TOBACCO MANUFACTURES	65.2	61.9	62.9	64.3	63.2	63.7	64.2	64.5	63.5	60.3	63.2	63.7	64.2	64.4
Tobacco, snuff.....	62	61	61	63	58	61	62	59	59	60	61	60	60	59
Cigars, cigarettes.....	66	62	63	65	64	64	65	65	64	60	63	64	65	65
PAPER, PRINTING	103.0	103.0	103.7	104.0	104.3	105.4	106.0	106.0	105.9	106.3	106.3	106.3	105.9	107.1
Boxes, paper.....	95	95	96	96	97	100	101	102	102	103	102	102	102	103
Paper, pulp.....	102	102	103	104	105	106	106	106	106	106	106	107	106	106
Book, job printing.....	99	100	99	99	99	100	101	101	100	101	101	100	100	102
Newspaper, periodical printing.....	105	104	105	105	105	106	106	105	106	106	106	106	106	107
CHEMICALS, PETROLEUM	108.4	108.4	111.0	111.4	111.2	111.8	112.3	112.4	111.7	112.0	*112.7	*112.9	112.2	112.4
Petroleum refining.....	120	121	121	120	119	118	118	118	117	117	117	118	119	120
Other than petroleum.....	105.5	105.2	108.4	109.4	109.3	110.2	110.9	111.1	110.3	110.7	*111.7	*111.8	110.5	110.4
Chemicals.....	110	106	110	111	113	117	117	117	118	118	*116	115	115	113
Cottonseed oil, cake, meal.....	93	102	98	87	86	88	90	85	76	83	90	95	76	72
Druggists' preparations.....	112	113	110	108	107	107	108	106	106	108	108	110	111	110
Explosives.....	81	81	81	83	82	81	81	82	82	83	82	84	86	88
Fertilizers.....	93	91	96	92	88	91	89	94	89	89	*98	102	95	93
Paints, varnishes.....	109	110	113	114	113	114	114	115	114	115	116	114	115	117
Rayon, allied products.....	274	272	292	312	313	310	310	310	314	312	322	315	313	315
Soap.....	86	89	92	91	90	86	91	91	90	89	88	89	90	94
RUBBER PRODUCTS	71.3	69.5	73.4	76.0	76.8	81.7	83.2	81.3	81.3	82.3	*81.5	81.2	81.1	79.8
Rubber boots, shoes.....	56	44	54	56	58	62	63	58	61	62	*62	63	61	48
Rubber tires, inner tubes.....	60	61	61	62	64	66	67	67	66	67	67	67	67	67
Rubber goods, other.....	107	109	117	123	121	132	135	131	131	132	129	127	129	132

* Revised.

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

FACTORY EMPLOYMENT AND PAYROLLS, BY INDUSTRIES (WITHOUT SEASONAL ADJUSTMENT)

[Index numbers of the Bureau of Labor Statistics; adjusted to Census of Manufactures through 1935. 1923-25 average=100]

Industry and group	Factory employment							Factory payrolls						
	1938		1939					1938		1939				
	June	July	Mar.	Apr.	May	June	July	June	July	Mar.	Apr.	May	June	July
Total.....	81.6	81.9	91.4	91.1	90.1	90.6	90.5	70.8	70.6	86.9	84.9	84.4	85.9	83.8
Durable goods.....	72.4	70.3	83.5	84.1	83.3	83.9	82.1	61.7	58.6	80.1	80.2	79.5	81.4	76.4
Nondurable goods.....	90.3	92.9	98.9	97.8	96.7	97.0	98.5	80.9	84.1	94.6	90.2	89.9	91.0	92.1
IRON, STEEL, PRODUCTS.....	77.8	76.6	88.3	88.3	87.3	87.5	86.8	59.1	57.4	81.6	80.1	78.4	80.7	77.2
Blast furnaces, steel works.....	82	82	92	92	91	92	92	58	57	85	83	80	83	80
Bolts, nuts, washers, rivets.....	77	77	92	90	89	88	88	61	59	92	82	82	82	75
Cast-iron pipe.....	64	62	67	67	68	68	69	51	52	55	59	64	62	61
Cutlery, edge tools.....	75	64	84	85	80	83	79	62	52	77	74	72	78	68
Forgings.....	40	39	48	49	48	48	48	29	29	46	47	47	46	45
Hardware.....	61	57	83	81	76	69	67	52	48	82	77	75	71	70
Plumbers' supplies.....	73	73	74	73	74	75	76	58	55	63	65	67	68	65
Stamped, enameled ware.....	113	105	137	135	133	135	131	100	92	137	132	128	131	123
Steam, hot-water heating.....	65	67	69	69	69	69	70	51	52	56	56	57	59	56
Stoves.....	71	68	78	81	82	83	81	55	52	67	69	69	70	66
Structural, ornamental.....	58	59	66	67	67	68	69	47	49	58	60	59	61	61
Tin cans, tinware.....	89	91	86	88	89	93	96	93	94	93	94	97	102	105
Tools.....	73	70	85	85	84	84	80	61	58	84	82	81	81	75
Wirework.....	116	110	161	159	155	144	132	100	92	170	163	153	152	135
MACHINERY.....	86.1	82.9	94.7	95.1	94.9	95.6	95.6	76.4	72.7	94.2	93.7	94.9	96.4	94.6
Agricultural implements.....	125	101	125	124	118	114	108	124	99	137	135	126	119	115
Cash registers, etc.....	137	138	133	130	130	130	129	121	123	120	120	121	124	122
Electrical machinery.....	75	73	85	86	86	86	86	67	64	87	86	87	88	87
Engines, turbines, etc.....	86	82	94	96	98	100	97	89	86	112	115	117	118	112
Foundry, machine-shop products.....	77	76	84	85	85	85	85	66	64	80	79	80	82	80
Machine tools.....	116	111	128	131	134	137	140	99	94	135	141	149	153	154
Radios, phonographs.....	82	82	99	95	96	109	117	72	72	85	81	84	95	102
Textile machinery.....	54	54	70	72	73	73	75	47	45	69	71	72	76	77
Typewriters.....	115	116	128	128	126	124	120	94	92	136	134	129	114	115
TRANSPORTATION EQUIPMENT.....	62.4	55.5	95.7	95.2	90.3	89.9	78.4	57.4	51.0	92.0	94.4	87.6	89.2	75.0
Aircraft.....	814	795	962	1,078	1,184	1,283	1,377	764	737	989	1,064	1,165	1,311	1,328
Automobiles.....	62	53	104	102	93	92	76	54	47	97	100	88	89	71
Cars, electric, steam-railroad.....	25	23	33	33	34	32	30	24	20	32	32	34	32	26
Locomotives.....	25	20	17	19	22	27	30	20	16	14	16	20	24	26
Shipbuilding.....	98	96	109	112	118	122	121	105	100	116	117	128	132	129
NONFERROUS METALS, PRODUCTS.....	79.8	79.1	94.3	93.5	92.4	91.6	91.6	66.3	67.0	89.2	86.0	86.8	86.7	84.9
Aluminum.....	122	122	153	155	152	155	160	109	112	160	161	157	161	152
Brass, bronze, copper.....	86	86	99	98	99	99	98	73	78	99	96	99	99	99
Clocks, watches.....	75	74	84	84	82	80	80	60	60	86	84	82	80	83
Jewelry.....	78	79	93	90	86	88	91	60	61	77	71	69	73	73
Lighting equipment.....	64	63	88	84	81	76	75	51	50	77	69	71	67	64
Silverware, plated ware.....	58	51	67	66	66	66	60	45	38	65	59	60	59	52
Smelting, refining.....	65	64	72	72	71	71	71	60	57	67	66	67	66	65
LUMBER, PRODUCTS.....	60.7	60.7	62.6	64.3	65.3	66.8	67.3	51.2	48.7	53.9	55.7	58.2	60.4	56.7
Furniture.....	71	71	79	78	77	79	80	52	51	66	64	63	65	65
Lumber, millwork.....	50	51	53	54	54	57	57	40	42	44	44	45	49	46
Lumber, sawmills.....	50	50	49	52	54	54	55	45	42	42	46	50	52	47
STONE, CLAY, GLASS PRODUCTS.....	65.8	64.6	69.6	72.7	72.5	74.5	73.6	56.4	53.1	61.7	63.0	64.1	66.9	62.5
Brick, tile, terra cotta.....	48	49	50	54	54	57	57	36	35	37	40	40	46	43
Cement.....	68	70	60	67	67	71	72	65	66	56	62	64	70	69
Glass.....	79	75	91	92	92	93	90	78	69	95	89	92	96	87
Marble, granite, slate.....	44	44	45	47	48	46	48	34	34	34	39	40	37	37
Pottery.....	73	70	81	82	81	80	76	61	53	74	75	73	69	62
TEXTILES, PRODUCTS.....	84.6	86.6	101.4	98.6	96.1	94.9	94.9	62.4	66.6	89.0	79.8	77.8	77.6	77.5
Fabrics.....	77.2	80.4	91.2	88.8	88.3	87.8	89.0	61.2	65.7	79.4	73.9	74.2	74.6	75.6
Carpets, rugs.....	48	63	85	84	81	79	79	36	45	75	71	65	64	65
Cotton goods.....	76	78	88	87	85	84	85	59	64	76	73	72	71	72
Cotton small wares.....	68	68	86	84	82	79	82	60	59	83	76	75	73	76
Dyeing, finishing textiles.....	98	97	116	114	113	106	109	77	78	101	97	94	89	89
Hats, fur-felt.....	61	80	83	81	77	80	83	49	75	71	56	64	75	82
Knit goods.....	104	105	116	115	114	113	113	100	98	119	112	109	110	108
Hosiery.....	133	133	149	147	145	142	142	139	134	165	154	147	144	141
Knitted outerwear.....	69	69	76	72	73	76	77	58	57	68	64	67	69	69
Knitted underwear.....	66	67	72	74	74	75	74	53	54	65	65	66	68	66
Knitted cloth.....	135	137	153	150	144	153	154	100	111	121	112	111	124	129
Silk, rayon goods.....	54	55	64	62	59	56	58	41	42	53	49	47	46	46
Woolen, worsted goods.....	61	68	77	69	75	80	81	47	56	62	52	61	67	68
Wearing apparel.....	99.7	98.9	123.0	119.0	112.2	109.3	106.6	62.6	66.0	104.8	88.8	82.1	80.9	78.7
Clothing, men's.....	78	90	107	104	97	98	103	43	57	86	74	67	72	76
Clothing, women's.....	148	135	179	171	160	152	139	90	86	143	118	110	103	94
Corsets, allied garments.....	97	93	104	106	107	107	107	86	83	109	111	112	109	109
Men's furnishings.....	124	121	137	132	127	128	126	101	94	122	110	105	113	111
Millinery.....	60	60	83	78	70	58	48	45	36	90	64	53	41	33
Shirts, collars.....	113	108	122	119	118	116	115	83	78	107	103	102	101	94

* Revised.

FACTORY EMPLOYMENT AND PAYROLLS, BY INDUSTRIES (WITHOUT SEASONAL ADJUSTMENT)—Continued

[Index numbers of the Bureau of Labor Statistics; adjusted to Census of Manufactures through 1935. 1923-25 average=100]

Industry and group	Factory employment							Factory payrolls						
	1938		1939					1938		1939				
	June	July	Mar.	Apr.	May	June	July	June	July	Mar.	Apr.	May	June	July
LEATHER, MANUFACTURES	81.8	89.3	97.6	94.0	87.0	88.1	93.2	57.5	69.4	83.2	74.5	64.2	69.3	76.8
Boots, shoes.....	83	91	99	95	86	87	94	53	67	80	70	58	63	73
Leather.....	72	74	86	85	82	84	84	69	72	88	84	81	85	84
FOOD, PRODUCTS	119.4	128.6	112.0	114.0	116.8	122.8	129.5	121.7	128.5	113.8	113.9	120.9	125.6	130.0
Baking.....	144	145	142	142	145	147	147	142	143	138	136	143	145	146
Beverages.....	252	260	228	236	246	265	268	306	323	263	282	301	331	334
Butter.....	110	111	92	96	101	107	108	95	96	79	82	87	93	95
Canning, preserving.....	114	179	79	93	93	121	168	101	157	74	81	86	102	141
Confectionery.....	70	68	78	72	71	69	67	68	63	75	67	70	68	63
Flour.....	75	78	77	75	77	78	82	76	79	74	73	75	77	84
Ice cream.....	92	95	70	76	87	94	95	78	81	61	66	75	80	82
Slaughtering, meat packing.....	94	95	93	92	95	98	99	105	108	101	100	108	110	112
Sugar, beet.....	47	53	39	44	48	51	54	52	53	44	46	52	55	49
Sugar refining, cane.....	91	88	88	94	81	84	91	81	81	86	85	70	75	78
TOBACCO, MANUFACTURES	64.8	61.5	59.5	61.8	62.8	63.8	64.0	59.4	57.1	51.5	53.1	55.8	58.9	59.8
Tobacco, snuff.....	61	60	61	61	60	59	58	70	69	67	64	66	66	68
Cigars, cigarettes.....	65	62	59	62	63	64	65	58	56	50	52	55	58	59
PAPER, PRINTING	101.9	101.5	105.9	105.9	106.0	104.7	105.5	96.0	95.9	104.2	103.3	103.9	102.2	101.0
Boxes, paper.....	92	92	102	100	100	100	101	91	93	107	104	104	106	104
Paper, pulp.....	102	102	106	106	107	106	106	95	97	106	105	106	104	101
Book, job printing.....	97	98	100	100	100	98	100	84	85	92	90	91	89	91
Newspaper, periodical printing.....	105	102	106	107	107	106	105	104	101	108	109	109	107	104
CHEMICALS, PETROLEUM	105.2	105.0	114.5	114.8	111.5	109.2	109.6	112.8	111.1	121.7	120.4	120.4	119.8	118.6
Petroleum refining.....	121	122	116	116	117	119	121	138	135	132	129	132	134	131
Other than petroleum.....	101.4	101.0	114.0	114.4	110.1	106.7	106.8	105.1	103.7	118.7	117.9	116.8	115.3	114.8
Chemicals.....	110	108	117	115	115	115	115	118	115	131	128	129	129	128
Cottonseed oil, cake, meal.....	58	59	88	74	65	47	42	48	51	74	60	52	41	38
Druggists' preparations.....	108	107	108	108	107	107	105	114	111	119	119	119	119	118
Explosives.....	80	81	81	81	82	86	87	86	89	92	90	91	96	98
Fertilizers.....	69	64	133	158	110	70	65	65	63	107	135	105	65	63
Paints, varnishes.....	113	111	115	118	118	119	117	116	111	120	123	127	126	121
Rayon, allied products.....	265	271	317	315	309	304	314	242	250	313	304	298	302	311
Soap.....	85	88	91	88	88	89	92	86	87	93	91	90	94	95
RUBBER PRODUCTS	70.6	68.7	82.8	82.2	81.4	80.2	78.7	63.5	64.1	85.4	83.1	82.1	84.2	82.8
Rubber boots, shoes.....	54	42	62	60	61	58	47	45	37	59	59	57	58	44
Rubber tires, inner tubes.....	60	61	67	67	67	67	67	58	60	76	74	74	77	78
Rubber goods, other.....	106	107	134	132	129	128	129	93	95	130	127	124	124	124

* Revised.

NOTE.—Figures for July 1939 are preliminary. For description see pages 835-866 of the BULLETIN for October 1938. Back data may be obtained from the Bureau of Labor Statistics. Underlying figures are for payroll period ending nearest middle of month.

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			
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
January	192.2	251.7	36.2	80.2	6.6	7.1	15.4	17.3	19.0	31.7	16.4	28.9	98.6	86.5
February	118.9	220.2	40.0	79.0	4.9	9.5	13.0	13.5	15.4	21.8	15.1	24.7	30.5	71.6
March	226.9	300.7	79.4	125.2	15.7	13.0	20.2	17.4	21.0	27.6	31.0	39.8	59.7	77.7
April	222.0	330.0	74.6	114.4	11.5	17.5	18.9	21.3	16.9	21.1	33.1	34.8	67.0	121.0
May	283.2	308.5	83.2	133.8	8.6	13.0	19.2	19.5	11.8	16.4	38.2	27.8	122.2	97.9
June	251.0	288.3	85.7	111.9	10.7	15.8	18.8	26.8	14.7	12.5	37.7	37.8	83.5	83.6
July	239.8	-----	88.0	-----	9.7	-----	26.2	-----	10.7	-----	26.1	-----	79.3	-----
August	313.1	-----	99.7	-----	11.3	-----	18.3	-----	21.4	-----	36.3	-----	126.1	-----
September	300.9	-----	99.6	-----	10.7	-----	14.0	-----	33.9	-----	33.4	-----	109.3	-----
October	357.7	-----	112.7	-----	13.8	-----	24.2	-----	47.0	-----	46.0	-----	114.0	-----
November	301.7	-----	95.3	-----	10.5	-----	13.7	-----	49.0	-----	42.8	-----	90.4	-----
December	389.4	-----	91.5	-----	7.0	-----	14.0	-----	73.3	-----	45.2	-----	158.4	-----
Year	3,196.9	-----	985.8	-----	121.1	-----	215.8	-----	334.1	-----	401.2	-----	1,139.0	-----

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

NOTE.—Due to change in publication policy of the F. W. Dodge Corporation, data for July 1939 will be published in the BULLETIN for October 1939.

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					
	1934	1935	1936	1937	1938	1939	1934	1935	1936	1937	1938	1939	1934	1935	1936	1937	1938	1939
January	186	100	215	243	192	252	157	55	149	112	118	148	29	45	66	130	75	104
February	97	75	140	188	119	220	65	38	79	69	51	111	31	37	62	119	68	109
March	178	123	199	231	227	301	126	68	96	66	95	128	52	55	103	165	132	173
April	131	124	235	270	222	330	78	53	105	74	99	160	53	71	130	195	123	170
May	134	127	216	244	283	308	72	47	94	93	144	135	63	80	122	151	139	174
June	127	148	233	318	251	288	73	64	116	137	108	128	54	84	116	180	143	161
July	120	159	295	322	240	300	52	67	153	131	98	137	67	93	141	191	142	163
August	120	169	275	281	313	-----	69	92	153	104	171	-----	51	76	122	178	142	-----
September	110	167	234	207	301	-----	69	97	116	80	160	-----	41	70	119	127	141	-----
October	135	201	226	202	358	-----	79	114	101	78	203	-----	57	87	125	124	154	-----
November	112	188	208	198	302	-----	74	118	89	93	179	-----	38	70	119	106	123	-----
December	93	264	200	209	389	-----	61	196	82	115	279	-----	32	68	117	94	110	-----
Year	1,543	1,845	2,675	2,913	3,197	-----	975	1,007	1,334	1,152	1,705	-----	568	837	1,341	1,761	1,492	-----

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	1939		1938
	July	June	July
Boston	19,729	19,664	16,373
New York	52,323	44,985	62,377
Philadelphia	15,951	14,797	11,250
Cleveland	37,799	40,510	20,894
Richmond	35,117	46,154	21,560
Atlanta	24,361	26,728	19,770
Chicago	54,900	47,587	40,554
St. Louis	20,961	17,171	14,214
Minneapolis	13,054	8,692	8,278
Kansas City	10,991	8,432	9,434
Dallas	14,697	13,596	15,095
Total (11 districts)	299,883	288,316	239,799

COMMERCIAL FAILURES, BY DISTRICTS

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

Federal Reserve district	Number			Liabilities		
	1939		1938	1939		1938
	July	June	July	July	June	July
Boston	71	63	98	1,134	958	1,200
New York	259	260	288	4,267	3,136	5,138
Philadelphia	72	71	64	1,439	366	738
Cleveland	70	63	67	905	946	1,876
Richmond	35	36	56	486	714	440
Atlanta	48	38	68	608	482	1,120
Chicago	153	190	173	2,670	2,115	2,012
St. Louis	39	28	42	463	471	681
Minneapolis	13	20	12	89	277	160
Kansas City	41	57	38	419	354	304
Dallas	24	30	14	223	265	129
San Francisco	92	96	118	1,447	1,525	963
Total	917	952	1,038	14,150	11,609	14,761

MERCHANDISE EXPORTS AND IMPORTS

[In millions of dollars]

Month	Merchandise exports ¹					Merchandise imports ²					Excess of exports				
	1935	1936	1937	1938	1939	1935	1936	1937	1938	1939	1935	1936	1937	1938	1939
January.....	176	199	223	289	213	167	187	240	171	178	9	11	-18	118	35
February.....	163	182	233	262	219	152	193	278	163	158	11	-11	-45	99	61
March.....	185	195	257	275	268	177	199	307	173	190	8	-4	-51	102	77
April.....	164	193	269	274	231	171	203	287	160	186	-6	-10	-18	115	45
May.....	165	201	290	257	249	171	192	285	148	203	-5	9	5	109	47
June.....	170	186	265	233	236	157	191	286	146	179	13	-5	-21	87	57
July.....	173	180	268	228	^p 230	177	195	265	141	^p 169	-3	-15	3	87	^p 61
August.....	172	179	277	231	-----	169	193	246	166	-----	3	-14	31	65	-----
September.....	199	221	297	246	-----	162	216	233	168	-----	37	5	63	79	-----
October.....	221	265	333	278	-----	189	213	224	178	-----	32	52	108	100	-----
November.....	270	226	315	252	-----	169	196	223	176	-----	100	30	92	76	-----
December.....	223	230	323	269	-----	187	245	209	171	-----	37	-15	115	98	-----
Year.....	2,283	2,456	3,349	3,094	-----	2,047	2,423	3,084	1,960	-----	235	33	265	1,134	-----

^p Preliminary.¹ Including both domestic and foreign merchandise.² 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 January 1931, p. 18, for July 1933, p. 431, and for February 1937, p. 152.

FREIGHT-CAR LOADINGS, BY CLASSES

[Index numbers; 1923-25 average=100]

	1938		1939				
	July	Mar.	Apr.	May	June	July	
							Adjusted for seasonal variation
Total.....	61	66	60	62	67	69	
Coal.....	62	62	43	51	68	76	
Coke.....	43	55	56	42	51	62	
Grain and grain products.....	89	73	76	81	90	80	
Livestock.....	39	40	40	40	36	39	
Forest products.....	37	36	38	40	40	43	
Ore.....	32	86	75	58	64	59	
Miscellaneous.....	65	73	70	70	71	72	
Merchandise ¹	60	62	61	61	61	62	
Without seasonal adjustment							
Total.....	62	63	58	62	67	70	
Coal.....	52	66	36	44	58	64	
Coke.....	36	57	47	40	47	52	
Grain and grain products.....	123	67	68	73	89	111	
Livestock.....	34	32	37	36	30	34	
Forest products.....	37	36	39	41	42	43	
Ore.....	60	21	31	81	108	112	
Miscellaneous.....	66	70	72	73	74	74	
Merchandise ¹	59	62	62	61	61	61	

¹In 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 STORES—SALES, 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	
	1938	1939	1938	1939	1938	1939	1938	1939
January.....	90	88	70	69	71	67	63	60
February.....	88	87	70	69	70	68	67	65
March.....	86	88	77	82	70	68	71	69
April.....	83	88	86	88	69	67	71	69
May.....	78	85	80	87	69	66	71	68
June.....	82	86	79	83	68	67	65	64
July.....	83	86	58	60	67	67	61	60
August.....	83	-----	65	-----	67	-----	65	-----
September.....	86	-----	91	-----	67	-----	70	-----
October.....	84	-----	92	-----	67	-----	74	-----
November.....	89	-----	99	-----	67	-----	78	-----
December.....	89	-----	156	-----	66	-----	62	-----
Year.....	-----	-----	85	-----	-----	-----	68	-----

¹ Revised.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 BULLETINS for August 1936, p. 631, and October 1938, 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 drugs	House-furnishing goods	Miscellaneous
1929.....	95.3	104.9	99.9	91.6	109.1	90.4	83.0	100.5	95.4	94.2	94.3	82.6
1930.....	86.4	88.3	90.5	85.2	100.0	80.3	78.5	92.1	89.9	89.1	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	73.5	75.1	64.4
1933.....	65.9	51.4	60.5	71.2	80.9	64.8	66.3	79.8	77.0	72.6	75.8	62.5
1934.....	74.9	65.3	70.5	78.4	86.6	72.9	73.3	86.9	86.2	75.9	81.5	69.7
1935.....	80.0	78.8	83.7	77.9	89.6	70.9	73.5	86.4	85.3	80.5	80.6	68.3
1936.....	80.8	80.9	82.1	79.6	95.4	71.5	76.2	87.0	86.7	80.4	81.7	70.5
1937.....	86.3	86.4	85.5	85.3	104.6	76.3	77.6	95.7	95.2	83.9	89.7	77.8
1938.....	78.6	68.5	73.6	81.7	92.8	66.7	76.5	95.7	90.3	77.6	86.8	73.3
1938—June.....	78.3	68.7	73.1	81.3	90.1	65.5	76.4	96.1	89.7	76.3	87.1	72.9
July.....	78.8	69.4	74.3	81.4	91.5	66.1	76.8	95.2	89.2	77.7	86.4	72.7
August.....	78.1	67.3	73.0	81.4	91.9	65.9	76.8	95.4	89.4	77.7	86.4	72.4
September.....	78.3	68.1	74.5	81.3	92.0	65.8	76.6	95.5	89.5	77.3	86.2	72.4
October.....	77.6	66.8	73.5	81.1	93.4	66.2	75.4	95.3	89.8	77.1	85.7	72.6
November.....	77.5	67.8	74.1	80.6	94.6	66.2	73.7	94.9	89.2	76.6	85.8	73.0
December.....	77.0	37.6	73.1	80.3	93.1	65.8	73.2	94.6	89.4	76.7	86.0	73.1
1939—January.....	76.9	67.2	71.5	80.2	93.1	65.9	72.8	94.4	89.5	76.7	85.4	73.2
February.....	76.9	67.2	71.5	80.2	91.9	66.1	73.0	94.3	89.6	76.3	85.2	73.5
March.....	76.7	65.8	70.2	80.4	91.8	66.6	73.1	94.3	89.8	76.5	85.2	74.1
April.....	76.2	63.7	68.6	80.5	90.9	66.9	73.4	94.0	89.6	76.0	85.4	74.4
May.....	76.2	63.7	68.2	80.6	91.6	67.5	73.9	93.5	89.5	75.9	85.5	74.2
June.....	75.6	62.4	67.6	80.2	92.3	67.3	73.0	93.2	89.5	75.7	85.6	73.8
July.....	75.4	62.6	67.5	80.2	92.5	67.6	72.8	93.2	89.7	75.0	85.6	73.4
Week ending—												
1939—May 6.....	76.1	63.6	68.3	80.9	91.8	66.8	74.6	94.0	89.6	75.7	86.8	74.3
May 13.....	76.4	64.4	68.5	81.0	92.1	67.0	74.8	93.7	89.6	75.7	86.8	74.3
May 20.....	75.9	64.1	67.4	80.7	92.2	67.0	74.4	93.5	89.3	75.7	86.9	73.7
May 27.....	75.8	63.5	67.6	80.7	92.6	67.1	74.1	93.5	89.4	75.7	86.9	73.7
June 3.....	75.7	63.1	67.5	80.6	92.6	66.9	74.1	93.5	89.2	75.8	86.9	73.8
June 10.....	75.6	62.7	67.3	80.6	92.8	66.9	73.9	93.5	89.8	75.6	86.9	73.6
June 17.....	75.4	62.0	67.1	80.6	93.0	66.8	74.1	93.4	89.5	75.5	86.9	73.6
June 24.....	75.5	62.7	67.4	80.6	93.0	66.7	74.1	93.5	89.3	75.0	86.9	73.7
July 1.....	75.5	62.9	67.4	80.5	93.1	66.9	73.7	93.3	89.7	74.9	87.0	73.6
July 8.....	75.6	64.1	68.1	80.3	92.8	67.0	73.2	93.3	89.5	74.7	87.0	73.3
July 15.....	75.5	63.3	67.6	80.4	92.8	67.1	73.4	93.3	89.8	74.6	87.0	73.3
July 22.....	75.2	62.2	67.5	80.4	93.2	67.4	73.3	93.3	89.5	74.6	87.0	73.3
July 29.....	74.8	61.4	66.7	80.4	93.7	67.5	73.3	93.4	89.4	74.5	87.0	72.9
August 5.....	75.1	62.5	67.2	80.5	93.7	67.4	73.4	93.4	90.1	74.5	87.0	73.0
August 12.....	74.8	61.4	66.7	80.5	93.5	67.2	73.5	93.5	90.1	74.3	87.0	73.0
August 19.....	74.6	60.4	66.2	80.4	92.8	67.4	73.6	93.5	89.5	74.2	87.0	73.0

Subgroups	1938					1939				
	July	Apr.	May	June	July	July	Apr.	May	June	July
FARM PRODUCTS:										
Grains.....	58.3	55.2	59.6	58.2	52.3					
Livestock and poultry.....	84.4	75.5	73.2	69.4	69.7					
Other farm products.....	63.0	58.5	58.7	58.8	60.7					
FOODS:										
Dairy products.....	69.5	58.1	58.6	60.0	64.6					
Cereal products.....	78.8	72.2	73.8	75.9	71.9					
Fruits and vegetables.....	56.4	64.3	63.8	62.5	62.0					
Meats.....	89.7	81.0	78.6	75.7	75.3					
Other foods.....	66.7	61.6	61.4	60.8	60.4					
HIDES AND LEATHER PRODUCTS:										
Shoes.....	101.2	101.2	101.3	101.3	100.8					
Hides and skins.....	70.8	68.3	72.1	75.3	76.9					
Leather.....	82.5	82.8	83.1	83.8	84.1					
Other leather products.....	97.5	95.6	95.6	95.6	95.6					
TEXTILE PRODUCTS:										
Clothing.....	81.7	81.6	81.7	81.7	81.2					
Cotton goods.....	65.1	63.4	63.3	64.1	65.1					
Hosiery and underwear.....	59.8	60.2	60.2	60.1	60.2					
Silk and rayon.....	29.9	37.8	40.7	39.1	40.2					
Woolen and worsted goods.....	75.9	75.2	75.4	75.6	75.4					
Other textile products.....	65.4	64.9	65.3	64.2	64.1					
FUEL AND LIGHTING MATERIALS:										
Anthracite.....	76.2	74.7	75.3	75.5	72.6					
Bituminous coal.....	97.9	98.6	99.0	95.6	95.8					
Coke.....	104.2	104.2	104.2	104.2	104.2					
Electricity.....	84.7									
Gas.....	91.0	84.1	86.0	88.9						
Petroleum products.....	56.8	51.9	52.5	52.5	52.2					
METALS AND METAL PRODUCTS:										
Agricultural implements.....	95.9	93.3	93.4	93.4	93.4					
Farm machinery.....	97.3	94.6	94.6	94.6	94.6					
Iron and steel.....	97.2	96.1	95.7	95.2	95.1					
Motor vehicles ¹	96.0	93.4	93.0	93.0	93.0					
Nonferrous metals.....	71.8	74.7	73.1	72.9	73.3					
Plumbing and heating.....	79.5	79.3	79.3	79.3	79.3					
BUILDING MATERIALS:										
Brick and tile.....	90.7	93.0	91.7	91.1	90.6					
Cement.....	91.0	91.5	91.5	91.5	91.5					
Lumber.....	88.8	91.5	91.2	90.7	91.8					
Paint and paint materials.....	80.5	81.3	81.6	82.4	82.2					
Plumbing and heating.....	79.5	79.3	79.3	79.3	79.3					
Structural steel.....	107.3	107.3	107.3	107.3	107.3					
Other building materials.....	91.2	89.7	89.6	89.5	89.6					
CHEMICALS AND DRUGS:										
Chemicals.....	81.7	79.3	79.4	79.2	78.2					
Drugs and pharmaceuticals.....	74.8	71.9	71.9	71.9	71.8					
Fertilizer materials.....	66.9	69.6	69.7	69.5	67.5					
Mixed fertilizers.....	72.9	72.8	71.8	71.7	72.6					
HOUSEFURNISHING GOODS:										
Furnishings.....	90.5	89.6	89.8	90.0	90.0					
Furniture.....	82.2	81.0	81.0	81.0	81.0					
MISCELLANEOUS:										
Auto tires and tubes.....	57.4	60.5	60.5	60.5	60.5					
Cattle feed.....	76.8	92.1	87.4	81.5	72.4					
Paper and pulp.....	82.8	81.1	80.4	79.9	79.9					
Rubber, crude.....	31.9	33.3	34.2	34.4	34.7					
Other miscellaneous.....	80.7	81.4	81.4	81.3	81.3					

¹ Preliminary revision.
² Revised 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).

AUGUST CROP REPORT, BY FEDERAL RESERVE DISTRICTS

[Based on estimates of the Department of Agriculture, by States, as of August 1, 1939]
 [In thousands of units]

Federal Reserve district	Cotton		Corn		Winter wheat		Spring wheat	
	Production 1938	Estimate Aug. 1, 1939	Production 1938	Estimate Aug. 1, 1939	Production 1938	Estimate Aug. 1, 1939	Production 1938	Estimate Aug. 1, 1939
	<i>Bales</i>	<i>Bales</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>
Boston.....			7,633	7,456			68	60
New York.....			29,317	24,941	8,324	6,876	108	64
Philadelphia.....			52,521	47,889	19,810	17,067	139	156
Cleveland.....			199,591	204,262	52,956	41,692	120	84
Richmond.....	1,048	1,319	138,232	140,669	27,263	24,092		
Atlanta.....	2,623	2,602	194,289	154,209	6,572	5,521		
Chicago.....			1,038,749	1,050,414	67,734	56,474	1,847	1,907
St. Louis.....	3,386	3,223	352,179	324,780	66,081	55,903	143	97
Minneapolis.....			227,136	247,324	30,268	24,788	189,588	146,391
Kansas City.....	467	379	224,284	156,682	287,758	223,169	10,148	4,430
Dallas.....	3,819	3,313	91,577	94,320	36,020	30,402	102	102
San Francisco.....	600	576	6,730	6,942	83,851	64,726	41,901	27,431
Total.....	11,943	11,412	2,542,238	2,459,888	686,637	550,710	244,164	180,722

Federal Reserve district	Oats		Tame hay		Tobacco		White potatoes	
	Production 1938	Estimate Aug. 1, 1939	Production 1938	Estimate Aug. 1, 1939	Production 1938	Estimate Aug. 1, 1939	Production 1938	Estimate Aug. 1, 1939
	<i>Bushels</i>	<i>Bushels</i>	<i>Tons</i>	<i>Tons</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Bushels</i>	<i>Bushels</i>
Boston.....	6,326	6,533	3,523	3,210	22,847	33,003	47,316	57,919
New York.....	27,708	22,293	5,737	4,486	1,842	1,965	32,123	27,691
Philadelphia.....	19,222	15,544	2,376	1,927	32,110	31,215	22,996	20,423
Cleveland.....	49,425	43,893	5,478	4,860	105,694	115,646	20,554	19,789
Richmond.....	20,949	21,827	3,729	3,342	746,014	990,442	27,261	22,827
Atlanta.....	15,276	14,606	3,419	3,246	188,189	188,916	15,466	14,514
Chicago.....	430,768	350,956	18,379	17,014	33,239	32,801	53,457	46,858
St. Louis.....	51,571	40,909	6,825	6,955	241,254	254,467	13,978	12,212
Minneapolis.....	235,287	239,093	10,745	9,397	2,733	2,667	43,347	44,168
Kansas City.....	134,530	75,732	7,002	6,361	4,612	4,536	26,160	22,049
Dallas.....	39,563	35,355	1,403	1,402			3,778	3,370
San Francisco.....	23,214	31,285	11,683	11,101			65,181	65,014
Total.....	1,053,839	898,026	80,299	73,301	1,378,534	1,655,658	371,617	356,834

¹ Includes 16,000 bales grown in miscellaneous territory.

² Includes 17,000 bales grown in miscellaneous territory.

STATISTICS FOR FEDERAL RESERVE CHART BOOK

	Chart book page	1939					Chart book page	1939				
		July 19	July 26	Aug. 2	Aug. 9	Aug. 16		May	June	July		
WEEKLY FIGURES		<i>Wednesday figures; in billions of dollars</i>					MONTHLY FIGURES		<i>Index numbers 1923-25=100</i>			
RESERVES, GOLD, AND CURRENCY							BUSINESS CONDITIONS					
Reserve bank credit—total	3, 5	2.54	2.51	2.48	2.46	2.45	Wholesale commodity prices:⁴					
Bills discounted	5	(1)	(1)	(1)	(1)	(1)	United States:					
Bills bought	5	(1)	(1)	(1)	(1)	(1)	All commodities		31, 32	76.2	75.6	75.4
U. S. Gov't securities	5	2.52	2.49	2.45	2.44	2.42	Farm products		31	63.7	62.4	62.6
Gold stock	3	16.19	16.23	16.25	16.27	16.34	Foods		31	68.2	67.6	67.5
Money in circulation	3, 9	7.02	7.00	7.05	7.07	7.09	Other commodities		31	80.6	80.2	80.2
Treasury cash	3	2.53	2.51	2.37	2.35	2.37	England		32	78.9	79.2	79.2
Treasury deposits	3	.76	.74	.86	.84	.78	France		32	98.4	98.3	97.6
Member bank balances	3, 6	10.41	10.44	10.41	10.51	10.63	Germany		32	79.2	79.5	
Required reserves ¹	6	5.93	5.95	5.95	5.98	6.04	Industrial production⁵		35	92	98	102
Excess reserves—total ²	7	4.46	4.47	4.46	4.53	4.57	Total		37	91	97	101
New York City ²	7	2.55	2.57	2.51	2.45	2.53	Durable ⁶		37	33	38	42
Chicago ²	7	.29	.29	.32	.37	.37	Nondurable ⁶		37	58	59	59
Reserve city banks ²	7	1.04	1.03	1.05	1.06	1.05	Factory employment		43	90.1	90.6	90.5
Country banks ²	7	.58	.57	.60	.62	.62	Factory payrolls		43	84.4	85.9	83.8
REPORTING MEMBER BANKS							Freight-car loadings⁵		45	62	67	69
Total, 101 cities:							Department store sales⁵		47	85	86	86
Loans and investments	14	22.03	22.14	22.24	22.27	22.34	Department store stocks⁵		47	66	67	67
Investments	14	13.91	13.94	14.08	14.12	14.15	Construction contracts awarded:⁷					
Loans	14	8.12	8.19	8.17	8.16	8.19	Total		41	257	258	273
Adjusted demand deposits	15	17.39	17.60	17.46	17.55	17.64	Residential		41	102	108	113
Time deposits	15	5.22	5.24	5.24	5.25	5.25	Other		41	155	150	160
U. S. Gov't deposits	15	.55	.55	.55	.55	.54	Exports and imports:					
Domestic bank balances	15	6.91	6.80	7.01	7.05	7.18	Exports (incl. re-exports)		49	249	236	230
Foreign bank balances	15	.62	.63	.62	.63	.66	General imports		49	203	179	160
New York City:							Excess of exports		49	47	57	61
U. S. Gov't obligations	16	4.25	4.27	4.33	4.35	4.36	Income payments:					
Other securities	16	1.11	1.12	1.18	1.18	1.18	Total adjusted		50	5,422	5,468	5,468
Commercial loans	16	1.41	1.41	1.44	1.46	1.47	Total unadjusted		50	5,209	5,713	5,494
Brokers' loans	16	.47	.52	.50	.48	.53	Compensation of employees		50	3,627	3,695	3,559
100 cities outside New York:							Other		50	1,582	2,018	1,935
U. S. Gov't obligations	17	6.41	6.42	6.43	6.44	6.45	Cash farm income:					
Other securities	17	2.14	2.14	2.15	2.15	2.16	Total		51	589	552	570
Commercial loans	17	2.49	2.49	2.45	2.45	2.44	Crops		51	147	160	213
MONEY RATES AND SECURITY MARKETS		<i>Averages of daily figures²; per cent per annum</i>					OTHER		<i>In billions of dollars</i>			
F. R. bank discount rate, N. Y.	19	1.00					Central gold reserves:					
Commercial paper	19	.56	.56	.56	.56	.56	United States		8	15.96	16.11	16.24
Bankers' acceptances	19	.44	.44	.44	.44	.44	England		8	1.07	1.07	1.16
U. S. Treasury bills	21	.04	.04	.04	.04	.04	France		8	2.57	2.57	2.57
U. S. Treasury notes	21	.44	.43	.42	.43	.43	Netherlands		8	.82	.80	.77
U. S. Treasury bonds	21, 25	2.16	2.14	2.14	2.17	2.17	U. S. Gov't interest-bearing debt—total		20	39.75	39.89	40.11
Corporate Aaa bonds	25	2.89	2.90	2.90	2.91	2.92	Bonds		20	27.10	27.17	27.25
Corporate Baa bonds	25	4.82	4.79	4.78	4.79	4.82	Notes		20	7.27	7.24	7.24
							Bills		20	1.31	1.31	1.31
							Special issues		20	4.07	4.17	4.32
							Customers' rates:					
							New York City		23	(8)	(8)	(8)
							8 other Northern and Eastern cities		23	(8)	(8)	(8)
							27 Southern and Western cities		23	(8)	(8)	(8)
							QUARTERLY FIGURES					
							Domestic corporation security issues, total					
							New		28	799	276	661
							Refunding		28	167	82	129
									28	632	193	532

¹ Preliminary. ² Revised. ³ Estimated.

⁴ Less than \$5,000,000.

⁵ Averages of daily figures, see footnote³.

⁶ Figures are shown under the Wednesday date included in the weekly period.

⁷ Index numbers, 1926=100.

⁸ Adjusted for seasonal variation.

⁹ Points in total index of manufacturing production.

¹⁰ Three-months moving average adjusted for seasonal variation.

¹¹ Series is discontinued. New series on somewhat different basis to be substituted.

NOTE.—Copies of this chart book can be obtained at a price of 50 cents. Banking statistics for call report dates are published from time to time. The latest figures appear on page 816 of this BULLETIN.

BANKING STATISTICS FOR CALL REPORT DATES—CHART BOOK SERIES

[In billions of dollars]

	Chart book page	1936		1937				1938				1939	
		Dec. 31	Mar. 31	June 30	Dec. 31	Mar. 7	June 30	Sept. 28	Dec. 31	Mar. 29	June 30		
All banks in the United States:													
Total deposits and currency.....	10	57.48	56.79	57.42	56.83	56.78	56.74	57.64	59.12	[†] 59.17	[†] 60.99		
Time deposits.....	10	25.40	25.69	25.96	26.26	26.34	26.27	26.18	26.30	[†] 26.47	[†] 26.74		
Demand deposits adjusted.....	10	25.53	25.23	25.26	24.05	24.13	24.39	25.19	26.10	[†] 26.13	[†] 27.39		
Currency outside banks.....	10	5.55	5.42	5.53	5.69	5.50	5.47	5.49	5.82	[†] 5.69	[†] 6.06		
Member banks:													
Demand deposits adjusted.....	11	21.65	21.35	21.40	20.39	20.51	20.89	21.60	22.29	22.36	23.59		
Time deposits.....	11	10.99	11.16	11.35	11.52	11.59	11.56	11.46	11.51	11.60	11.72		
Interbank balances.....	11	6.40	5.75	5.30	5.44	5.62	6.10	6.09	6.51	6.82	7.10		
Loans and investments.....	11	33.00	32.53	32.74	31.75	31.52	30.72	31.63	32.07	32.10	32.60		
Investments, total.....	11	19.64	18.83	18.45	17.79	17.98	17.78	18.69	18.86	19.05	19.46		
U. S. Government obligations, total.....	12	13.55	12.72	12.69	12.37	12.45	12.34	13.01	13.22	13.35	13.78		
Direct obligations.....	13	11.64	10.86	10.87	10.57	10.63	10.22	10.71	10.88	10.69	10.95		
Guaranteed obligations.....	13	1.91	1.86	1.82	1.80	1.83	2.13	2.30	2.34	2.66	2.83		
Other securities, total.....	12	6.10	6.11	5.77	5.42	5.52	5.44	5.68	5.64	5.70	5.69		
State and local government securities.....	13	2.21	2.33	2.13	2.03	2.19	2.13	2.30	2.45	2.55	2.55		
Other domestic.....	13	3.65	3.53	3.40	3.21	3.15	3.13	3.19	3.01	2.96	2.94		
Foreign securities.....	13	.24	.25	.23	.18	.18	.18	.18	.18	.18	.19		
Loans, total.....	11	13.36	13.70	14.29	13.96	13.55	12.94	12.94	13.21	13.05	13.14		
Security loans, total ¹	12	4.22	4.28	4.37	3.70	3.54	3.32	3.30	² 1.75	1.57	1.47		
Brokers' loans.....	13	1.41	1.42	1.54	.95	.88	.70	.71	.97	.84	.73		
Loans on securities (excluding brokers' loans) ²	13	2.79	2.82	2.83	2.75	2.67	2.61	2.59	² 1.78	.73	.74		
Real estate loans.....	12,13	2.40	2.44	2.51	2.55	2.50	2.61	2.66	2.72	2.75	2.83		
Other loans, total ¹.....	12	6.73	6.97	7.41	7.71	7.45	7.01	6.97	²8.74	8.73	8.85		
Commercial loans ²	13	6.04	6.22	6.66	7.00	6.75	6.40	6.36	² 5.45	5.53	5.57		
Open-market paper.....	13	.63	.71	.64	.64	.61	.49	.48	.44	.42	.42		
Loans to banks.....	13	.09	.10	.12	.07	.10	.12	.13	.12	.10	.06		
All other loans ³									² 2.73	2.67	2.80		

[†] Preliminary.¹ In 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.

INTERNATIONAL FINANCIAL STATISTICS

GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS

[In millions of dollars]

End of month	Total ¹ (52 countries)	Countries in Tripartite Accord							Other countries						
		United States	United King- dom	France	Bel- gium	Neth- er- lands	Switzerland		Ar- gen- tina	Brazil	British India	Bul- garia	Can- ada	Chile	China
							National Bank	B.I.S.							
1934—December.....	21,051	8,238	1,584	5,445	590	573	624	4	403	8	275	19	134	29	7
1935—December.....	21,604	10,125	1,648	4,395	611	438	454	8	444	17	275	19	189	29	10
1936—December.....	22,630	11,258	2,584	2,995	632	490	655	11	501	25	275	20	188	29	8
1937—December.....	23,964	12,760	2,689	2,564	597	930	648	5	469	32	274	24	184	30	16
1938—August.....	23,966	13,136	2,690	2,428	517	1,008	686	10	435	34	274	24	190	30	17
September.....	24,648	13,760	2,690	2,428	539	1,008	690	6	435	34	274	24	187	30	17
October.....	24,997	14,065	2,690	2,428	562	1,008	695	10	434	33	274	24	188	30	18
November.....	25,287	14,312	2,690	2,435	584	1,008	699	11	434	33	274	24	186	30	18
December.....	25,468	14,512	2,690	2,435	581	995	699	14	431	32	274	24	192	30	18
1939—January.....	24,003	14,682	1,042	2,435	582	995	699	15	431	33	274	24	197	30	19
February.....	24,175	14,874	1,042	2,435	588	974	680	17	431	33	274	24	206	30	20
March.....	24,387	15,258	1,066	2,435	518	909	640	13	428	33	274	24	210	30	21
April.....	24,964	15,791	1,066	2,574	520	834	598	14	428	34	274	24	212	30	21
May.....	25,140	15,957	1,067	2,574	524	823	598	21	428	33	274	24	214	30	21
June.....	25,280	16,110	1,067	2,574	540	800	598	20	428	34	274	24	213	30	21
July.....	25,536	16,238	1,162	2,574	573	769	595	18	^p 428	^p 34	^p 274	^p 24	^p 213	^p 30	^p 21

Other countries—Continued

End of month	Co- lombia	Czecho- Slo- vakia	Den- mark	Egypt	Ger- many ²	Greece	Hun- gary	Italy ³	Japan	Java	Mex- ico	New Zea- land	Nor- way	Peru	Pol- and
1934—Dec.....	19	112	60	55	32	40	23	518	394	77	23	25	61	19	96
1935—Dec.....	16	112	54	55	33	34	23	270	425	54	44	23	84	20	84
1936—Dec.....	19	91	54	55	27	26	25	208	463	60	46	23	98	20	75
1937—Dec.....	16	92	53	55	28	24	25	210	261	79	24	23	82	20	83
1938—Aug.....	20	93	53	55	29	25	25	210	164	80	27	23	101	19	85
Sept.....	23	81	53	55	29	28	25	210	164	80	24	23	96	19	83
Oct.....	24	83	53	55	29	27	25	210	164	80	24	23	96	19	82
Nov.....	24	83	53	55	29	27	28	210	164	80	27	23	96	19	84
Dec.....	24	83	53	55	29	27	37	193	164	80	29	23	94	20	85
1939—Jan.....	24	83	53	55	29	27	24	193	164	80	32	23	96	19	85
Feb.....	24	83	53	55	29	27	24	193	164	80	34	23	96	19	85
Mar.....	21	67	53	55	29	29	24	193	164	80	34	23	96	19	85
April.....	21	66	53	55	29	29	24	193	164	80	32	23	107	19	84
May.....	20	65	53	55	29	31	24	193	164	80	33	23	107	19	84
June.....	20	62	53	55	29	31	24	193	^p 164	80	28	23	107	^p 19	84
July.....	21	60	53	^p 55	29	^p 31	24	193	^p 164	^p 80	29	^p 23	107	^p 19	84

Other countries—Continued

Government gold reserves¹ not included
in total for 52 countries

End of month	Other countries—Continued									Government gold reserves ¹ not included in total for 52 countries				
	Port- ugal	Ruma- nia	South Africa	Spain ⁴	Swen- den	Tur- key	Uru- guay	Yugo- slavia	16 other coun- tries ⁵	End of month	United States	United King- dom	France	Bel- gium
1934—Dec.....	68	104	184	740	159	22	82	53	154	1934—Dec.....				31
1935—Dec.....	68	109	212	735	185	24	77	43	158	1935—Dec.....				53
1936—Dec.....	68	114	203	718	240	26	77	48	175	1936—Dec.....				93
1937—Dec.....	69	120	189	718	244	29	74	51	169	1937—Dec.....				81
1938—Aug.....	69	124	202	525	280	29	71	55	125	1938—Mar.....		1,489		
Sept.....	69	129	220	525	310	29	71	56	125	June.....	² 44			62
Oct.....	69	132	219	525	321	29	69	56	127	Sept.....		759		
Nov.....	69	132	220	525	321	29	69	57	125	Oct.....			² 103	
Dec.....	69	133	220	525	321	29	69	57	125	Nov.....			130	
1939—Jan.....	69	133	220	525	331	29	68	57	127	Dec.....	80		331	44
Feb.....	69	134	219	525	331	30	68	57	126	1939—Jan.....		(³)	381	
Mar.....	69	134	221	525	332	30	68	57	124	Feb.....		(³)	465	
April.....	69	135	218	525	339	30	68	57	126	Mar.....	154	1,732	553	
May.....	69	136	218	525	344	30	68	57	126	Apr.....			⁴ 2449	
June.....	69	137	219	525	346	30	^p 68	57	^p 125	June.....				17
July.....	^p 69	^p 137	^p 219	525	348	30	^p 68	57	^p 126	July.....		(³)		

¹ Preliminary.² Data reported monthly incomplete. For additional data see section at end of table.³ Figure for May 1939 officially reported and carried forward.⁴ Figure for Mar. 1937 officially reported as of 20th of month and carried forward through Nov. 1937. Figures for Dec. 1937 through Mar. 1938 officially reported and carried forward through Nov. 1938. Figure for Dec. 1938 officially reported and carried forward.⁵ Figure for Aug. 1, 1936, carried forward through Mar. 1938; Apr. 1938 figure officially reported and carried forward.⁶ These 16 countries are: Albania, Algeria, Australia, Austria through Mar. 7, 1938, Belgian Congo, Bolivia, Danzig, Ecuador, El Salvador, Estonia, Guatemala, Finland, Latvia, Lithuania, Morocco, and Siam.

NOTE.—For back figures and description of table see BULLETIN for June 1933, pp. 368-372, and July 1936, pp. 544-547; also see footnotes to table in BULLETIN for Aug. 1936, p. 667, and Dec. 1937, p. 1262.

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 Fund for Support of Rentes; Belgium—Treasury. Gold in stabilization funds of Switzerland and Netherlands and certain other gold of central banks and governments not reported.² First date reported.³ \$1,648,000,000 transferred Jan. 6, 1939, from Bank of England to Exchange Account; \$26,000,000 transferred back on Mar. 1, and \$94,000,000 on July 12, 1939.⁴ \$140,000,000 transferred from Fund to Bank on April 20, 1939.

GOLD PRODUCTION
Outside U. S. S. R.
(In thousands of dollars)

Year or month	Estimated world production outside U. S. S. R.	Production reported monthly												
		Total	Africa				North and South America					Far East		
			South Africa	Rhodesia	West Africa	Belgian Congo	United States ¹	Canada	Mexico	Colombia	Chile	Australia	British India	
<i>\$1=25.8/10 grains of gold 9/10 fine; i. e., an ounce of fine gold=\$20.67</i>														
1929-----	382,532	352,237	215,242	11,607	4,297	2,390	45,651	39,862	13,463	2,823		683	8,712	7,508
1930-----	401,088	365,258	221,526	11,476	4,995	2,699	47,248	43,454	13,813	3,281		428	9,553	6,785
1931-----	426,424	386,293	224,863	11,193	5,524	3,224	49,527	55,687	12,866	4,016		442	12,134	6,815
1932-----	458,102	413,459	238,931	12,000	5,992	3,642	50,626	62,933	12,070	5,132		788	14,563	6,782
1933-----	469,257	411,208	227,673	13,355	6,623	3,631	52,842	60,968	13,169	6,165		3,009	16,873	6,919
<i>\$1=15.5/21 grains of gold 9/10 fine; i. e., an ounce of fine gold=\$35</i>														
1933-----	794,498	696,218	385,474	22,578	11,214	6,148	89,467	103,224	22,297	10,438	5,094	28,568	11,715	
1934-----	823,003	707,288	366,795	24,264	12,153	6,549	108,191	104,023	23,135	12,045	8,350	30,559	11,223	
1935-----	882,533	751,979	377,090	25,477	13,625	7,159	126,325	114,971	23,858	11,515	9,251	31,240	11,458	
1936-----	971,514	833,088	396,768	28,053	16,295	7,386	152,509	131,181	26,465	13,632	9,018	40,118	11,693	
1937-----	1,041,987	892,535	410,710	28,296	20,784	8,018	168,159	143,367	29,591	15,478	9,544	46,982	11,607	
1938-----	1,116,983	956,851	425,649	28,532	24,670	8,470	178,143	165,055	32,306	18,225	10,290	54,254	11,247	
1938—April-----	87,533	74,862	34,351	2,374	2,024	702	12,577	12,895	2,389	1,664	698	4,280	906	
May-----	90,445	77,371	35,794	2,415	1,989	686	13,953	13,338	1,863	1,338	782	4,278	935	
June-----	91,242	78,048	35,509	2,394	2,020	726	12,949	13,674	3,024	1,365	901	4,577	909	
July-----	98,492	84,946	36,222	2,410	2,067	716	16,781	14,727	4,241	1,748	752	4,330	951	
August-----	97,845	83,994	36,622	2,415	2,053	716	16,590	14,425	2,941	1,515	986	4,771	958	
September-----	97,386	83,320	36,237	2,365	2,048	743	16,937	14,336	2,062	1,812	1,019	4,816	946	
October-----	96,785	82,899	36,449	2,445	2,174	725	16,320	14,394	2,265	1,622	906	4,642	956	
November-----	98,596	84,708	35,842	2,381	2,204	728	18,579	14,551	2,353	1,628	830	4,783	930	
December-----	98,702	84,189	36,007	2,318	2,240	751	16,068	15,186	2,700	1,499	1,033	5,393	995	
1939—January-----	94,835	80,159	36,188	2,287	2,230	753	14,919	14,396	1,762	1,953	655	4,076	940	
February-----	90,964	76,749	34,505	2,069	2,221	688	13,153	13,684	3,421	1,562	568	4,016	863	
March-----	97,627	82,656	37,538	2,202	2,346	767	14,364	14,498	2,542	1,752	1,198	4,492	938	
April-----	94,435	79,728	35,613	2,252	2,349	729	15,260	14,238	1,733	1,513	830	4,301	912	
May-----	² 98,267	² 83,551	37,970	2,355	² 2,360	779	15,167	15,133	1,794	1,614	² 795	4,649	936	
June-----	² 96,902	² 81,344	37,065	² 2,363	² 2,347	756	14,460	² 14,840	² 1,794	1,551	² 865	² 4,369	² 936	

Gold production in U. S. S. R.: No regular Government statistics on gold production in U. S. S. R. are available, but data of percentage changes irregularly given out by officials of the gold mining industry, together with certain direct figures for past years, afford a basis for estimating annual production, in millions of dollars, as follows—*at \$20.67 per fine ounce*: 1929, \$15; 1930, \$31; 1931, \$34; 1932, \$40; 1933, \$56; *at \$35 per fine ounce*: 1933, \$95 1934, \$135; 1935, \$158; 1936, \$185; 1937, \$180; 1938 (preliminary), \$184.

¹ Preliminary.
² Includes production in the Philippines.
NOTE.—For monthly figures back to January 1929 and for explanation of table see BULLETINS for March 1939, p. 227, February 1939, p. 151, June 1938, pp. 549-540, and April 1933, pp. 233-35. For annual figures of world production back to 1873 (including Russia-U. S. S. R.), see Annual Report of Director of Mint for 1936, pp. 108-109, 1937, pp. 104-105 and 1938, pp. 102-103. Figures for Canada beginning January 1938 are subject to official revision.

GOLD MOVEMENTS

(In thousands of dollars at approximately \$35 a fine ounce)

Year or month	Total net imports or net exports (-)	United States													
		Net imports from or net exports (-) to:													
		United Kingdom	France	Belgium	Netherlands	Sweden	Switzerland	Canada	Mexico	Colombia	Philippine Islands	Australia	Japan	British India	All other countries
1934 ¹ -----	1,131,994	499,870	260,223	8,902	94,348	-----	12,402	86,829	30,270	16,944	12,038	1,029		76,820	32,316
1935-----	1,739,019	315,727	934,243	3	227,185	-----	908	95,171	13,667	10,899	15,335	3,498		75,268	47,054
1936-----	1,116,584	174,093	573,671	3,351	71,006	2	7,511	72,648	39,966	11,911	21,513	23,280		77,892	39,743
1937-----	1,585,503	891,531	-13,710	90,859	6,461	6	54,452	111,480	38,482	18,397	25,427	34,713	246,464	50,762	30,179
1938-----	1,973,569	1,208,728	81,135	15,488	163,049	60,146	1,363	76,315	36,472	10,557	27,880	30,162	168,740	16,159	² 63,376
1938—May-----	52,775	2,895	35	891	-----	10,221	-----	630	5,650	2,108	2,285	3,582	21,950	-----	2,530
June-----	55,307	20,599	13	3,248	571	11,520	226	726	715	1	3,232	2,984	5,782	2,252	3,438
July-----	63,815	4,976	898	-----	7,685	-----	-----	962	11,123	1	2,422	3,434	28,669	1,148	2,495
August-----	165,973	91,227	4,721	3,213	-----	15,360	-----	14,333	3,133	2,113	1,772	2,748	23,497	-----	3,506
September-----	520,896	377,984	-----	-----	47,219	11,521	-----	38,148	1,446	4	2,721	3,775	35,095	-----	2,982
October-----	562,366	443,403	42,959	-----	41,832	3,840	1	10,510	2,236	-----	4	2,720	5,740	760	4,768
November-----	177,768	99,145	17	-----	27,242	-----	1,136	7,171	3,457	11	2,943	7,888	5,788	3,822	² 19,150
December-----	240,526	101,707	37,395	1,979	46,185	-----	-----	731	2,550	2,107	2,655	6,788	14,425	1,797	² 22,207
1939—January-----	156,345	52,050	1,438	1,688	33,678	2	-----	10,842	2,342	2,089	2,754	6,585	37,819	1	5,124
February-----	223,281	165,377	1,400	-----	29,256	3,840	-----	4,220	2,496	-----	2,719	3,953	5,446	175	4,398
March-----	365,384	250,042	816	37,179	27,098	-----	8,227	6,852	3,822	4,234	3,326	4,303	11,410	3,635	4,391
April-----	605,797	384,925	21	84,603	44,564	8	-----	55,680	7,665	1,649	2,114	2,179	4,844	5,528	4,944
May-----	429,404	302,667	3	41,651	40,449	-----	2,284	12,066	2,050	2,117	2,594	5,295	10,931	3,390	3,909
June-----	240,430	128,196	2	-----	55,081	-----	5,644	17,191	3,280	2,107	3,843	5,677	14,093	2,244	3,072
July-----	278,636	177,805	1	-----	45,554	10	-----	5,628	15,196	4,150	2,123	3,022	5,034	10,938	6,416

¹ Differs from official customs-house figures in which imports and exports for January 1934 are valued at approximately \$20.67 a fine ounce.
² Figures for November and December 1938 include imports from Argentina of \$14,112,000 and \$17,710,000, respectively.
³ Includes \$4,503,000 from Argentina.
NOTE.—For gross import and exports figures and for additional countries see table on p. 788.

GOLD MOVEMENTS—Continued

[In thousands of dollars at approximately \$35 a fine ounce]

Year or month	Total net imports or net exports (—)	United Kingdom											All other countries	
		Net imports from or net exports (—) to:												
		United States	France	Germany ¹	Belgium	Netherlands	U.S.S.R.	Australia	South Africa, Rhodesia, West Africa	British India	Other British countries	Sweden		Switzerland
1934	716,269	-497,166	348,190	121,017	-13,585	32,575		41,790	335,253	206,693	62,397	-9,123	288,228	
1935	369,722	-435,502	142,137	-4,726	-17,476	10,796	931	37,981	404,295	181,602	32,754	-50,661	14,126	
1936	1,169,931	-276,830	756,215	23,292	-15,133	-21,215		26,723	488,814	128,421	28,067	-10,129	3,998	
1937	420,427	-834,009	541,187	46,147	-21,993	-16,572	199,965	24,165	464,837	66,330	22,079	-81	16,596	
1938	-285,638	-1,050,395	38,899	33,173	348,000	-46,463	115,540	27,831	333,760	55,744	20,761	-89,371	4,922	
1938—May	97,478	-5,233	-119	168	48,446	-6,781	28,083	2,467	35,407	3,824	2,139	-13,996	-2,263	5,336
June	89,580	-20,811	-6,137	57	56,764	-12,037	28,104	2,024	40,623	3,725	9,929	-7,673	-5,407	421
July	24,119	-10,529	-997	47	23,212	-5,750		2,490	31,516	6,418	6,581	-11,429	-16,521	-920
Aug.	-73,132	-93,660	-5,726	6,164	-258	-10,041	5,665	2,102	31,192	10,356	3,035	-11,151	-10,498	-312
Sept.	-261,143	-360,016	685	14,358	120,075	-7,498	8	2,839	16,831	3,023	-4,750	-22,763	-21,998	-1,955
Oct.	-210,171	-308,528	69,604	4,077	33,982	535		705	6,530	4,204	-20,792	-4,671	2,831	1,353
Nov.	-96,508	-105,220	-66	6,005	-2,328	-5,245		155	2,695	4,260	618		1,017	1,603
Dec.	-66,726	-97,371	758	2,057	-898	9,990	5,649	528	7,358	1,815	531		1,511	1,347
1939—Jan.	-36,514	-50,814	-3	-33	211	-253	5,672	681	5,671	304	1,374	-3,790	704	3,762
Feb.	-148,005	-160,218	-68	11	396	779	5,613	736	3,451	151	-1,101	-1	399	1,847
Mar.	-259,984	-306,839	-183	88	23,477	1,039	16,866		5,559	1,417	-1,143	-32	-3,845	3,618
Apr.	-121,188	-357,518	-1,431	29	176,451	19,164			12,656	4,805	-47,875	-437	73,394	-425
May	-294,077	-287,762	-262	4,018	2,008	49,004	5,631	143	45,394	2,975	-145,856	-3,793	32,921	1,504
June	-51,591	-127,293	-412	-38	2,415	22,968			52,636	2,888	911	-2	153	-3,318
July ²	-137,376	-170,928	-120		182	8,866			38,395	747	329		-657	-14,190

Year or month	Germany	Total net imports or net exports (—)	Total net imports or net exports (—)	Switzerland							British India					
				Net imports from or net exports (—) to:							Total net imports or net exports (—)	Gold production in India	Increase in India:			
				United States	United Kingdom	France	Belgium	Italy	Netherlands	Germany ¹			All other countries	In Indian reserves ⁵	In gold earmarked for foreign account	In private holdings ⁶
1934		-90,920	-46,065	-12,784	-45,955	-29,235	18,397	19,431	2,580	-43	1,543	-230,720	11,223	173		-219,670
1935		42,969	-230,788	647	-54,858	-181,725	-13,940	25,542	342	-9,607	7,212	-161,872	11,468	-6		-150,398
1936		-1,868	122,278	-9,127	-1,714	39,305	14,531	51,299	4,600	-2,990	8,268	-121,066	11,663			-109,403
1937		-3,718	-56,946	-61,608	11,940	-45,061	27,739	-657	6,553	-16,461	10,609	-61,723	11,607	-41		-50,075
1938		-35,224	-1,245	-1,128	76,620	-74,375	-1,067	11,314	25,125	-32,745	-4,989	-54,661	11,247		12,078	-55,494
1938—May		18,058	-5,201	33	4,860	-2,943	-1,549	-2,009	2,396	-6,175	187	-3,452	935			-2,517
June		7,626	5,978	-220	5,256	-7,839	-484	5,814	5,657	-2,487	282	-2,327	909			-1,418
July		1,468	-8,837	-2	16,128	-14,071	-6,041	-142	3,962	-8,893	222	-10,988	951			-10,037
Aug.		-6,864	-1,338	-2	10,464	-8,382	-1,283	-37	3,824	-6,267	342	-7,082	958			-6,124
Sept.		-36,626	9,024	-7	15,940	418	117	-2	924	1,884	-10,251	-957	946			-11
Oct.		-16,134	1,454	-1,140	907	-616	-158	-38	2,551	-56	3	-7,622	956		1,909	-8,575
Nov.		-10,129	913	228	13	33	-117	-4	994	-265	81	-2,283	930		5,690	-7,043
Dec.		-3,765	-5,690		-1,854	-139	-160		-2,884	-438	-209	211	995		4,479	-3,273
1939—Jan.		33	-3,786	69	-680	549	-149	1	-2,294	-1,274	-7	-125	940		11,423	-10,608
Feb.		-11,940	-2,112	-21	-763	24	-213	556	-1,581	-97	-15	-3,288	863		7,749	-10,174
Mar.		9,999	-37,332	-10,786	1,547	-1,990	-1,509	-576	-8,327	-14,830	-800	-5,113	938	-3	4,812	-8,984
Apr.		9,967	-162,645	-54,266	-104,650	-4,805	-864	10,819	-3,876	-2,431	-2,573	-3,394	912		5,197	-7,679
May		-5,807	8,059	-2,329	-5,419	-1,609	-73	19,585	-718	-1,138	-239	-4,202	937		1,839	-5,104
June		-284	-10,696	-8,539	93	269	6	-8	725	-3,116	-76	-3,777	937			
July ²			7,775	-2,973	1,143	-1,144		10,749	229	-229			937			

² Preliminary.¹ Beginning April 1938 figures refer to Greater Germany.² Includes \$17,465,000 exported to Rumania and unspecified net imports of \$95,937,000.³ Includes \$67,655,000 exported to Central and South America.⁴ Figures for April and May include exports to Canada of \$45,972,000 and \$144,910,000 respectively.⁵ Through March 1935 gold held by government; subsequently, gold held by Reserve Bank of India to which government gold was transferred.⁶ Figures derived from preceding columns; gold movement plus production minus increases in Indian reserves and gold earmarked for foreign account in India.⁷ Includes net import of \$19,926,000 from Czecho-Slovakia and net export of \$15,374,000 to Austria.⁸ Includes net import of \$26,555,000 from Czecho-Slovakia.

NOTE.—Switzerland.—In some cases annual aggregates of official monthly figures differ somewhat from revised official totals published for year as a whole.

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.	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	1,168.5	243.9	924.6	449.1	583.2	1,162.0	47.5
1938—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—Apr. 26.....	4,479.6	1,934.4	240.9	1,693.5	611.8	657.5	1,202.9	73.0
May 3.....	4,523.7	2,019.6	245.9	1,773.6	596.1	621.8	1,211.9	74.4
May 10.....	4,544.5	2,030.7	264.5	1,766.2	591.3	637.1	1,210.2	75.3
May 17.....	4,567.6	2,042.8	292.8	1,750.0	597.3	642.3	1,211.8	73.4
May 24.....	4,570.0	2,046.3	299.1	1,747.3	596.0	644.1	1,209.3	74.2
May 31.....	4,570.8	2,041.5	302.1	1,739.5	599.8	647.6	1,209.2	72.7

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	Far East	All other
1935—Dec. 31.....	1,412.5	554.9	210.2	114.5	130.4	36.6	24.0	130.0	1,200.6	(1)	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—Sept. 28.....	3,452.9	983.2	308.7	298.2	504.3	131.5	20.6	434.5	2,681.1	124.8	442.9	167.1	37.1
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—Apr. 26.....	4,479.6	1,303.3	421.6	405.4	595.6	146.9	26.0	595.9	3,494.7	216.8	480.6	231.4	56.2
May 3.....	4,523.7	1,316.2	430.1	405.1	598.1	149.0	26.0	605.7	3,530.2	226.3	491.5	222.1	53.6
May 10.....	4,544.5	1,313.7	430.0	406.2	599.8	148.0	26.1	604.3	3,528.0	237.8	499.7	226.0	53.1
May 17.....	4,567.6	1,331.0	428.1	402.3	602.1	148.6	27.2	605.3	3,544.7	239.8	499.1	230.2	53.8
May 24.....	4,570.0	1,334.6	426.9	393.7	598.3	148.2	28.6	608.7	3,530.0	242.0	505.8	226.7	56.5
May 31.....	4,570.8	1,337.6	431.1	391.1	595.3	148.7	29.1	606.5	3,530.4	241.0	507.4	226.4	56.6

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	Far East	All other
1935—Dec. 31.....	603.3	128.6	129.6	55.7	72.4	-8.8	7.3	60.7	453.5	46.0	33.5	58.8	11.5
1936—Dec. 30.....	930.5	163.5	144.2	65.9	109.8	2.7	23.0	79.7	588.9	86.8	149.3	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—Sept. 28.....	1,161.2	236.3	133.5	68.3	177.3	-12.0	-1.5	185.9	787.8	90.7	164.1	96.9	21.7
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—Apr. 26.....	1,934.4	476.7	236.8	141.0	230.6	-15.7	-5.7	318.4	1,382.1	166.9	209.6	140.4	35.3
May 3.....	2,019.6	484.9	244.3	139.4	230.8	-15.1	-6.4	324.3	1,402.2	216.8	221.0	145.2	34.3
May 10.....	2,030.7	489.2	243.6	141.0	232.2	-15.9	-6.7	322.6	1,405.9	215.2	228.0	147.9	33.6
May 17.....	2,042.8	503.0	239.6	136.2	233.4	-15.1	-6.5	323.2	1,413.8	213.5	236.4	145.1	34.1
May 24.....	2,046.3	507.9	239.5	126.7	228.2	-15.6	-5.1	326.7	1,408.3	212.6	247.8	140.7	37.1
May 31.....	2,041.5	505.8	243.2	123.2	224.7	-14.0	-4.4	323.6	1,402.1	209.3	250.7	142.8	36.6

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	Far East	All other
1935—Dec. 31.....	361.4	208.8	48.1	-4.4	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—Sept. 28.....	477.2	170.3	67.4	-4.0	3.7	132.1	10.2	33.4	413.1	12.3	71.8	-16.0	-3.9
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—Apr. 26.....	611.8	227.9	67.1	.7	4.5	151.7	13.7	35.1	500.8	48.3	71.1	-6.0	-2.4
May 3.....	596.1	229.9	67.3	.7	3.9	153.1	14.1	38.3	507.2	44.0	69.5	-20.1	-4.6
May 10.....	591.3	225.8	67.2	-1.1	4.0	153.0	14.6	38.3	501.8	44.0	70.4	-20.1	-4.8
May 17.....	597.3	231.1	70.2	-1.2	3.7	152.8	15.3	38.0	509.9	45.2	61.1	-14.4	-4.6
May 24.....	596.0	231.1	68.9	-1.7	4.2	153.0	15.4	37.8	509.7	47.6	56.3	-12.7	-4.8
May 31.....	599.8	236.8	68.1	-1.1	4.7	152.0	15.3	38.7	515.4	46.9	54.8	-13.0	-4.3

¹ 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—Continued

NET CAPITAL MOVEMENT TO 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	Far East	All other
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—Sept. 28.....	625.0	129.3	24.2	23.8	30.5	31.9	17.0	155.2	411.9	-11.2	184.7	30.9	8.7
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—Apr. 26.....	657.5	128.7	27.5	29.3	40.1	35.2	23.2	178.2	462.0	-24.3	173.5	35.9	10.3
May 3.....	621.8	129.1	27.6	29.4	40.4	35.2	23.6	178.7	464.0	-63.3	174.5	36.2	10.4
May 10.....	637.1	128.9	27.8	29.5	40.4	35.3	23.6	179.0	464.4	-48.9	174.7	36.4	10.4
May 17.....	642.3	128.5	27.9	29.6	40.9	35.4	23.6	179.3	465.1	-44.7	174.9	36.5	10.4
May 24.....	644.1	128.4	28.0	29.6	40.9	35.4	23.6	179.5	465.6	-43.5	175.2	36.6	10.4
May 31.....	647.6	128.1	27.9	29.6	41.3	35.4	23.6	179.8	465.7	-40.3	175.2	36.6	10.4

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	Far East	All other
1935—Dec. 31.....	316.7	149.8	23.4	50.5	55.1	-5.4	-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—Sept. 28.....	1,125.4	430.5	67.8	203.3	282.2	-20.4	-5.3	53.0	1,011.2	27.7	21.9	54.5	10.1
Dec. 28.....	1,210.9	472.6	76.5	212.9	301.7	-22.7	-5.4	56.6	1,092.3	27.8	23.4	56.4	11.0
1939—Apr. 26.....	1,202.9	452.6	73.9	224.1	310.0	-24.2	-5.5	56.7	1,087.6	16.7	25.6	60.4	12.5
May 3.....	1,211.9	454.6	73.9	225.4	311.8	-24.2	-5.5	56.7	1,092.7	19.4	25.8	60.9	13.0
May 10.....	1,210.2	452.1	74.4	226.8	312.1	-24.2	-5.5	57.0	1,092.6	16.9	25.8	61.6	13.4
May 17.....	1,211.8	450.7	74.4	227.7	313.5	-24.3	-5.5	57.3	1,093.7	16.4	26.1	62.2	13.5
May 24.....	1,209.3	449.2	74.3	228.4	314.1	-24.4	-5.5	57.2	1,093.3	15.9	25.7	61.0	13.5
May 31.....	1,209.2	448.9	75.6	228.9	313.9	-24.6	-5.6	57.2	1,094.4	16.6	25.8	59.0	13.5

TABLE 7.—BROKERAGE BALANCES, BY COUNTRIES

From Jan. 2, 1935, through—	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Far East	All other
1935—Dec. 31.....	6.0	(1)	2.4	1.3	2.5	-2	.1	1.4	7.6	-4.5	1.0	2.9	-0.9
1936—Dec. 30.....	12.9	4.0	10.4	-9	9.1	-7	.3	.4	22.6	-7.6	-4.2	2.1	(2)
1937—Dec. 29.....	47.5	11.5	11.5	5.0	10.8	(1)	.1	5.0	44.0	3.5	-5	.5	(2)
1938—Sept. 28.....	64.1	16.8	15.9	6.8	10.7	-1	.2	6.9	57.2	5.3	.4	.8	.5
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—Apr. 26.....	73.0	17.4	16.3	10.3	10.5	-1	.3	7.5	62.2	9.1	.7	.6	.4
May 3.....	74.4	17.8	17.0	10.2	11.2	(1)	.2	7.7	64.0	9.3	.7	-.1	.4
May 10.....	75.3	17.7	17.0	10.0	11.1	-2	.2	7.5	63.2	10.5	.9	.2	.5
May 17.....	73.4	17.7	16.0	10.1	10.6	-2	.3	7.6	62.2	9.3	.6	.8	.5
May 24.....	74.2	18.0	16.3	9.7	10.9	-2	.2	7.5	62.3	9.5	.9	1.1	.4
May 31.....	72.7	18.0	16.3	9.5	10.8	-2	.2	7.3	61.9	8.7	.8	1.0	.4

¹ Inflow less than \$50,000.

² Outflow less than \$50,000.

INTERNATIONAL CAPITAL TRANSACTIONS OF THE UNITED STATES—Continued
OUTSTANDING SHORT-TERM ACCOUNTS, BY COUNTRIES

[Outstanding amounts in millions of dollars]

TABLE 8.—SHORT-TERM LIABILITIES TO FOREIGNERS, BY COUNTRIES

Date	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Far East	All other
<i>Reported by Banks in New York City</i>													
1929—Dec. 31.....	2,672.7	301.5	923.7	99.1	105.2	204.5	157.4	371.3	2,162.8	241.8	188.2	49.0	31.0
1930—Dec. 31.....	2,335.0	214.5	798.4	122.2	222.2	161.0	111.2	281.3	1,911.7	216.8	130.8	38.2	37.5
1931—Dec. 30.....	1,303.5	104.9	549.2	44.6	66.0	41.1	33.2	122.2	961.2	148.3	103.3	69.0	21.6
1932—Dec. 28.....	745.6	169.7	71.1	11.9	78.0	32.9	39.8	66.2	469.6	98.2	121.7	43.5	12.6
1933—Dec. 27.....	392.0	48.9	27.0	8.0	11.5	17.5	11.7	31.1	155.7	80.1	96.7	42.7	10.9
1934—Nov. 28 ¹	466.7	59.1	32.7	12.7	9.7	25.8	14.3	41.7	196.0	91.9	106.6	60.3	11.9
<i>Reported by Banks in United States</i>													
1934—Dec. 5 ²	584.8	79.6	36.1	13.5	12.1	28.4	16.8	40.6	227.1	103.3	117.4	125.1	12.0
1935—Jan. 2.....	597.0	76.9	33.9	12.9	13.7	29.9	18.8	46.8	232.9	99.3	122.8	130.1	12.0
Dec. 31.....	1,200.2	205.5	163.5	68.6	86.1	29.0	26.1	107.5	686.3	145.3	156.3	188.9	23.4
1936—Dec. 30.....	1,491.6	235.7	176.3	78.8	123.5	32.0	41.7	126.3	814.3	186.1	263.9	200.2	27.1
1937—Dec. 29.....	1,729.6	261.5	143.9	89.1	302.1	39.0	25.7	156.0	1,017.1	175.6	280.9	236.0	30.0
1938—Sept. 28.....	1,732.4	308.5	165.6	82.2	191.0	17.6	17.2	232.8	1,015.0	190.8	285.0	207.9	33.7
Dec. 28.....	2,003.9	438.8	190.9	98.4	217.4	19.9	22.6	249.9	1,237.8	235.2	254.9	243.7	32.4
1939—Apr. 26.....	2,505.6	548.9	269.0	154.9	244.2	13.9	13.1	365.3	1,609.3	267.0	330.6	251.4	47.3
May 3.....	2,590.8	557.0	276.4	153.4	244.5	14.6	12.4	371.2	1,629.4	316.9	342.0	256.2	46.3
May 10.....	2,601.9	561.4	275.7	155.0	245.9	13.7	12.1	369.5	1,633.1	315.4	348.9	258.9	45.5
May 17.....	2,614.0	575.1	271.7	150.1	247.1	14.5	12.3	370.1	1,641.0	313.6	357.3	256.1	46.1
May 24.....	2,617.6	580.0	271.6	140.6	241.9	14.0	13.7	373.6	1,635.4	312.7	368.7	251.7	49.1
May 31.....	2,612.7	578.0	275.3	137.1	238.4	15.7	14.3	370.5	1,629.3	309.4	371.7	253.8	48.6

TABLE 9.—SHORT-TERM FOREIGN ASSETS, BY COUNTRIES

Date	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Far East	All other
<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	280.9	16.7	83.2	651.0	32.3	159.7	49.7	6.2
1934—Nov. 28 ¹	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 ²	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.....	778.6	88.1	32.5	19.0	6.6	202.0	13.5	71.2	493.0	100.9	154.5	80.1	10.1
1936—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—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—Sept. 28.....	626.9	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—Apr. 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 3.....	508.0	62.3	11.5	17.9	4.2	78.1	13.1	41.5	228.5	52.2	96.5	117.7	13.1
May 10.....	512.8	66.4	11.5	19.8	4.0	78.2	12.6	41.5	233.9	52.3	95.6	117.7	13.2
May 17.....	506.8	61.1	8.5	19.9	4.4	78.3	11.9	41.8	225.8	51.1	104.9	112.0	13.1
May 24.....	508.1	61.1	9.8	19.3	3.8	78.2	11.8	42.0	226.1	48.7	109.7	110.3	13.3
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

¹ Last report date on old basis.
² First report date on new basis.

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	Other assets ¹	Cash reserves		Dis-counts and advances	Securi-ties		Deposits			Other liabilities
			Coin	Notes				Bankers'	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—Aug. 31	326.4	200.0	1.3	46.0	5.4	124.4	480.4	94.7	27.8	36.4	18.2
Sept. 28	326.4	200.0	1.5	25.5	7.3	135.6	500.9	99.9	11.4	40.2	18.2
Oct. 26	326.4	200.0	1.4	43.9	4.2	129.2	482.5	100.4	25.0	35.5	17.7
Nov. 30	326.4	200.0	1.2	45.6	17.6	110.8	480.8	97.1	23.1	37.2	17.8
Dec. 28	326.4	230.0	.8	51.7	28.5	90.7	504.7	101.0	15.9	36.8	18.0
1939—Jan. 25	² 126.4	400.0	.7	62.6	18.8	103.9	463.8	118.2	12.9	36.7	18.1
Feb. 22	126.4	400.0	1.0	53.7	17.5	100.6	472.7	103.1	16.3	35.1	18.2
Mar. 29	³ 226.2	300.0	1.1	44.2	4.8	124.8	482.0	98.5	21.8	36.3	18.2
April 26	226.2	300.0	.9	37.1	6.2	129.5	489.1	91.4	27.0	37.6	17.7
May 31	226.2	300.0	.6	26.4	8.0	140.7	499.8	82.4	38.3	37.1	17.8
June 28	226.4	300.0	.7	27.4	6.8	136.7	499.0	101.4	15.4	37.0	17.9
July 26	⁴ 246.4	300.0	.6	35.5	8.0	128.0	510.9	91.4	26.0	36.7	18.1

Bank of France (Figures in millions of francs)	Assets								Liabilities					
	Gold ⁵	For- eign ex- change	Domestic bills			Ad- vances to Gov- ern- ment ⁶	Loans on—		Other assets	Note circu- lation	Deposits		Other liabi- lities	
			Open market ⁷	Spe- cial ⁷	Other		Short- term Gov- ern- ment se- curities	Other securi- ties			Gov- ern- ment	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	6,609	76,436	12,624	11,698	2,241	
1931—Dec. 30	68,863	21,111	7,157	-----	7,389	-----	-----	2,730	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	7,879	81,160	2,862	8,716	2,113	
1936—Dec. 30	60,359	1,460	5,640	1,379	8,465	17,698	-----	715	3,583	83,344	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—Aug. 25	55,808	767	6,098	-----	8,241	40,134	-----	331	3,545	7,364	2,891	17,684	2,649	
Sept. 29	55,808	764	6,781	642	20,293	50,134	-----	1,311	4,362	8,410	124,428	2,825	18,593	2,660
Oct. 27	55,808	763	6,802	1,550	14,694	48,134	-----	1,600	3,865	7,427	110,446	3,642	23,827	2,727
Nov. 24	87,264	888	7,032	1,611	11,021	20,627	-----	1,559	3,739	14,185	106,798	6,169	31,955	3,004
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—Jan. 26	87,266	761	8,004	1,996	6,193	20,627	-----	136	3,389	14,099	109,378	5,445	24,935	2,713
Feb. 23	87,266	759	7,801	2,014	5,462	20,627	-----	73	3,317	14,308	111,162	5,079	22,556	2,830
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	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

¹ Securities and silver coin held as cover for fiduciary issue. Currency and Bank Notes Act, 1939 (see BULLETIN for April 1939, p. 271), fixed fiduciary issue at £300,000,000 and provided for valuation of gold at current prices instead of legal parity, effective March 1, 1939. For previous status of fiduciary issue see BULLETIN for April 1939, p. 339.

² On Jan. 6, 1939, £200,000,000 of gold transferred to British Exchange Equalization Account.

³ Effective Mar. 1, 1939, gold valued at current prices instead of legal parity and about £5,500,000 transferred from Exchange Account to Bank. See note 1.

⁴ On July 12, 1939, £20,000,000 of gold transferred from Exchange account to Bank of England.

⁵ By decree of Nov. 12, 1938 (see BULLETIN for Jan. 1939, p. 29), gold revalued on basis of 27.50 milligrams gold 0.900 fine per franc; on Nov. 14 increment of nearly 31,500,000,000 francs was applied to partial reimbursement of advances to Government, which stood at authorized maximum of 52,000,000,000 francs on that date. Permanent debt of Government to Bank, included above in Other Assets, was simultaneously increased by 6,800,000,000 francs. For details of revaluations in October 1936 and July 1937 see BULLETIN for Dec. 1938, p. 1091.

⁶ Negotiable bills of Caisse Autonome and bills bought under authority of decree of June 17, 1938 (see BULLETIN for Aug. 1938, p. 650).

⁷ Bills and warrants endorsed by National Wheat Board (law of Aug. 15, 1936—see BULLETIN for Oct. 1936, pp. 785-786), and bills rediscounted for account of Banques Populaires (law of Aug. 19, 1936—see BULLETIN for Oct. 1936, p. 788).

⁸ 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 (see BULLETINS for July 1936, p. 536; Aug. 1937, p. 720; June 1938, p. 452; Aug. 1938, p. 650, and Jan. 1939, p. 30).

⁹ On April 20, 1939, 5,000,000,000 francs of gold transferred from Stabilization Fund to Bank of France.

NOTE.—For further explanation of table see BULLETIN for February 1931, pp. 81-83, and July 1935, p. 463.

CENTRAL BANKS—Continued

Reichsbank (Figures in millions of reichmarks)	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—Aug. 31.....	76	71	6,648	35	550	298	1,268	6,869	1,033	974
Sept. 30.....	77	71	8,174	48	550	298	1,129	8,023	1,231	1,022
Oct. 31.....	76	71	7,543	32	550	298	1,360	7,754	1,040	1,064
Nov. 30.....	77	71	7,514	48	548	298	1,494	7,744	1,141	1,093
Dec. 31.....	76	71	8,244	45	557	298	1,621	8,223	1,527	1,091
1939—Jan. 31.....	76	71	7,160	52	592	298	1,848	7,816	1,119	1,091
Feb. 28.....	76	71	7,361	60	660	288	1,710	7,939	1,105	1,112
Mar. 31.....	77	71	8,180	58	677	292	1,489	8,311	1,249	1,212
Apr. 29.....	77	71	7,726	55	668	476	1,928	8,519	1,122	1,289
May 31.....	77	71	7,547	40	922	285	2,182	8,525	1,292	1,234
June 30.....	77		8,159	48	930	274	1,658	8,731	1,281	1,132
July 31.....	77		8,461	36	925	289	1,652	8,989	1,294	1,157

¹ Not shown separately on Reichsbank statement after June 15, 1939.

NOTE.—For explanation of above table see BULLETIN for February 1931, pp. 81-83, and July 1935, p. 463.

Central bank (Figures as of last report date of month)	1939			1938	Central bank (Figures as of last report date of month)	1939			1938
	July	June	May	July		July	June	May	July
National Bank of Albania (thousands of francs):					National Bank of Belgium (millions of belgas):				
Gold.....			7,568	7,564	Gold reserve.....	3,381	3,187	3,089	2,954
Foreign assets.....			21,365	20,575	Other gold and foreign exchange.....	857	742	559	820
Loans and discounts.....			4,929	5,223	Discounts.....	188	314	538	343
Other assets.....			9,576	4,659	Loans.....	53	48	65	52
Note circulation.....			19,093	10,733	Other assets.....	469	473	471	454
Other sight liabilities.....			11,524	14,916	Note circulation.....	4,565	4,442	4,425	4,205
Other liabilities.....			12,821	12,371	Demand deposits—Treasury.....	8	37	20	16
Central Bank of the Argentine Republic (millions of pesos):					Other.....	251	161	156	284
Gold reported separately.....	1,224	1,224	1,224	1,224	Other liabilities.....	124	122	122	119
Other gold and foreign exchange.....	84	80	100	100	Central Bank of Bolivia (thousands of bolivianos):				
Negotiable Government bonds.....	271	276	89	89	Gold at home and abroad.....				54,491
Other assets.....	204	199	178	178	Foreign exchange.....				76,524
Note circulation.....	1,128	1,140	1,084	1,084	Loans and discounts.....				24,671
Deposits—Member bank.....	428	391	320	320	Securities—Government.....				397,275
Government.....	143	169	126	126	Other.....				4,094
Other.....	2	2	2	2	Other assets.....				20,839
Foreign exchange sold forward.....	32	29	9	9	Note circulation.....				270,992
Other liabilities.....	51	47	49	49	Deposits.....				243,472
Commonwealth Bank of Australia (thousands of pounds):					Other liabilities.....				63,430
Issue department:					National Bank of Bulgaria (millions of leva):				
Gold and English sterling.....	16,030	16,030	16,011	16,011	Gold.....		2,006	2,006	1,994
Securities.....	40,504	40,505	38,301	38,301	Foreign exchange.....		757	774	846
Banking department:					Loans and discounts.....		975	1,023	917
Coin, bullion, and cash.....	1,397	1,564	1,283	1,283	Government debt.....		3,417	3,441	3,468
London balances.....	19,075	16,702	25,223	25,223	Other assets.....		1,310	1,292	1,297
Loans and discounts.....	16,582	17,285	13,822	13,822	Note circulation.....		2,891	2,931	2,489
Securities.....	52,756	53,929	50,736	50,736	Deposits.....		3,239	3,427	3,750
Deposits.....	84,231	83,852	85,636	85,636	Other liabilities.....		2,336	2,178	2,284
Note circulation.....	47,530	47,530	49,030	49,030	Bank of Canada (thousands of Canadian dollars):				
Bank of Belgian Congo (millions of Belgian francs):					Gold.....	205,159	205,736	205,639	180,415
Gold.....			166	166	Sterling and United States exchange.....	43,960	33,652	34,599	23,461
Loans and discounts.....			394	337	Canadian Gov't securities:				
Other assets.....			566	626	2 years or less.....	112,550	110,773	114,032	116,318
Note circulation.....			381	380	Over 2 years.....	51,391	51,192	52,714	52,612
Deposits.....			604	627	Other assets.....	6,970	6,327	4,674	9,240
Other liabilities.....			142	122	Note circulation.....	169,714	165,922	166,227	156,796
					Deposits—Chartered banks.....	206,916	204,082	205,352	187,534
					Dominion Government.....	29,054	21,891	24,217	15,233
					Other.....	4,649	4,673	6,373	2,769
					Other liabilities.....	9,698	11,112	9,489	19,714

CENTRAL BANKS—Continued

Central bank [Figures as of last report date of month]	1939			1938	Central bank [Figures as of last report date of month]	1939			1938
	July	June	May	July		July	June	May	July
Central Bank of Chile (millions of pesos):					Central Reserve Bank of El Salvador (thousands of colones):				
Gold.....		146	145	145	Gold.....	13,208	13,207	13,206	
Discounts for member banks.....		35	62	5	Foreign exchange.....	6,479	6,872	4,190	
Loans to government.....		754	758	771	Loans and discounts.....	709	567	808	
Other loans and discounts.....		269	261	136	Government debt and securities.....	5,132	5,154	5,525	
Other assets.....		35	54	39	Other assets.....	990	961	846	
Note circulation.....		866	864	709	Note circulation.....	14,669	14,903	13,611	
Deposits—					Deposits.....	8,233	8,201	6,406	
Bank.....		123	114	188	Other liabilities.....	3,616	3,657	4,558	
Other.....		105	146	61	Bank of Estonia (thousands of krooni):				
Other liabilities.....		144	156	138	Gold ³	40,892	40,889	34,265	
Bank of the Republic of Colombia (thousands of pesos):					Foreign exchange (net).....	8,910	15,691	16,389	
Gold.....	36,109	35,853	35,548	36,757	Loans and discounts.....	27,059	28,625	22,061	
Foreign exchange.....	3,865	5,999	6,689	5,346	Other assets.....	44,507	34,853	30,491	
Loans and discounts.....	18,455	19,855	18,513	18,082	Note circulation.....	51,116	52,747	47,897	
Government loans and securities.....	36,820	36,948	37,033	46,593	Demand deposits.....	30,622	38,826	33,865	
Other assets.....	30,337	30,019	29,861	26,688	Other liabilities.....	39,631	28,485	21,443	
Note circulation.....	55,365	57,364	54,336	52,652	Bank of Finland (millions of markkaa):				
Deposits.....	38,547	38,204	38,780	37,757	Gold ⁴	1,125	1,128	1,128	621
Other liabilities.....	31,674	33,105	34,529	43,059	Foreign assets.....	2,598	2,640	2,517	2,209
National Bank of Czecho-Slovakia ¹ (millions of koruny):					Loans and discounts.....	1,151	1,244	1,293	1,546
Gold.....	1,721	1,763	1,854	2,653	Domestic securities.....	333	331	327	239
Foreign exchange.....	821	771	812	246	Other assets.....	248	142	135	305
Discounts.....	1,713	2,129	2,140	2,194	Note circulation.....	2,179	2,200	2,226	2,047
Loans.....	875	919	901	1,236	Deposits—Treasury.....	217	90	68	71
Government debt.....				2,006	Other.....	991	1,088	959	1,178
Other assets.....	4,187	3,716	3,519	1,126	Other liabilities.....	2,070	2,106	2,147	1,624
Note circulation.....	6,391	6,418	6,291	7,641	Bank of Greece (millions of drachmas):				
Demand deposits.....	811	839	664	259	Gold and foreign exchange (net).....	3,565	3,711	3,108	
Other liabilities.....	2,116	2,041	2,271	1,560	Loans and discounts.....	10,570	10,141	7,133	
Bank of Danzig (thousands of gulden):					Government obligations.....	4,257	4,256	4,285	
Gold.....	23,612	24,442	25,324	28,965	Other assets.....	1,860	1,970	2,205	
Foreign exchange of the reserve.....	1,199	1,480	2,318	5,347	Note circulation.....	8,002	8,195	6,551	
Other foreign exchange.....	166	212	352	581	Deposits.....	10,543	10,202	7,647	
Loans and discounts.....	20,525	21,613	18,699	16,270	Other liabilities.....	1,706	1,681	2,534	
Other assets.....	2,572	2,890	3,090	2,886	National Bank of Hungary (millions of pengö):				
Note circulation.....	48,614	46,821	47,672	38,554	Gold ⁵	124	124	124	84
Demand deposits.....	17,179	20,034	16,313	18,473	Foreign exchange reserve.....	93	94	95	74
Other liabilities.....	19,010	19,389	19,265	19,016	Discounts.....	418	438	459	391
National Bank of Denmark (millions of kroner):					Loans—To Treasury.....	298	327	299	148
Gold.....	117	117	118	118	Other.....	29	12	12	14
Foreign exchange.....	99	98	93	95	Other assets.....	360	366	357	319
Discounts.....	20	19	20	20	Note circulation.....	879	885	868	582
Loans—To Government agencies.....	89	130	69	117	Demand deposits.....	143	178	192	180
Other.....	138	155	147	82	Certificates of indebtedness.....	99	99	99	70
Securities.....	186	180	187	113	Other liabilities.....	201	199	187	198
Other assets.....	110	109	103	105	Reserve Bank of India (millions of rupees):				
Note circulation.....	425	446	435	403	Issue department:				
Deposits.....	135	166	108	80	Gold at home and abroad.....	444	444	444	
Other liabilities.....	199	197	194	167	Sterling securities.....	595	595	695	
Central Bank of Ecuador (thousands of sucres):					Indian Gov't. securities.....	374	373	324	
Gold.....			37,600	32,413	Rupee coin.....	695	662	671	
Foreign exchange (net).....			7,035	5,103	Note circulation.....	1,846	1,878	1,715	
Loans and discounts.....			51,333	56,601	Banking department:				
Other assets.....			16,772	19,129	Notes of issue department.....	262	196	418	
Note circulation.....			63,784	63,352	Balances abroad.....	85	101	35	
Demand deposits.....			34,845	34,630	Treasury bills discounted.....	3	2		
Other liabilities.....			14,111	15,444	Loans to Government.....	7	6		
National Bank of Egypt ² (thousands of pounds):					Investments.....	73	69	63	
Gold.....		6,545	6,545	6,545	Other assets.....	12	11	11	
Foreign exchange.....		2,095	1,759	1,459	Deposits.....	329	276	414	
Loans and discounts.....		5,657	5,961	4,355	Other liabilities.....	111	110	113	
British, Egyptian, and other Government securities.....		25,196	25,471	31,454	Bank of Japan (millions of yen):				
Other assets.....		8,401	7,667	6,961	Gold.....		501	501	501
Note circulation.....		20,712	21,139	18,492	Special foreign exchange fund.....		300	300	300
Deposits—Government.....		3,261	2,883	5,972	Discounts.....		428	401	461
Other.....		15,468	15,153	17,615	Loans—Government.....		3	3	3
Other liabilities.....		8,454	8,229	8,695	Other.....		51	45	56
					Government bonds.....		1,776	1,668	1,213
					Other assets.....		414	334	198
					Note circulation.....		2,342	2,137	2,043
					Deposits—Government.....		535	610	275
					Other.....		238	205	97
					Other liabilities.....		358	300	317

^r Revised.

¹ Name changed to National Bank of Bohemia and Moravia, Prague, by decree of March 31, 1939.

² Items for issue and banking departments consolidated.

³ Gold revalued in part on March 7, 1939 at .2801 gram fine gold per kroon.

⁴ In accordance with law of December 22, 1938, gold revalued on December 31, 1938, at approximately .02 gram fine gold per markka.

⁵ In accordance with law XXV of 1938 gold revalued on January 15, 1939, at .1754 gram fine gold per pengö and resulting increment included in other assets.

CENTRAL BANKS—Continued

Central bank [Figures as of last report date of month]	1939			1938	Central bank [Figures as of last report date of month]	1939			1938
	July	June	May	July		July	June	May	July
Bank of Java (millions of guilders):					Bank of Portugal (millions of escudos):				
Gold.....		117	117	117	Gold.....		920	920	918
Foreign bills.....		15	11	3	Other reserves (net).....		462	498	472
Loans and discounts.....		61	66	64	Non-reserve exchange.....		200	178	150
Other assets.....		97	102	101	Loans and discounts.....		419	433	392
Note circulation.....		195	192	189	Government debt.....		1,036	1,036	1,040
Deposits.....		72	78	71	Other assets.....		1,218	1,221	1,251
Other liabilities.....		25	26	25	Note circulation.....		2,096	2,104	2,016
Bank of Latvia (millions of lats):					Other sight liabilities.....		1,169	1,195	1,189
Gold.....	98	93	93	78	Other liabilities.....		990	986	1,016
Foreign exchange reserve.....	36	40	40	39	National Bank of Rumania (mil- lions of lei):				
Loans and discounts.....	143	147	154	126	Gold.....		18,756	18,662	16,911
Other assets.....	51	53	51	64	Special exchange accounts.....		4,422	4,174	4,009
Note circulation.....	81	84	88	61	Loans and discounts.....		13,615	14,128	7,680
Deposits.....	204	208	211	197	Special loans ²		1,534	1,577	1,912
Other liabilities.....	43	40	38	48	Government debt.....		10,169	10,247	10,396
Bank of Lithuania (millions of litu):					Other assets.....		12,662	12,786	11,224
Gold.....	62	62	62	79	Note circulation.....		38,683	38,948	29,659
Foreign exchange.....	8	9	6	6	Demand deposits.....		10,524	10,614	12,690
Loans and discounts.....	119	120	128	100	Other liabilities.....		11,951	12,013	9,783
Other assets.....	37	37	36	32	South African Reserve Bank (thou- sands of pounds):				
Note circulation.....	153	156	168	123	Gold.....		26,638	26,428	23,049
Deposits.....	42	42	35	72	Foreign bills.....		7,666	8,030	6,480
Other liabilities.....	30	31	29	23	Other bills and loans.....		813	16	1,928
Netherlands Bank (millions of guil- ders):					Other assets.....		16,541	14,621	13,234
Silver (including subsidiary coin).....	1,129	1,175	1,209	1,481	Note circulation.....		19,156	17,694	18,099
Gold.....	24	22	17	20	Deposits.....		28,651	28,283	22,413
Foreign bills.....	2	2	3	5	Other liabilities.....		3,850	3,118	4,179
Discounts.....	10	10	12	8	Bank of Sweden (millions of kronor):				
Loans.....	224	214	212	323	Gold.....		767	762	759
Other assets.....	69	68	71	64	Foreign assets.....		627	646	860
Note circulation.....	1,037	998	1,046	919	Discounts.....		11	13	12
Deposits—Government.....	46	27	30	176	Loans.....		59	57	56
Other.....	327	420	397	761	Domestic securities.....		166	156	151
Other liabilities.....	48	46	50	45	Other assets.....		520	515	504
Reserve Bank of New Zealand (thousands of pounds):					Note circulation.....		1,025	1,059	1,012
Gold.....		2,802	2,802	2,802	Demand deposits.....		963	926	839
Sterling exchange reserve.....		5,601	4,564	15,106	Other liabilities.....		163	164	157
Advances to State or State un- dertakings.....		16,926	19,517	6,066	Swiss National Bank (millions of francs):				
Investments.....		3,768	3,771	2,732	Gold.....		2,461	2,471	2,786
Other assets.....		415	364	293	Foreign exchange.....		274	271	266
Note circulation.....		15,467	15,572	13,564	Discounts.....		49	66	12
Demand deposits.....		12,123	13,562	11,801	Loans.....		27	31	33
Other liabilities.....		1,922	1,884	1,634	Other assets.....		682	681	697
Bank of Norway (millions of kroner):					Note circulation.....		1,741	1,729	1,541
Gold.....	236	236	236	222	Other sight liabilities.....		1,106	1,147	1,723
Foreign assets.....	151	157	164	210	Other liabilities.....		647	644	637
Total domestic credits and securities.....		282	270	202	Central Bank of the Republic of Turkey (thousands of pounds):				
Discounts.....	(1)	112	111	76	Gold.....		36,906	36,906	36,867
Loans.....	(1)	37	38	29	Foreign exchange—Free.....		2	11	1
Securities.....	(1)	123	121	96	In clearing accounts.....		3,536	4,135	10,276
Other assets.....	(1)	60	55	40	Loans and discounts.....		145,754	140,915	131,223
Note circulation.....	480	475	458	456	Securities.....		192,732	192,880	192,792
Demand deposits—Government.....	15	37	76	37	Other assets.....		38,340	35,450	32,884
Other.....	139	121	111	97	Note circulation.....		229,521	229,521	229,697
Other liabilities.....	(1)	92	81	84	Deposits.....		71,426	61,509	52,305
Central Reserve Bank of Peru (thousands of soles):					Other liabilities.....		116,325	119,267	122,981
Gold and foreign exchange.....				49,028	Bank of the Republic of Uruguay (thousands of pesos):				
Discounts.....				26,768	Issue department:				
Government loans.....				79,932	Gold and silver.....			86,235	103,585
Other assets.....				4,492	Note circulation.....			89,670	87,156
Note circulation.....				100,286	Banking department:				
Deposits.....				45,065	Gold.....			20,285	1,835
Other liabilities.....				14,869	Other.....			50,553	50,567
Bank of Poland (millions of zlotys):					Loans and discounts.....			103,626	98,850
Gold.....	444	444	443	447	Other assets.....			96,911	69,816
Foreign exchange.....	11	15	14	12	Deposits.....			85,442	83,674
Loans and discounts.....	886	824	818	756	Other liabilities.....			185,933	137,393
Securities.....	161	157	153	128	National Bank of the Kingdom of Yugoslavia (millions of dinars):				
Special gov't. debts.....	515	515	515	(2)	Gold.....		1,922	1,920	1,918
Other assets.....	350	377	382	399	Foreign exchange.....		503	507	525
Note circulation.....	1,883	1,845	1,841	1,123	Loans and discounts.....		1,860	1,825	1,835
Other sight liabilities.....	152	159	160	264	Government debt.....		2,230	2,230	2,241
Other liabilities.....	332	326	325	355	Other assets.....		3,273	3,156	3,160
					Note circulation.....		7,354	7,177	7,298
					Other sight liabilities.....		1,712	1,724	2,256
					Other liabilities.....		721	736	826

* Revised.

¹ Figures not yet available.

² Not reported separately on bank statement; included with loans and discounts.

³ Agricultural and urban loans in process of liquidation.

BANK FOR INTERNATIONAL SETTLEMENTS

[In thousands of Swiss gold francs¹]

Assets	1939		1938	Liabilities	1939		1938
	July 31	June 30	July 31		July 31	June 30	July 31
Gold in bars.....	55,807	62,564	27,384	Demand deposits (gold).....	14,355	13,277	9,206
Cash on hand and on current account with banks.....	17,218	23,162	34,920	Short-term deposits (various currencies):			
Sight funds at interest.....	17,603	22,386	16,481	Central banks for own account.....	114,718	122,065	158,889
Rediscountable bills and acceptances (at cost).....	228,082	225,434	222,243	Other.....	3,558	4,444	4,977
Time funds at interest.....	35,309	33,015	55,845	Long-term deposits: Special accounts.....	255,122	255,122	256,465
Sundry bills and investments.....	220,824	221,130	258,582	Other liabilities.....	188,417	194,381	186,830
Other assets.....	1,327	1,598	911	Total liabilities.....	576,169	589,289	616,367
Total assets.....	576,169	589,289	616,367				

^c Corrected.¹ See BULLETIN for December 1936, p. 1025.

MONEY RATES IN FOREIGN COUNTRIES

[Per cent per annum]

Month	United Kingdom (London)				Germany (Berlin)			Netherlands (Amsterdam)	
	Bankers' acceptances 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Private discount rate	Money for 1 month	Day-to-day money	Private discount rate	Money for 1 month
1929—July.....	5.38	5.39	4.54	3½	7.39	9.35	8.21	5.20	4.90
1930—July.....	2.37	2.38	1.78	1	3.40	4.57	4.30	1.85	1.85
1931—July.....	2.58	2.44	2.05	1-2½	7.00	8.98	8.89	1.53	1.40
1932—July.....	.92	.66	.67	½	4.58	5.75	5.49	.49	1.00
1933—July.....	.48	.40	.62	½	3.87	5.50	5.19	3.54	2.64
1934—July.....	.87	.76	.85	½	3.75	4.44	4.67	.74	1.00
1935—July.....	.65	.59	.75	½	3.00	2.97	3.10	3.25	2.77
1936—July.....	.58	.58	.75	½	2.88	2.73	2.96	2.01	1.73
1937—July.....	.56	.53	.79	½	2.88	2.65	2.64	.13	.92
1938—July.....	.55	.52	.75	½	2.93	2.88	2.96	.13	.50
1939—January.....	.55	.53	.75	½	2.88	2.88	2.46	.13	.50
February.....	.53	.51	.75	½	2.88	2.88	2.53	.13	.50
March.....	.63	.70	.75	½	2.88	2.88	2.70	.29	.50
April.....	1.40	1.36	.76	½	2.88	2.88	2.36	1.11	1.24
May.....	.73	.70	.75	½	2.77	2.53	2.46	.72	.80
June.....	.79	.77	.77	½	2.79	2.50	2.71	.49	.75
July.....	.79	.77	.75	½	2.75	2.50	2.65	.51	.75

Month	Switzerland	Belgium (Brussels)	France (Paris)	Italy (Milan)	Hungary		Sweden (Stockholm)	Japan (Tokyo)	
	Private discount rate	Private discount rate	Private discount rate	Private discount rate	Prime commercial paper	Day-to-day money	Loans up to 3 months	Discounted bills	Call money overnight
1929—June.....	3.26	3.97	3.50	6.75	8¼-9¼	7-9	4½-6½	5.48-5.66	3.29
1930—June.....	2.06	2.78	2.11	5.50	5½-8	4½-6¼	3½-5½	5.48	3.83
1931—June.....	1.12	2.13	1.06	5.25	5¼-8	4¼-6½	3-5	5.29-5.48	2.19
1932—June.....	1.50	3.16	1.22	5.50	5½-9	4-4¼	4-6	6.02-6.57	4.56
1933—June.....	1.50	2.31	1.50	4.00	4¾-7½	3½	3-5½	5.11-5.48	2.74
1934—June.....	1.50	2.11	2.09	3.00	4½-7½	3½	2½-5	5.20	2.44
1935—June.....	2.60	1.88	5.72	3.50	4½-7½	3½	2½-4½	5.11	2.45
1936—June.....	2.25	1.38	5.60	4.50	4-6½	2¾	2½-5	4.83	2.63
1937—June.....	1.00	1.00	5.02	5.00	4-6½	2¾	2½-5	4.75	2.80
1938—June.....	1.00	3.25	2.40	5.00	4¼-6½	2½	2½-5	4.56	2.37
1938—December.....	1.00	2.21	2.23	5.00	4½-6½	1½	2½-5	4.56	2.37
1939—January.....	1.00	2.00	1.88	5.00	4½-6½	1½	2½-5	4.47	2.34
February.....	1.00	1.98	1.96	5.00	4½-6½	1½	2½-5	4.47	2.56
March.....	1.00	3.28	1.94	5.00	4½-6½	1½	2½-5	4.47	2.54
April.....	1.00	4.28	1.88	5.00	4½-6½	1½	2½-5	4.47	2.47
May.....	1.00	3.99	1.94	5.00	4½-6½	1½	2½-5	4.47	2.37
June.....	1.00	2.79	1.88	5.00	4½-6½	1½	2½-5	4.47	2.39

^r Revised.¹ Based on data for part of month, no quotations being available for remainder of month.

NOTE.—For explanation of table see BULLETIN for November 1926, pp. 794-796; April 1927, p. 289; July 1929, p. 503; November 1929, p. 736; May 1930, p. 318; and September 1938, p. 575.

DISCOUNT RATES OF CENTRAL BANKS

[Per cent per annum]

Date effective	Central bank of—							Central bank of—	Rate Aug. 29	Date effective	Central bank of—	Rate Aug. 29	Date effective
	United Kingdom	France	Germany	Belgium	Netherlands	Switzerland	Japan						
In effect June 30, 1936.	2	4	4	2	3½	2½	3.29	Albania.....	6	April 1, 1937	Japan.....	3.29	Apr. 7, 1936
July 7					3			Argentina....	3½	Mar. 1, 1936	Java.....	3	Jan. 14, 1937
July 10		3						Belgium.....	2½	July 6, 1939	Latvia.....	4½	Jan. 1, 1939
Sept. 9								Bolivia.....	6	July 5, 1932	Lithuania....	6	July 15, 1939
Sept. 25		5						British India	3	Nov. 28, 1935	Mexico.....	3	Mar. 1, 1937
Oct. 2		3						Bulgaria.....	6	Aug. 15, 1935	Netherlands	3	Aug. 29, 1939
Oct. 9		2½						Canada.....	2½	Mar. 11, 1935	New Zealand	4	Nov. 19, 1938
Oct. 16		2						Chile.....	3-4½	Dec. 16, 1936	Norway.....	3½	Jan. 5, 1938
Oct. 20					2½			Colombia.....	4	July 18, 1933	Peru.....	6	May 20, 1932
Nov. 26						1½		Czechoslovakia	3	Jan. 1, 1936	Poland.....	4½	Dec. 18, 1937
Dec. 3					2			Danzig.....	4	Jan. 2, 1937	Portugal....	4-4½	Aug. 11, 1937
Jan. 28, 1937		4						Denmark.....	3½	Feb. 23, 1939	Rumania....	3½	May 5, 1938
June 15		6						Ecuador.....	4	Nov. 30, 1932	South Africa	3½	May 15, 1933
July 7		5						El Salvador	3	Mar. 30, 1939	Spain.....	5	July 15, 1935
Aug. 4		4						Estonia.....	4½	Oct. 1, 1935	Sweden.....	2½	Dec. 1, 1933
Sept. 3		3½						Finland.....	4	Dec. 3, 1934	Switzerland	1½	Nov. 26, 1936
Nov. 13		3						France.....	2	Jan. 4, 1939	Turkey.....	4	July 1, 1938
May 10, 1938				4				Germany.....	4	Sept. 22, 1932	United Kingdom	4	Aug. 24, 1939
May 13		2½						Greece.....	6	Jan. 4, 1937	U. S. S. R....	4	July 1, 1936
May 30				3				Hungary.....	4	Aug. 29, 1935	Yugoslavia..	5	Feb. 1, 1935
Sept. 28		3						Italy.....	4½	May 18, 1936			
Oct. 27					2½								
Nov. 25		2½											
Jan. 4, 1939		2											
Apr. 17					4								
May 11					3								
July 6					2½								
Aug. 24	4												
Aug. 29						3							
In effect Aug. 29, 1939	4	2	4	2½	3	1½	3.29						

Changes since July 24: Netherlands—Aug. 29, up from 2 to 3 per cent; United Kingdom—Aug. 24, up from 2 to 4 per cent.

COMMERCIAL BANKS

[Figures as of end of month, except those for United Kingdom, which are averages of weekly figures]

United Kingdom (Figures in millions of pounds sterling)	Assets						Liabilities			
	Cash reserves	Money at call and short notice	Bills discounted	Securities	Loans to customers	Other assets	Deposits			Other liabilities
							Total	Demand ¹	Time ¹	
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			232
1937—December.....	236	155	295	605	954	242	2,250			237
1938—December.....	235	150	244	606	940	250	2,172			254
11 London clearing banks ²										
1936—December.....	244	195	322	660	890	249	2,315	1,288	1,012	245
1937—December.....	244	163	300	635	984	266	2,330	1,284	1,026	252
1938—June.....	247	154	289	630	985	251	2,299	1,245	1,054	256
July.....	244	159	302	633	985	242	2,309	1,254	1,055	255
August.....	241	153	305	642	974	239	2,298	1,248	1,050	256
September.....	234	148	289	646	973	242	2,269	1,236	1,033	262
October.....	234	149	268	645	973	256	2,256	1,247	1,009	270
November.....	235	149	272	642	966	255	2,249	1,244	1,004	269
December.....	243	160	250	635	971	263	2,254	1,256	997	269
1939—January.....	248	143	256	625	972	252	2,230	1,260	970	267
February.....	243	138	212	617	982	253	2,176	1,213	964	268
March.....	232	141	190	611	992	249	2,152	1,186	966	264
April.....	229	145	184	611	997	256	2,155	1,185	970	267
May.....	236	144	201	605	992	258	2,167	1,194	973	268
June.....	235	150	249	600	993	257	2,219			265
July.....	235	155	278	597	986	251	2,240			263

¹ Through December 1937 excludes deposits in offices outside England and Wales, which are included in total. Figures for 10 banks not available beginning 1936.

² 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

[Figures as of end of month]

France (4 large banks. Figures in millions of francs)	Assets					Liabilities				
	Cash reserves	Due from banks	Bills discounted	Loans	Other assets	Deposits			Own acceptances	Other liabilities
						Total	Demand	Time		
1930—December	2,419	4,675	20,448	10,743	2,361	36,681	35,284	1,397	921	4,367
1931—December	11,311	2,168	18,441	9,274	2,130	38,245	37,023	1,222	576	4,503
1932—December	9,007	1,766	22,014	7,850	1,749	37,759	36,491	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—July	3,297	3,962	21,620	7,314	1,653	33,184	32,701	483	566	4,096
August	3,270	4,708	19,828	7,490	1,702	32,293	31,784	508	550	4,155
September	4,410	4,237	14,080	8,072	1,921	27,869	27,405	463	678	4,174
October	3,152	4,238	18,940	7,613	2,088	30,952	30,449	503	775	4,304
November	3,357	4,318	18,522	7,956	1,976	30,971	30,460	511	746	4,411
December	3,756	4,060	21,435	7,592	1,940	33,578	33,042	537	721	4,484
1939—January	3,329	3,985	22,100	7,079	1,339	33,444	32,863	581	643	3,745
February	3,433	3,824	23,024	6,927	1,250	34,243	33,619	624	538	3,677
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 ^p	5,143	3,767	24,874	7,056	1,411	37,883	37,223	660	522	3,846

Germany ¹ (5 large Berlin banks. Figures in millions of reichsmarks)	Assets						Liabilities				
	Cash reserves	Due from banks	Bills discounted	Loans	Securities	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	6,816	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	1,335
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	1,385
June	214	306	4,108	2,988	1,080	829	7,793	3,793	3,999	390	1,342

Canada (10 chartered banks. Figures in millions of Canadian dollars)	Assets						Liabilities				
	Entirely in Canada			Security loans abroad and net due from foreign banks	Securities	Other assets	Note circulation	Deposits payable in Canada excluding interbank deposits			Other liabilities
	Cash reserves	Security loans	Other loans and discounts					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—August	262	71	913	137	1,440	459	93	2,418	783	1,635	771
September	270	60	965	150	1,421	481	99	2,447	814	1,633	802
October	291	66	986	147	1,409	470	94	2,480	824	1,656	795
November	277	64	970	192	1,426	471	92	2,499	844	1,655	808
December	263	65	940	166	1,463	474	88	2,500	840	1,660	782
1939—January	276	63	919	167	1,454	459	85	2,457	789	1,667	796
February	267	60	921	171	1,490	450	88	2,471	780	1,691	800
March	259	56	943	192	1,499	458	93	2,492	791	1,700	821
April	260	54	956	203	1,509	449	90	2,509	812	1,697	833
May	266	55	963	217	1,505	452	85	2,524	846	1,678	850
June	255	53	957	226	1,525	494	92	2,542	862	1,680	875

^p Preliminary.¹ 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. 389).

NOTE.—For other back figures and explanation of table see BULLETIN for October 1933, pp. 641-646, June 1935, pp. 388-390, and August 1939, p. 699.

FOREIGN EXCHANGE RATES

[Average of noon buying rates for cable transfers in New York. 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)	Cuba (peso)
				Official	Free market				Official	Export			
1929	95.127	480.83	13.912	11.8072		36.202	.7216	99.247	12.0601		41.901	96.551	99.965
1930	83.505	458.60	13.952	10.7136		36.067	.7209	99.842	12.0785		29.917	96.493	99.952
1931	66.738	351.50	13.929	7.0290		33.690	.7163	96.326	12.0669		22.437	96.570	99.930
1932	58.443	279.93	13.914	7.1223		26.347	.7193	88.090	7.9079		21.736	95.275	99.941
1933	72.801	337.07	17.900	7.9630		31.816	1.0039	91.959	7.6787		28.598	81.697	99.946
1934	33.579	400.95	23.287	8.4268		37.879	1.2852	101.006	10.1452		34.094	61.780	99.936
1935	32.659	388.86	18.424	8.2947		36.964	1.2951	99.493	5.0833		36.571	56.011	99.920
1936	33.137	395.94	16.917	8.5681	5.8788	37.523	1.2958	99.913	5.1240		29.751	57.083	99.909
1937	32.959	393.94	16.876	8.7190	6.1806	37.326	1.2846	100.004	5.1697	4.0000	29.600	56.726	99.916
1938	32.597	389.55	16.894	5.8438		36.592	1.2424	99.419	5.1716	4.0000	21.360	55.953	99.925
1938—November	31.382	375.05	16.908	5.8595		35.151	1.2325	99.248	5.1777	4.0000	15.796	57.136	99.926
December	31.135	372.06	16.843	5.8646		34.860	1.2326	99.064	5.1758	4.0000	16.110	57.001	99.931
1939—January	31.126	372.06	16.893	5.8598		34.881	1.2156	99.194	5.1739	4.0000	16.256	57.055	99.932
February	31.236	373.33	16.860	5.8602		35.014	1.2130	99.502	5.1736	4.0000	15.885	56.990	99.933
March	31.234	373.27	16.823	5.8647		35.057	1.2103	99.583	5.1733	4.0000	16.016	56.983	99.932
April	31.207	372.86	16.838	5.8595		34.962	1.2089	99.483	5.1735	4.0000	16.015	56.982	99.936
May	31.210	372.89	17.016			34.916	1.2101	99.620	5.1733	4.0000	15.987	57.009	99.942
June	31.217	373.12	17.008	6.0585	5.1038	34.924	1.2077	99.773	5.1737	4.0000	13.434	57.169	99.949
July	31.211	373.03	16.991	6.0571	5.0555	34.905	1.2126	99.835	5.1703	4.0000	10.637	57.036	99.950

Year or month	Czecho-Slovakia (koruna)	Denmark (krone)	Egypt (pound)	Finland (markka)	France (franc)	Germany (reichsmark)	Greece (drachma)	Hong Kong (dollar)	Hungary (pengö)	Italy (lira)	Japan (yen)	Mexico (peso)	Netherlands (guilder)	New Zealand (pound)
1930	2.9640	26.765	498.60	2.5169	3.9249	23.854	1.2059	33.853	17.494	5.2374	49.390	47.133	40.225	468.22
1931	2.9619	25.058	465.11	2.3875	3.9200	23.630	1.2926	24.331	17.452	5.2063	48.851	35.492	40.230	415.29
1932	2.9618	18.832	359.54	1.5547	3.9276	23.749	8320	23.460	17.446	5.1253	28.111	31.850	40.295	320.19
1933	3.8232	19.071	434.39	1.8708	5.0313	30.518	7233	29.452	22.360	6.7904	25.646	28.103	51.721	340.00
1934	4.2424	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
1935	4.1642	21.883	502.60	2.1627	6.6013	40.258	9386	48.217	29.602	8.2471	28.707	27.778	67.715	391.26
1936	4.0078	22.189	509.68	2.1903	6.1141	40.297	9055	30.694	19.779	7.2916	29.022	27.760	64.481	398.92
1937	3.4930	22.069	506.92	2.1811	4.0460	40.204	9055	30.694	19.779	5.2807	28.791	27.750	55.045	396.91
1938	3.4674	21.825	501.30	2.1567	2.8781	40.164	8938	30.457	19.727	5.2605	28.451	22.122	55.009	392.35
1938—November	3.4264	21.011	482.66	2.0750	2.6343	40.042	8636	29.325	19.637	5.2603	27.430	19.971	54.334	376.50
December	3.4221	20.844	478.88	2.0534	2.6323	40.080	8559	29.174	19.642	5.2603	27.213	19.931	54.356	373.72
1939—January	3.4258	20.841	478.76	2.0543	2.6360	40.066	8558	29.107	19.632	5.2603	27.205	19.483	54.187	373.59
February	3.4248	20.912	480.43	2.0604	2.6471	40.117	8583	29.078	19.627	5.2602	27.297	19.973	53.626	374.84
March	3.4245	20.912	480.40	2.0597	2.6488	40.098	8586	29.049	19.613	5.2601	27.300	20.026	53.092	374.78
April		20.891	479.90	2.0542	2.6478	40.081	8579	28.659	19.602	5.2601	27.274	20.023	53.132	374.41
May		20.895	479.97	2.0548	2.6487	40.115	8570	28.884	19.588	5.2603	27.277	20.025	53.601	374.42
June		20.900	480.10	2.0559	2.6493	40.105	8565	28.916	19.577	5.2604	27.284	19.753	53.167	374.60
July		20.896	480.00	2.0547	2.6488	40.113	8576	28.703	19.576	5.2605	27.279	17.133	53.278	374.49

Year or month	Norway (krone)	Poland (zloty)	Portugal (escudo)	Rumania (leu)	South Africa (pound)	Spain (peseta)	Straits Settlements (dollar)	Sweden (krona)	Switzerland (franc)	Turkey (pound)	United Kingdom (pound)	Uruguay (peso)		Yugoslavia (dinar)
												Controlled	Non-controlled	
1929	26.683	11.194	4.4714	.5961	483.27	14.683	56.012	26.784	19.279	48.411	485.69	98.629		1.7591
1930	26.760	11.205	4.4940	.5953	483.79	11.667	55.964	26.854	19.382	47.061	486.21	85.865		1.7681
1931	25.055	11.197	4.2435	.5946	480.76	9.545	52.445	25.254	19.401	47.181	453.50	55.357		1.7680
1932	18.004	11.182	3.1960	.5968	476.56	8.044	40.397	18.471	19.405	47.285	350.61	47.064		1.6411
1933	21.429	14.414	3.9165	.7795	414.98	10.719	49.232	22.032	24.836	60.440	423.68	60.336		1.7607
1934	25.316	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	24.627	18.882	4.4575	.9277	484.66	13.678	57.173	25.271	32.497	80.312	490.18	80.251		2.2837
1936	24.974	18.875	4.5130	.7382	491.65	12.314	58.258	25.626	30.189	80.357	497.09	79.874		2.2965
1937	24.840	18.923	4.4792	.7294	489.62	6.053	57.973	25.487	22.938	80.130	494.40	79.072		2.3060
1938	24.566	18.860	4.4267	.7325	484.16	5.600	56.917	25.197	22.871	80.109	488.94	64.370		2.3115
1938—November	23.652	18.798	4.2683	.7305	466.01	5.054	54.738	24.251	22.653	80.289	470.75	61.955		2.2797
December	23.463	18.865	4.2406	.7315	462.32	4.996	54.302	24.051	22.612	80.803	467.03	61.471		2.2776
1939—January	23.459	18.901	4.2384	.7311	462.22	4.613	54.246	24.041	22.582	80.436	466.94	61.433		2.2800
February	23.539	18.898	4.2508	.7272	463.83		54.416	24.133	22.672	80.385	468.57	61.646		2.2820
March	23.539	18.860	4.2502	.7140	463.74		54.394	24.130	22.614	80.361	468.54	61.650		2.2781
April	23.515	18.818	4.2448	.7056	462.80		54.273	24.111	22.431	80.379	468.05	61.592		2.2636
May	23.519	18.812	4.2460	.7056	463.11	11.023	54.373	24.110	22.480	80.290	468.13	61.598		2.2675
June	23.524	18.812	4.2484	.7042	463.32	11.023	54.309	24.107	22.546	80.101	468.24	61.609	35.620	2.2674
July	23.520	18.808	4.2506	.7035	463.28	11.023	54.785	24.114	22.550	80.021	468.15	61.600	35.818	2.2744

¹ Owing to establishment of exchange monopoly by Decree of Dec. 23, 1937, averages for period Jan. 1938–April 1939 represent official, and not free market, quotations as previously indicated.

NOTE.—Developments affecting averages since January 1939 have been as follows: Brazil—official quotations not reported April 10–June 8 inclusive, free market quotations reported beginning June 9; Czecho-Slovakia—no quotations available beginning March 15; Spain—quotations resumed on May 15, nominal; Uruguay—non-controlled rate reported in addition to controlled rate beginning June 22. For further information concerning nominal status of exchange quotations, special factors affecting the averages, and changes in the basis of quotation, see BULLETIN for March 1938, p. 244, and March 1939, p. 236.

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES

WHOLESALE PRICES—ALL COMMODITIES

[Index numbers]

Year or month	United States (1926=100)	Canada (1926=100)	United Kingdom (1930=100)	France (1913=100)	Germany (1913=100)	Italy (1928=100)	Japan (October 1900=100)	Netherlands (1926-30= 100)	Switzer- land (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	338	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
1938—June.....	78	80	101	660	106	96	254	72	107
July.....	79	79	101	652	106	95	254	71	106
August.....	78	76	100	649	106	96	252	71	105
September.....	78	75	98	652	106	97	252	71	106
October.....	78	74	99	664	106	97	253	71	106
November.....	78	74	98	674	106	97	254	70	106
December.....	77	73	98	684	106	96	255	71	106
1939—January.....	77	73	97	689	107	97	259	70	108
February.....	77	73	97	685	107	97	264	70	105
March.....	77	73	97	683	107	98	265	70	105
April.....	76	73	97	675	106	98	266	70	106
May.....	76	74	98	684	107	97	270	70	107
June.....	76	73	98	683	107	98	270	70	106
July.....	75	73	98	678	-----	-----	270	-----	-----

¹ Approximate figure, derived from old index (1913=100).

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
1938—June.....	69	73	81	99	101	657	663	106	90	94	126
July.....	69	74	81	98	102	630	671	106	90	94	126
August.....	67	73	81	95	102	625	670	107	90	94	126
September.....	68	75	81	92	102	631	669	106	91	94	126
October.....	67	74	81	93	102	646	680	106	92	94	126
November.....	68	74	81	91	103	662	685	107	95	94	126
December.....	68	73	80	92	102	684	685	107	95	94	126
1939—January.....	67	72	80	93	100	688	690	108	94	94	126
February.....	67	72	80	91	100	673	694	108	94	94	126
March.....	66	70	80	90	100	671	694	108	94	95	126
April.....	64	69	81	91	100	650	697	107	92	95	126
May.....	64	68	81	92	101	652	712	108	94	94	126
June.....	62	68	80	92	101	643	718	109	91	94	126
July.....	63	68	80	91	102	629	721	^p 109	^p 92	^p 95	^p 126

^p Preliminary.

^r Revised

Sources.—See BULLETIN for March 1931, p. 159; March 1935, p. 180; October 1935, p. 678; March 1937, p. 276; and April 1937, p. 372.

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES—Continued

RETAIL FOOD PRICES							COST OF LIVING						
[Index numbers]							[Index numbers]						
Year or month	United States 1923=100	England July 1914=100	France July 1914=100	Germany 1913=100	Netherlands 1911=100	Switzerland June 1914=100	Year or month	United States 1923=100	England July 1914=100	France Jan.-June 1914=100	Germany 1913=100	Netherlands 1911=100	Switzerland June 1914=100
1926.....	109	161	554	146	161	160	1926.....	103	170	505	142	168	162
1929.....	105	154	611	156	162	156	1929.....	100	164	556	154	168	161
1930.....	100	145	614	146	150	152	1930.....	97	158	581	148	161	158
1931.....	82	131	611	131	136	141	1931.....	89	148	569	136	161	150
1932.....	68	126	556	116	119	125	1932.....	80	144	526	121	141	138
1933.....	66	120	491	113	120	117	1933.....	76	140	520	118	139	131
1934.....	74	122	481	118	124	115	1934.....	79	141	516	121	140	129
1935.....	81	125	423	120	118	114	1935.....	81	143	483	123	136	128
1936.....	82	130	470	122	120	120	1936.....	82	147	507	125	132	130
1937.....	85	139	601	122	127	130	1937.....	84	154	619	125	137	137
1938.....	79	141	702	122	130	130	1938.....	83	156	698	126	139	137
1938—June.....	80	138	698	123	134	130	1938 June.....	83	155	692	126	140	137
July.....	80	146	671	124	130	129	July.....	159	159	127	139	137	137
August.....	78	141	677	124	129	129	August.....	156	156	127	138	136	136
September.....	79	140	697	121	130	130	September.....	83	156	689	125	139	137
October.....	78	139	725	121	130	130	October.....	155	155	125	138	137	137
November.....	78	140	727	121	128	130	November.....	156	156	125	137	137	137
December.....	79	139	742	121	130	130	December.....	83	156	722	125	138	137
1939—January.....	78	138	748	122	130	129	1939—January.....	155	155	126	136	136	137
February.....	77	138	744	122	130	129	February.....	82	155	126	136	136	136
March.....	76	135	742	123	130	128	March.....	153	153	126	138	136	136
April.....	77	135	734	122	130	129	April.....	153	153	126	136	136	136
May.....	77	134	738	123	130	130	May.....	153	153	126	136	137	137
June.....	76	134	739	124	130	131	June.....	153	153	127	136	137	137
July.....	77	134	739	124	130	131	July.....	153	153	127	136	137	137

¹ Quarterly basis. Sources.—See BULLETIN for April 1937, p. 373.

² Preliminary. ¹ Revised index from March 1936 (see BULLETIN for April 1937, p. 373) ² Quarterly basis.

SECURITY PRICES

[Index numbers except as otherwise specified]

Year or month	Bonds					Common stocks				
	United States (average price) ¹	England (December 1921=100)	France (1913=100)	Germany (average price)	Netherlands ²	(1926=100)				Netherlands (1930=100)
						United States	England	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
1938—June.....	75.3	121.9	77.2	100.0	107.0	73.1	78.5	91.4	101.4	91.6
July.....	80.8	123.4	76.5	100.0	107.0	88.0	82.1	88.8	99.0	97.2
August.....	81.3	122.4	76.6	99.9	106.3	89.5	81.1	87.6	93.8	97.1
September.....	78.7	118.4	75.6	99.8	100.6	86.0	78.4	83.7	94.7	92.8
October.....	81.8	118.2	78.3	99.8	105.6	91.1	79.6	88.0	98.6	98.0
November.....	82.1	118.0	80.6	99.7	105.3	94.7	80.4	91.8	97.2	98.8
December.....	81.1	116.3	88.3	99.2	105.9	92.0	78.4	104.7	94.6	97.8
1939—January.....	81.9	115.9	83.4	99.0	104.3	91.8	78.0	94.0	95.3	94.3
February.....	82.1	115.8	86.5	99.0	102.1	90.1	77.5	100.0	96.1	92.4
March.....	83.1	113.6	86.0	99.0	100.9	91.7	77.1	97.9	94.4	94.0
April.....	79.4	110.8	86.6	99.0	95.2	81.9	75.1	97.9	94.9	87.2
May.....	80.2	113.5	85.1	99.0	98.0	83.1	77.0	103.0	94.1	89.3
June.....	81.4	113.5	84.0	99.0	96.3	86.0	76.6	98.3	92.5	91.6
July.....	81.6	112.5	84.3	99.0	—	86.1	75.8	100.4	91.7	—

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.

Sources.—See BULLETIN for February 1932, p. 121; June 1935, p. 394; April 1937, p. 373; July 1937, p. 698; and November 1937, p. 1172.

FEDERAL RESERVE DIRECTORY

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

MARRINER S. ECCLES, *Chairman*
RONALD RANSOM, *Vice Chairman*

M. S. SZYMCAK
JOHN K. MCKEE

CHESTER C. DAVIS
ERNEST G. DRAPER

LAWRENCE CLAYTON, *Assistant to the Chairman*
ELLIOTT THURSTON, *Special Assistant to the Chairman*
CHESTER MORRILL, *Secretary*
LISTON P. BETHEA, *Assistant Secretary*
S. R. CARPENTER, *Assistant Secretary*
J. C. NOELL, *Assistant Secretary*
WALTER WYATT, *General Counsel*
J. P. DREIBELBIS, *Assistant General Counsel*
GEORGE B. VEST, *Assistant General Counsel*
B. MAGRUDER WINGFIELD, *Assistant General Counsel*
LEO H. PAULGER, *Chief, Division of Examinations*
R. F. LEONARD, *Assistant Chief, Division of Examinations*
C. E. CAGLE, *Assistant Chief, Division of Examinations*
E. A. GOLDENWEISER, *Director, Division of Research and Statistics*
WOODLIEF THOMAS, *Assistant Director, Division of Research and Statistics*
EDWARD L. SMEAD, *Chief, Division of Bank Operations*
J. R. VAN FOSSEN, *Assistant Chief, Division of Bank Operations*
J. E. HORBETT, *Assistant Chief, Division of Bank Operations*
CARL E. PARRY, *Chief, Division of Security Loans*
PHILIP E. BRADLEY, *Assistant Chief, Division of Security Loans*
O. E. FOULK, *Fiscal Agent*
JOSEPHINE E. LALLY, *Deputy Fiscal Agent*

FEDERAL OPEN MARKET COMMITTEE

MARRINER S. ECCLES, *Chairman*
GEORGE L. HARRISON, *Vice Chairman*
CHESTER C. DAVIS
ERNEST G. DRAPER
M. J. FLEMING
GEORGE H. HAMILTON
HUGH LEACH
WM. MCC. MARTIN
JOHN K. MCKEE
RONALD RANSOM
M. S. SZYMCAK

CHESTER MORRILL, *Secretary*
S. R. CARPENTER, *Assistant Secretary*
WALTER WYATT, *General Counsel*
J. P. DREIBELBIS, *Assistant General Counsel*
E. A. GOLDENWEISER, *Economist*
JOHN H. WILLIAMS, *Associate Economist*
ALLAN SPROUL, *Manager of System Open Market Account*

FEDERAL ADVISORY COUNCIL

District No. 1 (BOSTON) ----- THOMAS M. STEELE
District No. 2 (NEW YORK) ----- LEON FRASER
District No. 3 (PHILADELPHIA) ---- HOWARD A. LOEB,
Vice-President
District No. 4 (CLEVELAND) ----- T. J. DAVIS
District No. 5 (RICHMOND) ----- ROBERT M. HANES
District No. 6 (ATLANTA) ----- EDWARD BALL
District No. 7 (CHICAGO) ----- EDWARD E. BROWN
District No. 8 (ST. LOUIS) ----- WALTER W. SMITH
President
District No. 9 (MINNEAPOLIS) ---- JOHN CROSBY
District No. 10 (KANSAS CITY) ---- JOHN EVANS
District No. 11 (DALLAS) ----- R. E. HARDING
District No. 12 (SAN FRANCISCO) --- PAUL S. DICK

WALTER LICHTENSTEIN, *Secretary*

SENIOR OFFICERS OF FEDERAL RESERVE BANKS

Federal Reserve Bank of—	Chairman and Federal Reserve Agent	President	First Vice President	Vice Presidents
Boston.....	F. H. Curtiss.....	R. A. Young.....	W. W. Paddock.....	W. Willett ²
New York.....	Owen D. Young.....	G. L. Harrison.....	Allan Sproul.....	L. R. Rounds W. S. Logan J. H. Williams R. M. Gidney L. W. Knoke
Philadelphia.....	T. B. McCabe.....	J. S. Sinclair.....	F. J. Drinnen.....	C. A. McIlhenny ³ W. J. Davis E. C. Hill
Cleveland.....	G. C. Brainard.....	M. J. Fleming.....	F. J. Zurlinden.....	W. H. Fletcher G. H. Wagner W. F. Taylor ³
Richmond.....	Robert Lassiter.....	Hugh Leach.....	J. S. Walden, Jr.....	J. G. Fry G. H. Keesee ²
Atlanta.....	F. H. Neely.....	R. S. Parker.....		W. S. McLarin, Jr. ³ H. F. Conniff M. H. Bryan
Chicago.....	R. E. Wood ¹	G. J. Schaller.....	H. P. Preston.....	C. S. Young W. H. Snyder ³ J. H. Dillard
St. Louis.....	W. T. Nardin.....	W. McC. Martin.....	F. G. Hitt.....	O. M. Attebery C. M. Stewart ²
Minneapolis.....	W. C. Coffey ¹	J. N. Peyton.....	O. S. Powell.....	H. I. Ziemer ³ E. W. Swanson
Kansas City.....	R. B. Caldwell.....	G. H. Hamilton.....	C. A. Worthington.....	H. G. Leedy J. W. Helm ³
Dallas.....	J. H. Merritt.....	R. K. Gilbert.....	E. B. Stroud.....	R. B. Coleman W. J. Evans W. O. Ford ³
San Francisco.....	St. George Holden ¹	W. A. Day.....	Ira Clerk.....	W. M. Hale C. E. Earhart ² R. B. West

¹ Deputy chairman.

² Cashier.

³ Also cashier.

MANAGING DIRECTORS OF BRANCHES OF FEDERAL RESERVE BANKS

Federal Reserve Bank of—	Managing director	Federal Reserve Bank of—	Managing director
New York: Buffalo Branch.....	R. M. O'Hara	Minneapolis: Helena Branch.....	R. E. Towle
Cleveland: Cincinnati Branch.....	B. J. Lazar	Kansas City: Denver Branch.....	J. E. Olson
Pittsburgh Branch.....	P. A. Brown	Oklahoma City Branch.....	C. E. Daniel
Richmond: Baltimore Branch.....	W. R. Milford	Omaha Branch.....	L. H. Earhart
Charlotte Branch.....	W. T. Clements	Dallas: El Paso Branch.....	J. L. Hermann
Atlanta: Birmingham Branch.....	P. L. T. Beavers	Houston Branch.....	W. D. Gentry
Jacksonville Branch.....	G. S. Vardeman, Jr.	San Antonio Branch.....	M. Crump
Nashville Branch.....	J. B. Fort, Jr.	San Francisco: Los Angeles Branch.....	W. N. Ambrose
New Orleans Branch.....	L. M. Clark	Portland Branch.....	D. L. Davis
Chicago: Detroit Branch.....	R. H. Buss	Salt Lake City Branch.....	W. L. Partner
St. Louis: Little Rock Branch.....	A. F. Bailey	Seattle Branch.....	C. R. Shaw
Louisville Branch.....	F. D. Rash		
Memphis Branch.....	W. H. Glasgow		

SUBSCRIPTION PRICE OF BULLETIN

The FEDERAL RESERVE BULLETIN is an official publication of the Board of Governors of the Federal Reserve System. The BULLETIN is issued monthly and is sent to member banks without charge. To others the subscription price, which covers the cost of paper and printing, is as follows: in the United States, Canada, Mexico, and insular possessions, \$2.00 per year and 20 cents per single copy; elsewhere, \$2.60 per year and 25 cents per single copy.

FEDERAL RESERVE DISTRICTS

