FEDERAL RESERVE BULLETIN

ISSUED BY THE

FEDERAL RESERVE BOARD

AT WASHINGTON

MARCH, 1916

WASHINGTON
GOVERNMENT PRINTING OFFICE
1916

FEDERAL RESERVE BOARD.

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SUBSCRIPTION PRICE OF BULLETIN.

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

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VOL. 2 MARCH 1, 1916 No. 3

WORK OF THE BOARD.

The Board has had under advisement during the past month the question of statements to be made by State bank members and has determined that in all cases where the form of statement prescribed by State banking departments is satisfactory and the member bank so advised, it shall be regarded as fulfilling the requirements of the Federal Reserve Act with reference to a statement, the Comptroller of the Currency concurring in this view. Whenever, therefore, a call is simultaneously made by the Comptroller of the Currency and the State banking department, the State member banks merely prepare a copy of the statement and forward it under oath to the Comptroller of the Currency. In those cases where the call for condition made by the State banking department falls upon a date different from that made by the Comptroller, the State member banks may fill out a blank identical with that prescribed by the State banking department under the conditions hereinbefore stated. Effort is, however, being made to obtain simultaneous action by State banking departments in order that Federal and State calls may fall on the same date whenever possible.

The question of refunding Government 2 per cent bonds into 3 per cent bonds has received further and detailed investigation during the month and has been carefully studied by the officers of the Treasury Department with a view to developing a policy to be jointly adopted by the Treasury Department and the Federal Reserve Banks. A definite announcement on the subject will be made in the near future, March 31 being the date at which actual allotment of bonds under the $25,000,000 provision of the Federal Reserve Act must be made to Federal Reserve Banks, while the question of refunding will become of immediate and urgent interest directly after such allotment has been made.

Completion and publication of its second annual report, including in the volume the reports of Federal Reserve Agents and full statistics regarding the activities of the several banks during the past year, have occupied the attention of the Board during the early part of the month of February, the advance copy of the report being released for publication on the 12th of the month, while the completed issue was distributed on the 25th.

The Board has prepared and made ready for publication a revised draft in simplified form of its regulations relating to rediscounts on behalf of member banks, and its instructions governing the conduct of member banks in so far as established by the Federal Reserve Act. These revised regulations will be the first number of the series of 1916, and will supersede all other regulations relating to the same subject.

The text of amendments to the Federal Reserve Act, designed to put into effect the recommendations made in the report to Congress, have been carefully considered and tentatively adopted by the Board.

Further consideration has been given to the development of the system of check clearance and collection pending the receipt of an opinion from the Attorney General of the United States in answer to the questions put to him by the Board. A definite ruling with reference to the question of clearances and collections will probably be issued at an early date.

On February 25 the Board, after having given careful consideration to the petition of certain banks in Louisiana to be transferred from the Federal Reserve Bank of Dallas to the New Orleans Branch of the Federal Reserve Bank of Atlanta, passed the following resolution:

Resolved, That all of Louisiana north of the parishes of Vernon, Rapides, and Avoyelles remain in the Eleventh Federal Reserve District, and that the remaining part of the State of

Louisiana now in the eleventh district be transferred to the Sixth Federal Reserve District, and the banks therein allotted to the New Orleans Branch of the Federal Reserve Bank of Atlanta.

Mr. W. B. Newsome, of Dallas, has been elected a class C director and designated as deputy Federal reserve agent at Dallas, Tex.

Meeting of Advisory Council.

Members of the Advisory Council of the Federal Reserve Board held the first meeting for 1916 in the Board room on February 15. This gathering was preceded by a meeting of the executive committee held on February 14. The Federal Reserve Board met with the council on the afternoon of February 15 and received its report and suggestions.

The interesting development of the meeting of the council was a reconsideration of its action at the last previous meeting when it went upon record as favoring a reduction of the capital stock of Federal Reserve Banks. There have been changes in the membership of the council, and when the matter of reduction of stock was again considered a recommendation was made to the board that for the present no reduction should be urged. A minority report was, however, presented. Reports of conditions in the several districts as to industrial activity and the banking situation were orally made.

Those members of the council present at the meeting were: Mr. Daniel G. Wing, Boston; Mr. Levi L. Rue, Philadelphia; Mr. W. S. Rowe, Cleveland; Mr. J. W. Norwood, Richmond; Mr. Charles A. Lyerly, Atlanta; Mr. J. B. Forgan, Chicago; Mr. C. T. Jaffray, Minneapolis; Mr. E. F. Swinney, Kansas City; Mr. T. J. Record, Dallas; Mr. Herbert Fleishacker, San Francisco.

Appointment of Bank Examiner.

J. K. Doughton, of North Carolina, was on February 7 appointed chief national bank examiner for the Sixth Federal Reserve District, with headquarters at Atlanta, Ga.

Information on Trade Acceptances.

There was sent out by the Federal Reserve Bank of Cleveland under date of January 20, a printed letter on trade acceptances which so well covers the matter that it is reprinted below.

Since the Federal Reserve Board issued its circular and regulation relating to "trade acceptances," constantly increasing interest in this form of commercial paper is being manifested by alert and resourceful bankers, manufacturers, wholesalers, and dealers.

Briefly, the "trade acceptance" is a draft of definite maturity, drawn to order on a buyer by a seller, and bearing across the face of the instrument the signed acceptance of the buyer, without qualification or conditions.

There can be no question of the desirability of developing this class of credits in the United States, in the interests of banking, commerce, and industry. In all modern banking systems, the acceptance is the most desirable form of investment, and it is the most satisfactory method of settlement in the business world.

The directors of the National Association of Credit Men have recorded their belief "that trade acceptances present conveniences, and economies which should appeal to the encouragement and support of commercial credit grantors," and that "the trade acceptance system would eliminate certain serious evils which have developed with the increase of commercial credits on an open-account system and of which the unearned discounts, the abuse of sales terms, and the assignment of accounts receivable are the more prominent."

Acceptance is of benefit to the seller of goods in a great many ways, among which the following are noteworthy:

(1) It completes the transaction, joining the payment with the shipment or invoice;

(2) It eliminates open-book accounts, and substitutes bills receivable, or actual cash from discounted bills, in the assets of the seller;

(3) It gives to the seller additional credit facilities, in that such business paper discounted does not necessarily count in the amount of credit extended or authorized;

(4) By reason of its "double name" aspect, it has a broader and better market, and lessens interest rates for the seller;

(5) It assures promptness and avoids unjustified extensions;

(6) It promotes economy and efficiency of operation by establishing cooperation.

Acceptances are advantageous to the purchaser—

(1) In eliminating open accounts;

(2) In closing the transaction at the time of purchase;

(3) In providing payment coincident with purchase;

(4) In facilitating adjustments and settlements.

Among the plans which have been suggested by banks and business institutions for developing "trade acceptances" the following detailed method is given as an example, from which other means, suitable to special conditions, will be apparent:

The manufacturer or wholesaler, upon making shipment of goods, sends with the invoice a draft according to his terms of credit (e. g., 1 per cent discount for payment in 10 days, 60 days net) accompanied by a letter to the purchaser, explaining the draft, emphasizing its advantages, and requesting the purchaser, if he desires the credit to run for its agreed term, to accept and return it. The purchaser will enter the acceptance upon his books and arrange for payment upon presentation either at his place of business, or, preferably, at his bank, and return the acceptance to the seller, who will enter it upon his books and place it in his note files, unless he desires to discount it at his bank at once. If he does not need the proceeds at once, the seller will deliver the bill to his bank for collection as it approaches maturity, and it will then become a banking transaction, the same as other items forwarded for collection.

Bankers and business men are urged to exert earnest efforts in the development and establishment of this most desirable improvement in our credit machinery, and are assured that such action is in accord with the best thought of the financial and commercial world.

By encouraging customers to send such drafts with their invoices, accompanied by an explanation of their advantages, member banks can secure perhaps the most liquid class of investments, available at any moment for immediate rediscount at the Federal Reserve Bank, at the most favorable rates.

The trade acceptance eligible for rediscount is more fully defined in Regulation P, accompanying circular No. 16 of the Federal Reserve Board, series of 1915, which has been sent you by this bank.

As samples, there are inclosed two blank forms of drafts, satisfactory for use in this Federal Reserve district, which meet the requirements of the Federal Reserve Board as set forth in the circular and regulation mentioned. Form No. 1 is for use directly between the seller and the purchaser, as outlined above; form No. 2, for use where a different payee than the drawer is desired.

The Federal Reserve Bank of Cleveland stands ready to render any assistance within its power in this work.

FEDERAL RESERVE BANK
OF CLEVELAND,
E. R. FANCHER, *Governor*.

With the letter the Cleveland Federal Reserve Bank included two acceptance forms which are also reproduced.

FORM NO. 1.

No...... .... 191.. $........

Thirty / Sixty / Ninety } days after { date / sight pay to the order of ourselves

.... Dollars.

The obligation of the acceptor hereof arises out of the purchase of goods from the drawer.

To ....

....

....

FORM NO. 2.

No...... .... 191.. $........

..................after ....pay to the order of

....

....Dollars.

The obligation of the acceptor hereof arises out of the purchase of goods from the drawer.

To...............................

....

....

(Across face.)

Accepted.. 191..

Payable at ....
(Designate bank or

....
place of payment.)

....
(Signature of acceptor.)

SOME ECONOMIC PROBLEMS OF THE DAY.

There is given below an address made by Hon. Paul M. Warburg, member of the Federal Reserve Board, on January 25 before the New York Credit Men's Association, meeting in New York.

Our country is passing at present through a period of economic development the scope and rapidity of which have never been paralleled. Originally opened and developed by foreign enterprise, and, until the fall of 1914, still dependent upon Europe for the financing of its foreign trade, and, to a certain extent, its crops, and its industrial undertakings, this great continent in less than two years has not only asserted its complete financial emancipation but has become, for the present at least, the world's banker.

Two factors have cooperated in bringing about this result: The European conflagration and the opening of the Federal Reserve banking system. It may, therefore, be interesting and timely to consider to-night some of the phases of the interplay of these two forces and the policy and methods best to be pursued in meeting and directing their influence at this momentous juncture, marking, as it does, the turning point in our economic history.

The far-reaching effects of the war, as they have worked in favor of the United States and to the disadvantage of Europe, are apparent to all. The effects of the opening of the Federal Reserve Banks are not quite as easily discernible to the casual observer.

The Federal Reserve System has created a condition of health and strength which is accepted by many as a process of nature without thinking of the men whose thought and energies brought into life, at almost a providential moment, this remarkable piece of banking machinery. It is true, none the less, that without the steadying influence of this system, without the new machinery that it provided for the financing of our foreign trade, we should have sunk lower and should not have risen so far and so fast. Had it not been for this feeling of safety this country could not, at one and the same time, have absorbed its own securities and granted foreign loans estimated to aggregate together the staggering amount of one billion and a half to two billion dollars, and while these imposing transactions were being carried through crops were moved at the lowest rates ever known. Without the usual seasonal fluctuations in interest rates and without a ripple of financial difficulty we passed through political situations which, in years gone by, might have caused violent financial disturbances. Panics, such as we had become accustomed to expect as things inevitable, have become phenomena of the past. At the same time some hundreds of millions of dollars were provided to pay off the long bills our bankers formerly drew on Europe for the moving of our imports and exports and for other credit operations, while simultaneously our own American bankers' acceptances sprang into existence. They are being drawn to-day from South America, the Far East, and from Europe for the purpose of financing not only our own trade but also that of foreign nations.

It has been suggested, however, that these results have been achieved as an indirect incident of the existence of rather than as the direct effect of the operations of the Federal Reserve System. We do not deny this fact, but we might well ask these critics whether they would measure the degree of efficiency of a municipal administration by the large number of murderers sent to the electric chair or rather by the small number of crimes committed?

After all, what is the real object of the Federal Reserve System? Stripping the problem of many important side issues is it not, in substance, to increase the safety of our banking structure and to bring about stability and, as far as possible, equalization of interest rates in the various sections of the country?

The service rendered by the Federal Reserve System must never be measured by the volume of its own business or by the amount of its earnings, but by the degree of success with which it obtains its aims. Can you see in your mind's eye the curve representing the fluctuations of our past interest rates? You will find it to be a wild, zigzag line rapidly moving up and down between more than 100 per cent and 1 per cent. Teach the country to watch that curve in the future; the straighter the line, the smaller its fluctuations, the greater will be the beneficent effect of our system.

There appears to be a great deal of confusion of thought about the proper functions of Federal Reserve Banks and the policy to be pursued by them in attaining the ends for which they have been organized, particularly about the question whether or not Federal Reserve Banks should or should not avoid competition with the national and State banks and trust companies.

The policy of Federal Reserve Banks must be guided by one single consideration, which is the public interest. Federal Reserve Banks must neither fail to engage in transactions—which would redound to the benefit of the country—for the reason that these might entail expense or loss; nor must they, on the other hand, enter on transactions on account of the earnings to be derived, should those transactions or functions run counter to the public interest, or should they lessen the ultimate ability of the Federal Reserve Banks to render the largest service for the general benefit of the country.

In carrying out their policy they must neither compete for the sake of competition nor omit competing for the sake of avoiding competition. In performing functions with which they are charged by the law, they must compete or not compete as the public interest requires.

The present maximum lending power of the entire Federal Reserve System on a gold-reserve basis of 40 per cent is about $600,000,000. The total loans and investments by national banks amount at present to about $9,000,000,000; those of State banks and trust companies (including savings banks) are estimated at about $13,000,000,000. It is obvious that it can not possibly be the object of the Federal Reserve System, by competition, to substitute a lending and investing power of $600,000,000 for that of all the banks of the country, amounting to about $22,000,000,000. The aim of the system must rather be to keep this gigantic structure of loans and investments, which is largely carried by bank deposits, both from overcontracting, and, as well, from overexpanding, so that, as the natural and inevitable result, it may not be forced to overcontract.

Effectively to deal with the fluctuations of so gigantic a total is a vast undertaking. If the task is to be accomplished successfully, it can not be by operations which are continuous and of equal force at all times, but only by carrying out a very definite policy which will not only employ funds with vigor at certain times, but, with equal determination, will refuse to employ funds at others. That during periods of actual employment the Federal Reserve Banks will make large earnings, and that during periods when a restriction in the activity of Federal Reserve Banks is indicated by general conditions their earnings will or should be smaller, are incidents which have no bearing upon the measure of their usefulness. Federal Reserve Banks when accumulating and keeping idle their funds are exercising as useful a function as when they are employing them. If safety and the stabilization of rates form the soundest foundation for general prosperity, everything that the Federal Reserve Banks do in avoiding excessive rates—whether these be too high or too low—will result to the benefit of the Nation. If the potential or actual employment of $600,000,000 can have this effect upon loans and investments of $22,000,000,000 (of which $16,000,000,000 are loans and discounts), the usefulness of the Federal Reserve system is proven. That does not mean that we shall ever have to contemplate conditions such that the entire funds of the Federal Reserve Banks will lie idle. A certain proportion will and must always remain in active service as a regulatory force. As their field of operations increases and as the circulation issued by the national banks is reduced doubt about their ability to earn their running expenses will disappear. Ultimately Federal Reserve Banks will have no difficulty in earning their dividends, too—when once they occupy their proper position and when they have had the opportunity of averaging their operations over a reasonable period. But a fair time must be given them for reaching this condition.

We must not forget that it took the European large central banks many years, often generations, to secure their to-day's dominating strategic position. And we must furthermore be mindful oi the fact that the Federal Reserve System at present is operating in a period when the curve showing our interest rates must be considered as strongly subnormal, thus clearly indicating for Federal Reserve Banks a policy of conservatism.

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The lending power of the Federal Reserve Banks though very large, and though in emergencies it can be vastly increased by the Board's power to reduce or suspend reserve requirements, is, after all, definitely limited. Moreover, constituting as it does the reserve power of the country, it can not be drawn upon beyond a certain point without creating alarm.

The regulative influence of the increase or decrease in interest rates must therefore be applied from time to time, and the more readily bankers and business men cooperate in the policy thus indicated by the Federal Reserve Banks the smaller will be the variations to be expected, excepting of course periods of extraordinary disturbances at home or abroad, when more drastic measures may be needful.

To bring about stability of interest rates two things are necessary: First, judicious withholding, and in turn judicious employment by Federal Reserve Banks, of their lending power, and, second, recognition by banker and business man that the measure of success to be achieved by the Federal Reserve System will to a certain extent depend upon the degree of their own cooperation with the policy of the Federal Reserve Banks.

And this leads me to a phase of the problem concerning which I am particularly anxious to speak to you to-night. That is the cooperation of the business community in bringing to the fullest fruition the service to be rendered by the Federal Reserve Banks.

Until now we have been laying the foundation and installing the machinery for future operations. I believe we have now fairly finished this first part of our task, and further development will from now on depend to a large degree upon the banks and the public.

In order to remain liquid and deservng of the unqualified confidence they require, Reserve Banks must employ their funds in investments of the most liquid character only. The larger the amount of such paper that is available the larger will be the field of operation open to these banks and the better can they perform the function of either employing their funds freely or, with equal freedom, collecting their maturing paper and keeping their funds idle when that course is indicated. In order effectively to develop their operations, Federal Reserve Banks can not depend upon the borrowing requirements of their member banks alone since that, in many districts, would be a wholly inadequate field for their activities. The first year's experience has already shown that they must look largely to open-market operations, such as purchases of bankers' acceptances, bills of exchange, warrants, United States bonds, etc., in order to secure their share of business and influence.

Their most important field, in this respect, is the bankers' acceptance, the use of which it is confidently hoped will, from now on, steadily increase. Unfortunately, the development of this method of financing importations and exportations has thus far been comparatively slow. Either the merchant, or the banks, or both, lack the full appreciation of their opportunities—we might say of their national duties—in this respect. While great headway has already been made and while it is realized that real progress must be gradual and that some of the foreign banks now occupying the field are blocking our way as far as they can, we ought, nevertheless, to be further advanced in this direction than we are to-day. With our acceptance discount rate at about 2 per cent against the British discount rate of about 5 per cent, with our exchange for dollars high and secure, while European exchanges are low and unstable, we ought to-day to be doing a larger acceptance business. A few of our banks have been very energetic, others have been wholly inactive, partly because of ignorance of the methods to be employed, partly because of their inability or unwillingness to secure men who are expert in this business. Some banks, I suspect, prefer at this time to make cash advances rather than to grant acceptance credits, because they wish to employ their own funds. That, however, is short-sighted policy. Every effort ought to be bent at this time, both at home and all over the world, to introduce the use of our bankers' acceptances. It is inevitable that at the end of this unfortunate war we shall be the one nation to which logically the world will look for credit facilities. To grant these acceptance credits will be one of the functions which, from now on, we shall be called upon to perform in a constantly growing measure. Not only is it wise for the accepting firms to take up with energy this branch of banking, but, for the future of the Federal Reserve System, it is of the utmost importance that our banks should hold as an asset hundreds of millions of this most liquid paper which, at any time, they can dispose of to the Federal Reserve Banks. This will not only widen the field of operation open to our Federal Reserve Banks, but will prove a source of safety for us in our international financial relations. Incidentally, I am looking forward to the time when even country banks will carry these bankers' acceptances as quick assets rather than demand balances with other banks.

The Federal Reserve Board hopes that we may succeed in securing a broadening of the powers of national banks so as to permit them to accept, not only against transactions involving the importation or exportation of goods, but also against domestic transactions secured by the pledge of readily marketable staples, by goods actually sold, or by shipping documents covering goods in course of transportation. It is easy to see the great influence that such an amendment to the present law would have in equalizing rates. If cotton, properly warehoused in Texas, can be pledged to an accepting bank in Texas, Chicago, or New York, the proceeds of the acceptance at the discount rate of, let us say, 2 per cent, would flow from whatever would be the lowest discount market into Texas and relieve the banks in that district.

And here we touch upon a point that I would wish to impress upon your minds, namely: Equalization of discount rates is dependent upon standardization of credit, and it can not be brought about by legislative enactment or Government machinery, but only by the action of the banks and business men themselves. Farmer Jones may be able to secure money from his bank on his own note only at 6, 7, or 8 per cent, but if he can store his grain or cotton with a properly organized warehouse and secure the acceptance of a good bank the bill will sell at the lowest rate, provided the accepting bank is sound. It does not matter whether money at that time be higher at New Orleans or Minneapolis than at Chicago or New York; if the New Orleans or Minneapolis bank's acceptances are good they will sell substantially at the same low rate as those of the banks in Chicago and New York. Raise the standard of banking and warehousing—use modern banking methods—and equalization of interest rates must follow automatically. No law will ever remove the difference between good and bad. There are different grades in cotton and grains and, similarly, there are different grades in credit. We can not equalize credits, but we can bring about equalization of interest rates for similar grades of credit all over the country.

And now a word about trade acceptances. I have read with the keenest interest the very intelligent articles that you have published in the Bulletin of the National Association of Credit Men, and the speeches made by your officers concerning this topic, and I congratulate you upon the excellent work that you are doing in the matter. You have clearly pointed out that the trade acceptance offers the great advantage of converting a nonnegotiable book account into a live liquid asset, and you are doing a most valuable work of education when you teach the merchant or manufacturer that, under the present system, having sold his goods, he has to borrow on his own promissory note, using his own credit, while, if he adopted the system of trade acceptances securing the obligation of the customer purchasing the goods, he would be selling an asset instead of incurring a debt. You have so forcibly pressed home all the arguments concerning this problem that I should not know how to add to them. I can only express my great satisfaction at finding myself in such complete accord with you. When it comes to the question of the eligibility of single-name paper for rediscount with Federal Reserve Banks, I always have a kind of David Harum feeling: "Yes an' no, mebbe an' mebbe not." Because of this doubt, we have felt that we had to ask for evidence in order to be certain that such a bill complied with the law as to the use of its proceeds. The trade acceptance, on the other hand, unless it be fraudulent paper, carries on its face the assurance of its legitimacy—it evidences a definite debt of the purchaser to the seller, to be liquidated on a definite date. The board has, therefore, encouraged reserve banks and their customers to offer for this kind of paper a rate of discount lower than that for single-name promissory notes. It is greatly to be hoped that its free use will grow. National banks may indorse these trade acceptances without limit, while the indorsement of single-name paper to banks or individuals other than Federal Reserve Banks would, under the National Bank Act, count as a liability which, as you know, is limited for national banks to 100 per cent of capital. As our system further develops, good trade acceptances will, therefore, become an investment preferred by member banks and selling at a rate lower than enjoyed by single-name paper. The more good paper of this kind is developed, the more will it be used by the banks as a secondary reserve, and the more general will become the habit of rediscounting this paper—particularly for short maturities—with the Federal Reserve Banks.

It is the first duty of Federal Reserve Banks to be liquid. Therefore they must invest only in the better grades of paper offering through their acceptances or indorsements satisfactory guaranty as to prompt payment upon maturity. The more freely these trade acceptances are indorsed and standardized the wider, therefore, will become the field of operation of Federal Reserve Banks. Under the law Federal Reserve Banks are permitted to buy this double-name paper even without the indorsement of a member bank. Personally I should not be surprised to see a gradual establishment of rates favoring trade acceptances as against promissory notes even to a further degree than in the past.

You may therefore feel certain that the work you are doing in encouraging the use of trade acceptances is of great value to the growth of the Federal Reserve System and of sound credit and banking.

In actual operation the problem of the Federal Reserve System is, like your own, largely one of analysis. Success or failure in banking and business are largely dependent upon careful analysis both of the individual statement and the conditions of the entire Nation, indeed, of all the world.

The Federal Reserve System is a structure essentially based on gold and confidence (that is, credit), and in order to be safe and sound it must be possessed of an effective machinery for judging credits from the smallest to the largest units. You can therefore readily see how important for us is the work of credit analysis done by the members of your association. Your efforts and those of our banks in many respects run in the same direction. The Federal Reserve System, like you, believes in and insists upon frankness. Our member banks are required by law to make full statements. We think that an ounce of prevention is better than a pound of cure. If our Federal Reserve Banks carefully study the statements made by their member banks, we shall, as we go forward, avoid serious trouble by detecting and correcting it in its early inception. This same principle we strive to have applied by our member banks in dealing with their own customers, and our insistence on their receiving statements will render it easier for them to overcome resistence in this respect on the part of their customers. There is safety—not only in numbers—but also in frankness! On the whole, I suppose it is your experience, as it has been mine, that if a man says that he is too proud to show his statement, the statement generally is not one to be proud of. Your call for frank and intelligent credit statements and your ability to draw proper conclusions therefrom will prove of the very greatest importance for the safety of our banking system.

When from the individual statement we turn our attention to the credit statement of our country and to that of the entire world, we must confess to great perplexity. It is the duty of every conscientious captain of banking or industry to look ahead and ascertain as nearly as possible the future course of the two great forces of demand and supply. But the standards of past experience can not be applied in the present unprecedented situation and our economic future will depend on many factors which we must still consider as hopelessly unknown. One of the most important items in the equation will be the degree in which the unfortunate nations now involved in a death struggle shall become exhausted; and this in turn will depend upon the time over which the contest shall be prolonged. We can, therefore, safely speak only of the broadest aspects of the subject. What we may say with confidence is that if our creditor position be not weakened, the end of the war, no matter when it may come, will find us so greatly strengthened as compared with the leading European powers, that we shall almost inevitably take our place as the world's banker. It will probably fall to us to finance these nations, at least to a certain extent, and for a time, on the other hand, there is the danger that this new business that has come to us owing to extraordinary conditions may mislead us into building an expanded credit structure upon an unstable foundation of shifting gold—some of which we may not be able to hold permanently—and a heavy industrial structure upon a basis of ephemeral demands. This danger is real, and so we find at present two schools of thought, one looking into the future with unbounded confidence and the other anticipating drastic reaction and collapse. But, if this danger exists, as no doubt it does, do we, like the old Greeks, believe in an inexorable fate, and must we bend our necks and patiently await the blow? Or is it not worth our while to deal with the problem of our economic future as science has dealt with the yellow fever and with cholera? In other words, can we not, by scientific research, recognize the elements of the problem and find the means of warding off the danger?

Turning first, then, to an analysis of our banking problem, we should bear in mind that added lending power—be it by decreased reserve requirements or by an influx of gold—does not automatically bring about the increased opportunity for making safe local loans. Only gradually and only as we shall recognize it for the support of our permanent and solid growth of business—not the mushroom kind—shall we be able to use it. The danger of a rapidly and abnormally increased lending power is that it makes for plethora of money, for too easy rates, exasperating alike the banker and the investor, and that consequently it brings forth the tendency of encouraging unhealthy expansion and of making poor investments at home and abroad. Such conditions have always been the breeders of economic disasters.

We must furthermore bear in mind the old rule that between countries of fairly equal credits low interest rates will have the tendency of driving gold to that center where it can earn the highest interest return. While abnormal conditions have for the present destroyed the power of interest rates to direct the flow of gold, sooner or later normal laws of economics will again assert themselves and we must then expect that, owing to the inflation of currency created in almost every country involved in the war, the demand for our gold will be very keen and determined. We may then have to part with very large sums of gold, but we must so direct our course as to be able to control this outflow and let it take place without creating disturbances in our own economic life.

In order to avoid unfortunate developments we must then first of all "keep our powder dry;" that is, hold in reserve the essential strength of the Federal Reserve Banks, not only to be prepared for possible drain or emergency, but also, so far as practicable, to offer a check to inflation.

Impatience by the public or by the Federal Reserve Banks themselves to quickly show results by large profits must not be permitted to lure us from a safe course. Strange as it may seem, the words of Milton, when he said "They also serve who only stand and wait," may be aptly applied to so modern an organization as the Federal Reserve System. To stand and wait is often the hardest of all duties, requiring more courage than to follow one's impulses in "letting go."

Second, we must greatly increase the degree of our control over our current gold supply by assembling, so far as practicable, the gold now wastefully carried in the pockets of the public, substituting for it our new elastic reserve notes.

Third, we must take the utmost care not to destroy at this time the basis of our future lending power. Whatever foreign loans we may make during the war ought to be of reasonably short maturity, so that we may keep control of our gold in case we should later wish to have it at our call. That will give us a strategic position at the end of the war so strong that we shall be able effectively to face the various duties that will confront us, not only toward our own country, but also toward the world at large.

Fourth, while short loans are advisable in dealing with foreign countries, this is the time for us to set our own house in order and arrange for the financing of our healthy home enterprises on a permanent basis.

Fifth, our banks have so far acted wisely. They have not considered the reserve now prescribed by the Federal Reserve Act as the actual limit of their reserve condition. They have, generally speaking, held reserves in excess of that limit. It is, however, true that with some this is not due solely to prudence but partly to the fact that the great ease of money made it practically impossible for them to invest a large percentage of their available means. Increased activity might bring about a change in this respect; but I believe that it should be impressed upon all the banks that, rain or shine, they should under present conditions continue to keep their reserves far in excess of the present legal requirements and that they should not forget that, on balance, this year they will have to pay into the Federal Reserve system roughly $110,000,000 and that if the old standard of reserve requirements were in force to-day the reserves now shown would be reduced by about $500,000,000.

If a policy of general conservatism, such as I have outlined, can be systematically followed, thereby maintaining the strength of our banking position, we shall, in due course, reap our reward.

I do not by any means intend to suggest undue restriction upon legitimate industries. I recommend, however, a careful discrimination between that portion of business and industry which is solid and permanent and that which is of a purely ephemeral or a speculative character. The former should be advanced and fostered by every means in our power, and it is the duty of our bankers and of the Federal Reserve system to supply it with its due share of credit. There is no reason why the regular business of this country should view the future with alarm. While, as I have stated, it is to be expected that at the conclusion of the war Europe will make great efforts to reestablish her industries and to reopen her markets, it is equally true that Europe is short of raw materials and that before the full force of her industries can be brought to bear upon our markets she must buy many of these raw products largely from us. Moreover, it will take time to reorganize her industries, which now, to a large extent, have been turned into factories producing those articles that are required by a nation at war. It is therefore not to be feared that the reaction will come immediately upon the conclusion of peace, and therein lies a protection which is an important consideration to be borne in mind by our business men when dealing with the problems of our home consumption. American prosperity is of a self-igniting character; one branch of business reacts upon the other, and the increase in activity reacts again on the very forces that first acted as the moving influence. The present wave of prosperity in the United States appears too powerful to be easily rolled back or resisted, and there would seem to be no reason why business, so far as relates to our own normal demand and consumption, should not continue to be brisk. I believe that we may say with reasonable assurance to the business men and manufacturers dealing with our own local requirements, "Be not afraid, and go ahead."

The case is quite different with those industries that are temporarily over-stimulated by passing conditions and are using their resources to extend their plants in order to cope with these extraordinary demands. Very possibly such plants, in many instances, are built from profits, and their owners may be well able to afford to "scrap" them upon the arrival of peace. They will not, however, adopt so heroic a course, and we must therefore recognize in these investments, containing, as they do, possibilities of over-production, the seeds of grave danger. To those who are engaged in such industries the banking and business community might well utter a word of warning. Let them use their profits, not in expanding beyond the limits of prudence, but rather in developing their existing facilities to the highest possible pitch of efficiency.

Has not last year's experience shown us the excellent results that concerted effort can produce in dealing with problems of this kind? The educational campaign for a diversification of the crops, which resulted in a largely reduced output of cotton in the fall of 1915, brought prosperity to the South, while another large cotton crop on top of that of 1914 might have proved fatal. May we not hope that we may be able to deal scientifically with questions of manufacture as well as those of agriculture? The country will need its highest degree of efficiency most urgently when, after the war is over, we must meet the competition of European manufacturers forced by necessity to strain every nerve in producing at the lowest possible figure, and under the heavy handicap of weakened exchange standards, strained or exhausted credits, and high taxes.

If we are prudent and avoid both banking and industrial inflation, if we use this period of affluence and unexpected protection to increase our efficiency and complete our organization, I do not see why we should not calmly trust our ability and intelligence in meeting any emergency the future may have in store for us. It is with this point in view that I so strongly urge our bankers not to lose this opportunity of perfecting our banking machinery for the purpose of developing relations with foreign countries. The only distinct effort in this direction has been made in New York and, to a certain extent, in Boston and Philadelphia, for the rest of the country appears to be so busy making money that apparently it has not found the time to provide for the future.

Our opportunity for successful foreign trade has been vastly increased because foreign business is carried on largely with credit, and in granting credit the United States will, after this war, be stronger than any other country. There is a close interrelation between loans to foreign nations and business transactions in those foreign countries. It is true that foreign loans stimulate foreign trade, but it is equally true that it is impossible to place large loans unless there exists in the creditor country an intimate knowledge of the condition of the debtor nation. If thousands of our merchants know South America or the Far East, and spread their knowledge in our country, they will create that atmosphere of intimacy and confidence without which it is absolutely impossible to create an extensive investment market for foreign securities. In the past we have not conquered foreign markets to a greater extent largely because we have been too prosperous at home and because we did not think it worth while to accommodate ourselves to foreign methods or to grant credits in far-away countries.

The enormous lending power that we shall enjoy will give us a tremendous advantage in the future. It will be for the American business man and investor to decide to what degree the United States shall become a nation of world bankers. Our great prosperity should not make us forget those opportunities almost beyond measure, lying at our door, and which, on account of our present prosperity, we should not be guilty of neglecting.

I am very grateful to you, gentlemen, for having permitted me to discuss with you to-night some of the problems as they touch your own individual work, that of the Federal Reserve System and the larger aspects of these questions as they affect the entire Nation.

The ultimate outcome of the most gigantic of all struggles ever fought is still shrouded in mystery. But, out of the mist, our future looms large, resplendent with opportunities yet burdened with serious obligations. Simply to wax prosperous through the misfortunes of others can not be the destiny of this great country. Sometime and somehow the future must bring us an opportunity of giving back to the world in service what fate is now lavishly throwing into our laps. Whatever our tasks and duties then may be, I know that you, business men of the United States, will meet them in the same broad and helpful spirit that has guided you in the past in struggling with the problems of our country.

Extra Copies of Bulletins.

There has been a very steady demand for back numbers of the Federal Reserve Bulletin and they are now practically exhausted. It will very soon be impossible to obtain such numbers.

Class C Director at Dallas.

W. B. Newsome, Dallas, Tex., was on February 10 named by the Federal Reserve Board as class C director for the Federal Reserve Bank of Dallas and designated as deputy chairman and deputy Federal Reserve Agent. Mr. Newsome fills the place made vacant by the withdrawal of Edward Rotan.

Mr. Newsome was formerly president of the Collin County National Bank of McKinney, Tex., but has now retired from active business, although retaining his interest and directorships in various enterprises such as the Texas Cotton Mills, McKinney; Collin County Mill & Elevator Co., McKinney; Burroughs Mill & Elevator Co., Fort Worth; Morton Milling Co., Dallas; and the Simmons-Newsome Grocery Co., Dallas.

He is in close relationship with the industrial and commercial life of the Southwest and especially with cotton and grain, which are large products in that section.

GOLD SETTLEMENT FUND.

Total clearings and transfers through the gold settlement fund from January 1 to February 24, 1916, amounted to $387,591,000, and the net change in ownership of the gold held in the fund increased during the period from $85,697,000 to $96,638,000, or $10,941,000, this increase being 2.82 per cent of the obligations settled during the period. The total clearings and transfers since May 20, 1915, have been $1,440,240,000, and the total net change in ownership of gold has been 6.71 per cent of this amount.

Amount of clearings and transfers, Federal Reserve Banks, from Jan. 1, 1916.

	Total clearings.	Balances.	Transfers.
Previously reported	$133,168,000	$14,218,000	$7,001,000
Settlement of—			
Jan. 27, 1916	54,646,000	5,961,000	350,000
Feb. 3, 1916	46,004,000	4,114,000	1,000,000
Feb. 10, 1916	48,211,000	6,838,000	2,264,000
Feb. 17, 1916	42,985,000	5,665,000	1,256,000
Feb. 24, 1916	50,224,000	4,996,000	382,000
Total	375,238,000	41,792,000	12,253,000

Changes in ownership of gold.

Federal Reserve Bank of—	To Dec. 31, 1915.		From Jan. 1, 1916, to Feb. 24, 1916.				Total change from May 20, 1915, to Feb. 24, 1916.	
	Decrease.	Increase.	Balance to credit Dec. 31, 1915, plus net deposits of gold since that date.	Balance Feb. 24, 1916.	Decrease.	Increase.	Decrease.	Increase.
Boston		$1,049,000	$8,779,000	$3,344,000	$5,435,000		$4,386,000	
New York	$81,283,000		11,717,000	5,749,000	5,968,000		87,251.000	
Philadelphia		9,245,000	2,595,000	6,289,000		$3,694,000		$12.939,000
Cleveland		8,112,000	10,892,000	11,713,000		821,000		8,933,000
Richmond		10,765,000	9,685,000	10,675,000		990,000		11,755,000
Atlanta		11,037,000	3,597,000	5,736,000		2,139,000		13,176,000
Chicago	4,414,000		11,356,000	10,769,000	587,000		5,001,000	
St. Louis		9,852,000	5,072,000	2,621,000	2,451,000			7,401,000
Minneapolis		6,955,000	5,355,000	4,049,000	1,306,000			5,649,000
Kansas City		6,254,000	334,000	2,075,000		1,741,000		7,995,000
Dallas		11,478,000	8,848,000	9,501,000		653,000		12,131,000
San Francisco		10,950,000	[1] —1,720,000	3,989,000		5,709,000		16,659,000
Total	85,697,000	85,697,000	76,510,000	76,510,000	15,747,000	15,747,000	96,638,000	96,638,000

[1] Withdrawals have exceeded balance and deposits.

Gold settlement fund—Summary of transactions Jan. 20, 1916, to Feb. 24, 1916.

Federal Reserve Bank of—	Balance last statement, Jan. 20, 1916.	Gold.		Transfers.		Settlement of Jan. 27, 1916.				Jan. 27, 1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	$1,270,000		$1,000,000			$393,000	$6,839,000	$6,446,000		$1,877,000
New York	10,326,000						14,172,000	15,192,000	$1,020,000	11,346,000
Philadelphia	5,513,000		1,500,000			4,013,000	7,689,000	3,676,000		3,000,000
Cleveland	11,892,000	$340,000	130,000			152,000	999,000	847,000		11,530,000
Richmond	11,934,000	500,000	280,000			1,106,000	7,179,000	6,073,000		10,608,000
Atlanta	3,360,000		220,000				2,922,000	3,226,000	304,000	3,884,000
Chicago	11,859,000						7,547,000	9,840,000	2,293,000	14,152,000
St. Louis	4,766,000				$350,000		5,353,000	6,119,000	766,000	5,882,000
Minneapolis	3,641,000					297,000	441,000	144,000		3,344,000
Kansas City	3,114,000	250,000					1,035,000	1,466,000	431,000	3,295,000
Dallas	8,967,000	10,000		$350,000			309,000	689,000	380,000	8,987,000
San Francisco	7,588,000	2,820,000					161,000	928,000	767,000	5,535,000
Total	84,230,000	3,920,000	3,130,000	350,000	350,000	5,961,000	54,646,000	54,646,000	5,961,000	83,440,000

Gold settlement fund—Summary of transactions Jan. 20, 1916, to Feb. 20, 1916—Continued.

Federal Reserve Bank of—	Balance last statement, Jan. 27, 1916.	Gold.		Transfers.		Settlement of Feb. 3, 1916.				Feb. 3, 1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	$1,877,000						$5,430,000	$5,575,000	$145,000	$2,022,000
New York	11,346,000				$900,000		12,223,000	13,641,000	1,418,000	13,664,000
Philadelphia	3,000,000					$1,234,000	6,941,000	5,707,000		1,766,000
Cleveland	11,530,000	$30,000					484,000	680,000	196,000	11,696,000
Richmond	10,608,000	300,000	$740,000				7,249,000	8,279,000	1,030,000	12,078,000
Atlanta	3,884,000		60,000			344,000	2,438,000	2,094,000		3,600,000
Chicago	14,152,000			$500,000	100,000	1,285,000	5,741,000	4,456,000		12,467,000
St. Louis	5,882,000	1,000,000				1,040,000	3,881,000	2,841,000		3,842,000
Minneapolis	3,344,000		1,000,000			211,000	350,000	139,000		4,133,000
Kansas City	3,295,000						913,000	1,387,000	474,000	3,769,000
Dallas	8,987,000			500,000			285,000	873,000	588,000	9,075,000
San Francisco	5,535,000		60,000				69,000	332,000	263,000	5,858,000
Total	83,440,000	1,330,000	1,860,000	1,000,000	1,000,000	4,114,000	46,004,000	46,004,000	4,114,000	83,970,000

Federal Reserve Bank of—	Balance last statement, Feb. 3, 1916.	Gold.		Transfers.		Settlement of Feb. 10, 1916.				Feb.10,1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	$2,022,000		$500,000			$1,386,000	$5,880,000	$4,494,000		$1,136,000
New York	13,664,000				$2,064,000	4,764,000	16,059,000	11,295,000		10,964,000
Philadelphia	1,766,000		1,400,000				6,131,000	9,606,000	$3,475,000	6,641,000
Cleveland	11,696,000				200,000	102,000	849,000	747,000		11,794,000
Richmond	12,078,000		180,000				5,838,000	6,215,000	377,000	12,635,000
Atlanta	3,600,000						1,708,000	3,800,000	2,092,000	5,692,000
Chicago	12,467,000			$2,200,000		131,000	6,330,000	6,199,000		10,136,000
St. Louis	3,842,000					412,000	3,975,000	3,563,000		3,430,000
Minneapolis	4,133,000					43,000	107,000	64,000		4,090,000
Kansas City	3,769,000		200,000				883,000	896,000	13,000	3,982,000
Dallas	9,075,000			64,000			375,000	953,000	578,000	9,589,000
San Francisco	5,858,000	$1,980,000					76,000	379,000	303,000	4,181,000
Total	83,970,000	1,980,000	2,280,000	2,264,000	2,264,000	6,838,000	48,211,000	48,211,000	6,838,000	84,270,000

Federal Reserve Bank of—	Balance last statement, Feb. 10, 1916.	Gold.		Transfers.		Settlement of Feb. 17, 1916.				Feb.17,1916 balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	$1,136,000		$1,000,000		$86,000	$469,000	$6,056,000	$5,587,000		$1,753,000
New York	10,964,000				970,000	3,429,000	14,820,000	11,391,000		8,505,000
Philadelphia	6,641,000	$5,000,000					5,551,000	6,881,000	$1,330,000	2,971,000
Cleveland	11,794,000			$620,000			724,000	1,048,000	324,000	11,498,000
Richmond	12,635,000	750,000	100,000			836,000	6,020,000	5,184,000		11,149,000
Atlanta	5,692,000	500,000	60,000	86,000			1,448,000	2,231,000	783,000	5,949,000
Chicago	10,136,000		1,000,000		200,000		3,923,000	4,538,000	615,000	11,951,000
St. Louis	3,430,000					864,000	3,433,000	2,569,000		2,566,000
Minneapolis	4,090,000					67,000	145,000	78,000		4,023,000
Kansas City	3,982,000						597,000	704,000	107,000	4,089,000
Dallas	9,589,000			550,000			216,000	407,000	191,000	9,230,000
San Francisco	4,181,000						52,000	2,367,000	2,315,000	6,496,000
Total	84,270,000	6,250,000	2,160,000	1,256,000	1,256,000	5,665,000	42,985,000	42,985,000	5,665,000	80,180,000

Federal Reserve Bank of—	Balance last statement, Feb. 17, 1916.	Gold.		Transfers.		Settlement of Feb. 24, 1916.				Feb.24,1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	$1,753,000		$2,000,000			$409,000	$6,960,000	$6,551,000		$3,344,000
New York	8,505,000				$382,000	3,138,000	15,403,000	12,265,000		5,749,000
Philadelphia	2,971,000						4,118,000	7,436,000	$3,318,000	6,289,000
Cleveland	11,498,000		90,000				1,456,000	1,581,000	125,000	11,713,000
Richmond	11,149,000	$790,000					5,703,000	6,019,000	316,000	10,675,000
Atlanta	5,949,000		40,000			253,000	2,104,000	1,851,000		5,736,000
Chicago	11,951,000					1,182,000	8,316,000	7,134,000		10,769,000
St. Louis	2,566,000						4,895,000	4,950,000	55,000	2,621,000
Minneapolis	4,023,000						157,000	183,000	26,000	4,049,000
Kansas City	4,089,000	2,000,000				14,000	801,000	787,000		2,075,000
Dallas	9,230,000	10,000		$382,000			246,000	909,000	663,000	9,501,000
San Francisco	6,496,000	3,000,000					65,000	558,000	493,000	3,989,000
Total	80,180,000	5,800,000	2,130,000	382,000	382,000	4,996,000	50,224,000	50,224,000	4,996,000	76,510,000

Federal Reserve Agents' fund—Summary of transactions Jan. 20, 1916, to Feb. 24, 1916.

Federal Reserve Agent at—	Jan. 20, 1916.	Week ending Jan. 27, 1916.			Week ending Feb. 3, 1916.		
	Balance.	Withdrawn.	Deposited.	Balance.	Withdrawn.	Deposited.	Balance.
Philadelphia	$5,000,000	$500,000		$4,500,000			$4,500,000
Richmond	8,860,000	500,000		8,360,000		$300,000	8,660,000
Atlanta	13,700,000			13,700,000	$710,000		12,990,000
Chicago	4,260,000			4,260,000			4,260,000
St. Louis	5,000,000			5,000,000	440,000		4,560,000
Minneapolis	4,000,000			4,000,000	1,650,000		2,350,000
Kansas City	7,000,000			7,000,000	500,000		6,500,000
Dallas	1,900,000			1,900,000			1,900,000
San Francisco	8,310,000		$2,820,000	11,130,000	60,000		11,070,000
Total	58,030,000	1,000,000	2,820,000	59,850,000	3,360,000	300,000	56,790,000

Federal Reserve Agent at—	Week ending Feb. 10, 1916.		Week ending Feb. 17, 1916.			Week ending Feb. 24, 1916.		
	Withdrawn.	Balance.	Withdrawn.	Deposited.	Balance.	Withdrawn.	Deposited.	Balance.
Philadelphia	$400,000	$4,100,000			$4,100,000			$4,100,000
Richmond		8,660,000			8,660,000	$30,000		8,630,000
Atlanta		12,990,000	$40,000	$500,000	13,450,000			13,450,000
Chicago		4,260,000			4,260,000	500,000		3,760,000
St. Louis		4,560,000			4,560,000	20,000		4,540,000
Minneapolis		2,350,000			2,350,000			2,350,000
Kansas City		6,500,000			6,500,000			6,500,000
Dallas	710,000	1,190,000			1,190,000			1,190,000
San Francisco	290,000	10,780,000			10,780,000			10,780,000
Total	1,400,000	55,390,000	40,000	500,000	55,850,000	550,000		55,360,000

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Feb. 24, 1916.

	Maturities of 10 days and less.	Maturities of over 10 to 30 days, inclusive.	Maturities of over 30 to 60 days, inclusive.	Maturities of over 60 to 90 days, inclusive.	Agricultural and live-stock paper over 90 days.	Trade acceptances.		Commodity paper.
						To 60 days, inclusive.	Over 60 to 90 days, inclusive.	
Boston	3	3½	4	4	5	3	3	[1] 3½
New York	3	4	4	4	5	3½	3½	
Philadelphia	3	4	4	4	4½	3	3	[1] 3
Cleveland	3½	4	4	4½	5	3½	4	
Richmond		4	4	4	5	3½	4	[1] 3
Atlanta		4	4	4	5	3½	3½	3
Atlanta (New Orleans branch)						[2] 3¾–4	[2] 3¾–4	
Chicago	3½	4	4	4½	5			
St. Louis	3	4	4	4	5	[3] 3½	[3] 3½	3
Minneapolis		4	4	4½	5			3
Kansas City	3½	4	4	4	5	3½	3½	3
Dallas		4	4	4	4½	3½	3½	3
San Francisco	3	3½	4	4½	5½	3	3½	(4)

[1] Rate for commodity paper maturing within 90 days.
[2] Rate for trade acceptances bought in open market without member bank indorsement.
[3] A rate of 2 to 4 per cent for bills with or without member bank indorsement has been authorized.
[4] Rate for commodity paper maturing within 30 days, 3½ per cent; over 30 to 60 days, 4 per cent; over 60 to 90 days, 4½ per cent; over 90 days, 5 per cent.

INFORMAL RULINGS OF THE BOARD.

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

Trade Acceptances.

The Federal Reserve Board is in receipt of a letter, copy of which is herewith inclosed, suggesting as a temporary modification of Regulation T that the statement required under paragraph V, in regard to bills indorsed by banks and bankers, in certain cases, be considered as applying to the banks or bankers, rather than to the drawers and acceptors of bills.

After due consideration the Board expects to meet this request, and when reissuing the regulations for the year 1916 intends to make the corresponding change. Pending that, you are authorized to buy such bills of exchange drawn in foreign countries on American acceptors, provided, however, that where it may prove impossible to secure information from the acceptor or drawer, it will be necessary that a satisfactory statement from the indorsing bank or banker should be previously obtained covering the financial condition of said indorsing bank or banker. Such bills may be taken at rates within the range fixed from time to time for bankers' acceptances.

JANUARY 21, 1916.

[Inclosure.]

DEAR SIRS: A considerable volume of trade acceptances is coming forward from the Orient, drawn by sellers of goods in the Orient upon well-known importing and manufacturing concerns in the United States. These are purchased in the Orient by the branches of leading banking institutions and other similar banks and bankers. The branches of these banks in the United States receive the bills from the Orient, have them accepted, and then sell them in the open market with their indorsement. Such bills sell at a rate equal to or approximating closely the rate for bankers' acceptances.

Regulation T provides that "before purchasing domestic bills of exchange, the Federal Reserve Bank must secure statements concerning the condition and standing of the drawer of the paper, and, if possible, also of the acceptor of the bill, sufficient to satisfy the bank as to the nature and quality of the paper to be purchased."

In the case of bills of the kind I have described it would be manifestly impossible for us to secure statements of the drawer and we feel that it would be impracticable for the present, at least, to obtain statements from the acceptors, since they have no interest in what becomes of the bill. Yet it seems to us of importance that we should be able to buy such drafts when indorsed by responsible banks or bankers (from whom we could obtain satisfactory statements of conditions).

Possibly in the forthcoming regulation in cases where such bills are indorsed by banks or bankers and are sold on their credit, the statement required might be that of the bank or banker. We are anxious, however, to make progress in the matter promptly, and I am writing to inquire whether it would not be possible for the Board to advise Federal Reserve Banks, as a temporary modification of Regulation T, that the statement required under paragraph V, in regard to bills indorsed by banks or bankers, might be considered as applying to the banks or bankers, rather than to the drawers and acceptors of bills.

JANUARY 13, 1916.

Rates for Domestic Acceptances.

In reply to your letter of January 24 inquiring whether your rate on bankers' acceptances includes domestic acceptances, I am instructed to say that the Board considers domestic acceptances to be included.

JANUARY 27, 1916.

Return of Federal Reserve Notes.

By direction of the Federal Reserve Board, you are advised that it is the intent of the Board to add to Regulation O the following amendment:

"Whenever any Federal Reserve Bank receives the notes of any other Federal Reserve Bank it shall promptly return them for redemption to the issuing bank, all charges incident to the return of such notes to be borne by the issuing bank."

Pending the issuance of revised regulations on this subject, you are authorized to act in accordance with the amendment thus indicated.

JANUARY 28, 1916.

Loans on Bills Payable.

I have your letter of January 27. Under section 5202, Revised Statutes, a national bank may not borrow as bills payable an amount in excess of its capital stock. Under the Federal Reserve Act, however, it may rediscount actual items of paper in its possession to any amount that the Federal Reserve Bank of its district is willing.

JANUARY 29, 1916.

Direct Discounts.

Your letter of January 28 is received, and in reply you are informed that Federal Reserve Banks can not discount commodity paper directly for mercantile firms. This paper must come to the banks through and bearing the indorsement of member banks.

FEBRUARY 1, 1916.

Drafts Purchased in Open Market.

I wish to acknowledge receipt of your letter of January 25, inclosing a copy of a draft drawn by a certain company and purchased by you in the open market as a banker's acceptance.

You are advised that this draft does not come within the definition of a banker's acceptance as set forth in paragraph I, Regulation S, series of 1915. It is accepted by the bank and not by the land company which is the drawee. Under the requirements of the regulations of the Board, a draft to be eligible as an acceptance must be accepted by the drawee and not by anyone else. You are advised, therefore, that the paper in question is not a banker's acceptance within the meaning of the regulations of the Board and is not eligible for purchase as such by you.

It is ineligible for purchase as a trade acceptance for the same reason. The fact that the land company has stamped the bill a trade acceptance and has signed such statement as "acceptor" does not in itself make it a trade acceptance. The bill was accepted by the bank and not by the land company, which appeared on the bill merely as an indorser. It was therefore not eligible for purchase by you as a trade acceptance under Regulation P, series of 1915, which requires a bill to be accepted by the company, firm, corporation, or person upon whom it is drawn. It is suggested, therefore, that you make arrangements with the parties in question to have the bill drawn in such form as will conform to the regulations of the Board.

If it is desired that the acceptance be made by the bank, the land company should make arrangements with such bank in advance and the bill should be drawn on that bank and not on the land company. The bank as drawee could then properly make an acceptance eligible for purchase as a banker's acceptance. If the company drawing the draft desires the credit of the land company, in addition to that of the bank, they should arrange to have such company sign as indorser.

FEBRUARY 1, 1915.

Cattle Paper.

I beg to acknowledge receipt of your letter of February 9, inquiring in substance whether or not a note issued by a farmer, the proceeds of which are to be used for the purchase of cows, would be eligible within the regulation of the Board.

In connection with the question you state you "must assume that these cows will be used as dairy cattle which will be retained for a considerable length of time to produce milk, butter, cheese, etc., and that the loan is not made, strictly speaking, for the 'breeding, raising, fattening, and marketing of live stock.' "

Replying to this question the Board instructs me to state that as the Act defines agricultural paper as "notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock," and as there is no doubt that "live stock" includes cows, it would appear, therefore, that, unless for banking reasons concerning which the Federal Reserve Board must exercise its own discretion, there would not be any objection to the notes mentioned by you.

FEBRUARY 15, 1916.

Advisory Council.

In answer to your letter of February 9 I beg to say that the question you raise has been considered by the Federal Reserve Board. It is the opinion of the Board that Advisory Council members should sit with boards of directors of Federal Reserve Banks only at the invitation of the latter, and not as a matter of course. In some cases it may be desirable to have the local member of the Advisory Council attend a board meeting for consultation or report, but this is believed to be the exception rather than the rule.

FEBRUARY 16, 1916.

Cotton Loan Paper.

Your letter of January 24 has been under advisement by the Federal Reserve Board, and this letter is written in accordance with the instructions of the Board. In your letter you say:

"A cotton broker who is a depositor of the bank desires to finance cotton for various mills. He finances the same by giving to the bank his note secured by the warehouse receipt of the mill indorsed in blank, for cotton stored in his name and properly insured, but sold to the mill for a specific amount to be paid at a specific time, as per sales note attached. Sample copies of the above papers are inclosed.

"The money is deposited to the credit of the broker, who in turn, we understand, charges the mill interest on the same, and the loan is paid by the broker only when he receives notice from the mill that the mill desires to use and pay for the cotton. Would such loans taken from one broker in excess of the 10 per cent of the capital and the surplus of the bank be an excess loan under the Federal Reserve Act, if the financing for each individual mill and the accepted sales note held of said mill were not in excess of said 10 per cent?"

Referring to this point, counsel of the Board says:

"It will be observed that the transaction in form is merely a discount of single name negotiable paper secured by so many bales of cotton. The fact that the maker of the note has entered into an agreement with a mill to sell the collateral at a future date, does not alter the form of the transaction. There is no privity of contract as between the bank or the holder of the note and the mill. Should the mill refuse to purchase the cotton under the agreement referred to, the bank might, if the broker assigned his contract, possibly be subrogated to the rights of the broker and might, in this case, sue the mill for damages arising out of the breach of contract, but if the bank has this right, it merely enhances the value of the collateral and does not affect the form of the transaction. Such notes would, therefore, in the opinion of this office, clearly come within the provisions of section 5200 of the Revised Statutes, and no national or member bank could discount an aggregate amount of more than 10 per cent of its capital and surplus without violating the provisions of this section.

"The language of section 13 of the Federal Reserve Act is still more comprehensive, and no Federal Reserve Bank could, in the opinion of this office, rediscount such notes bearing the name of one broker for an aggregate amount in excess of 10 per cent of the capital and surplus of the member bank without violating the provisions of section 13 of the Federal Reserve Act.

"A different situation would result if the broker should draw a bill of exchange on the mill accompanied by the necessary documents and the mill should accept this bill of exchange. In such case, if the bank discounted it, it would hold the direct obligation of the mill as acceptor; would have the security of the broker's obligation as drawer of the bill, and would also have the security of the cotton pledged as collateral. In this form the transaction would come within the proviso of section 5200 of the Revised Statutes, which excepts from its operation 'the discount of bills of exchange drawn in good faith against actually existing values.'"

The matter has been submitted to the Comptroller of the Currency, who states that he fully concurs in the view expressed by counsel as set forth above.

FEBRUARY 9, 1916.

LAW DEPARTMENT.

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

Reports of Condition of State Banks and Trust Companies.

The Comptroller of the Currency may, under the provisions of the Federal Reserve Act, accept from member State banks and trust companies the form of report of condition prescribed by the State authorities, provided such report exhibits the resources and liabilities of such banks or trust companies under appropriate heads.

JANUARY 29, 1916.

SIR: The following questions have been referred to this office for an opinion:

(1) Can the Comptroller of the Currency, under the provisions of the Federal Reserve Act, accept reports of condition of State banks and trust companies on forms prescribed by the State authorities?

(2) Can the Comptroller of the Currency authorize State banks and trust companies making reports of conditions to fill out only the first page of form used by national banks and exempt them from furnishing all or any part of the details called for on subsequent pages of such form?

Section 9 of the Federal Reserve Act, which relates to State banks as members of the Federal Reserve System, requires such banks to comply with the provisions of sections 5211 and 5212, Revised Statutes.

Section 5211 requires each national bank to make not less than five reports during each year on a form to be prescribed by the Comptroller. This section provides in part that—

Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by him specified.

Section 5212 provides that—

In addition to the reports required by the preceding section, each association shall report to Comptroller of the Currency, within ten days after declaring any dividend, the amount of such dividend, and the amount of net earnings in excess of such dividend.

It will be observed that the form of the report is left to the Comptroller, the statute merely providing that such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the association. It would seem, therefore, that if the form of report prescribed by any of the State authorities shows under appropriate heads the resources and liabilities of State banks and trust companies which are members of the Federal Reserve System, when such form has been approved and adopted by the Comptroller, section 5211, Revised Statutes, will have been complied with.

Section 5211 further provides that—

The Comptroller shall also have power to call for special reports from any particular association whenever in his judgment the same are necessary to a full and complete knowledge of its condition.

This section gives the Comptroller the right to call for additional information from any particular bank and precludes the assumption that all reports must be in the same form.

Since State banks and trust companies are not limited by law to the same class and character of investments as national banks, their resources and liabilities may differ in some particulars from the resources and liabilities of national banks, and there is nothing in the Act to indicate that the form of report used by such State banks and trust companies should be identical with the form used by national banks.

In answer to the specific questions submitted, this office is of the opinion that the Comptroller may adopt the form prescribed by State authorities if, in his opinion, it exhibits the resources and liabilities under proper heads, or he may adopt so much of the form used by national banks as he considers appropriate and necessary, and may prescribe this as the form to be used by State banks and trust companies which become members of the Federal Reserve System.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Deposits of Unfit Currency.

Any Federal Reserve Bank may properly refuse to accept deposits of unfit currency which are offered to it for the purpose of imposing on it the expense of shipment to Washington for redemption.

JANUARY 31, 1916.

SIR: The attached letter raises the question whether a Federal Reserve Bank may charge a member bank for the expense involved in shipping to Washington unfit United States currency which such member bank has deposited with the Federal Reserve Bank.

The Federal Reserve Act provides in section 13 that—

> Any Federal Reserve Bank may receive from any of its member banks and from the United States, deposits of current funds in lawful money, national-bank notes, Federal Reserve notes, etc.

The word "may," as used in the Federal Reserve Act, has generally been construed to confer a privilege rather than to impose an obligation, and Congress all through the Act has made a clear distinction between that word and "shall." It seems, therefore, that a Federal Reserve Bank is not required under all circumstances to accept for deposit currency offered to it, regardless of the purpose for which the deposit is being made.

Section 4 provides that the board of directors of each Federal Reserve Bank—

> Shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks, and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Under the provisions of this section no Federal Reserve Bank could legitimately discriminate against any particular member bank, nor could it, without reason, refuse to extend to one member bank privileges which it offers to others.

It seems clear, however, that any Federal Reserve Bank may refuse to accept deposits of currency from any member bank in a case where such member bank accumulates unfit currency and offers it for deposit for the purpose of imposing on the Federal Reserve Bank the expense of shipment to Washington for redemption. Such a refusal is not such a discrimination as is prohibited by section 4. It is also evident that any Federal Reserve Bank may, if it accepts such deposits, charge the depositing bank for the expense involved in shipping to Washington, provided that it has given previous notice that such a charge would be made.

Nothing in this memorandum should be construed to apply to Federal Reserve notes, which are by law made redeemable "at any Federal Reserve Bank."

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Pennsylvania Escheat Law.

The act of June 7, 1915, of the Pennsylvania State Legislature, providing for the escheat to the State of all deposits which have not been increased or decreased for a period of 14 years, does not apply to such deposits in national banks.

JANUARY 27, 1916.

SIR: On June 7, 1915, the Pennsylvania State Legislature passed an act which provides in part as follows:

> *Be it enacted, etc.*, That every person, bank, safe deposit company, trust company and corporation, organized or doing business under the laws of this Commonwealth, except mutual saving-fund societies not having a capital stock represented by shares, which receives or has received deposits of moneys, shall make a report to the auditor general, under oath, in the month of January of each year hereafter, of such deposits of money which shall have not been increased or decreased, or, if not increased or decreased, on which interest shall not have been credited in the pass book, at the request of the depositor, within fourteen or more consecutive years next preceding the first day of said month.

It will be observed that under the terms of this act all banks organized or doing business under the laws of the State of Pennsylvania will be required to make a report to the auditor general, under oath, during this month of all deposits of money which have not been increased or decreased within the preceding 14 or more consecutive years. A severe penalty is prescribed by the act for failure to make this report.

The deputy attorney general of Pennsylvania has given an opinion to the auditor general that this statute applies to national as well as State banks. Some of the national banks have asked for a ruling of the Federal Reserve Board on this question and the matter has been submitted to this office for an opinion.

Before discussing the legal questions involved it seems proper to call to the attention of the Board the fact that this being a State statute no ruling of the Board would protect a national bank refusing to make this report from incurring the penalty prescribed if a court of competent jurisdiction should subsequently find that the statute legally applies to national banks. The Board should, therefore, not undertake to rule officially that national banks need not make this report, but for reasons hereinafter set forth it is respectfully suggested that the Board recommend to national banks in the State of Pennsylvania that the return be made under protest. The deposits in question will not be immediately escheated to the State in any event, and it is assumed that the question will be submitted to the courts for determination.

The question under consideration is not whether the State of Pennsylvania may constitutionally pass an act providing for the escheat to the State of unclaimed deposits or debts of national banks but whether the act of June 7, 1915, was intended to apply, and does apply, to national banks as well as State banks. The title of this act provides in part as follows:

Providing for the escheat of deposits of money or property of another received for storage or safe-keeping; the dividends, profits, debts, and interest on debts of corporations, companies, banks, trust companies, insurance companies, limited partnerships, and partnership associations, organized under the laws of this Commonwealth.

This title clearly indicates an intention on the part of the legislature to limit this act to banks organized under the laws of Pennsylvania.

The constitution of the State of Pennsylvania as amended in 1864 provides (section 3, article 3) that—

No bill, except general appropriation bills, shall be passed containing more than one subject which shall be clearly expressed in its title.

It is true that the Pennsylvania courts have, in construing this provision of the constitution, said that it was not intended to mean that "the title should be a full index of the law," and the courts have accordingly sustained certain provisions which were more or less incidental to the subject set forth in the title. (See Commonwealth *v.* Green, 58 Pa. State, 222–233; Yeager and German *v.* Weaver, 64 Pa. State, 425–428.)

It can hardly be contended, however, that the subject of banks organized under the laws of Pennsylvania can be said to include national banks as incidental to this subject, nor is the language of the act itself indicative of an intention on the part of the legislature to include national banks. It is true that the act is made applicable to banks organized or doing business under the laws of the Commonwealth. National banks, however, are organized under the laws of the United States and exercise all of their corporate powers under authority of the laws of the United States. The fact that they are doing business within the geographical limits of a State does not alter the fact that they are doing business under the laws of the United States and not under the laws of the State.

The deputy attorney general, in support of his opinion that this act applies to national banks, quotes from the case of the First National Bank *v.* Kentucky, 9 Wall., 353, as follows:

The salary of a Federal officer may not be taxed; he may be exempted from any personal service which interferes with the discharge of his official duties, because those exemptions are essential to enable him to perform those duties. But he is subject to all the laws of the State which affect his family or social relations or his property, and he is liable to punishment for crime, though that punishment be imprisonment or death. So of the banks. They are subject to the laws of the State, and are governed in their daily course of business far more by the laws of the State than of the Nation. All their contracts are governed and construed by State laws. Their acquisition and transfer of property, their right to collect their debts, and their liability to be sued for debts, are all based on State law. It is only when the State law incapacitates the banks from discharging their duties to the Government that it becomes unconstitutional.

It is true that national banks enter into contractual relations with others and that such contracts are subject to some extent to the laws of the State in which they are made. The question under consideration, however, is not whether State laws can be made to apply to debts due by national banks, but merely whether the language used in the act under consideration indicates a clear intention on the part of the Pennsylvania Legislature to make the provisions of the act applicable to national banks.

The deputy attorney general in his opinion says:

It has been suggested that this language does not include national banks. I do not think the suggestion is tenable. National banks are not organized under the laws of the Commonwealth and are not doing business under the laws of the Commonwealth, in so far as the right to do business is concerned, but in a broader sense they are doing business under the laws of the Commonwealth.

With all due deference it is respectfully submitted that the conclusion reached by the attorney general, namely, that national banks are doing business in a sense which makes the act under consideration applicable, is not sustained by the authorities.

The case cited by the attorney general arose in Kentucky and the question involved was the right of the State to tax the shares of stock of a national bank. Section 5219 of the Revised Statutes specifically provides that such stock may be taxed as the personal property of the owner or holder. The court merely sustained the right of the State to tax the stock as the personal property of the owner.

The question now under consideration, namely, whether the language used in the statute may reasonably be said to apply to national banks, has been considered and determined by the Supreme Court of Pennsylvania on more than one occasion.

In the case of Commonwealth ex rel Torrey *v.* Ketner (92 Pa. St. 372-376), the language of the act under consideration was much broader in its terms than the act of June 7, 1915. In the Torrey case the act prescribed and punished the offense of embezzlement by any person "being an officer, director, or member of any bank or other body corporate or public company." In considering this act and its several amendments, the court said, on page 375:

We are spared further comment upon these acts for the reason that they have no application to national banks. Neither of them refers to national banks in terms, and we must presume, that when the legislature used the words "any bank" that it referred to banks created under and by virtue of the laws of Pennsylvania. The national banks are the creatures of another sovereignty.

The case of Commonwealth ex rel Torrey *v.* Ketner, *supra*, was affirmed in Allen's Appeal, 119 Pa. St., 192. In the case of Allen's Appeal a Pennsylvania statute provided:

If any cashier of any bank in this commonwealth shall engage directly or indirectly in the purchase or sale of stock, or in any other profession, occupation, or calling other than that of his duty as cashier, he shall be guilty of a misdemeanor. * * *

The court held that the act did not apply to cashiers of national banks.

In the case of Commonwealth *v.* T. & P. Railroad Company, 98 Pa. St., 90, it was contended that the language "foreign corporation" as used in a revenue act, included national banks. The court after holding that such banks were not foreign corporations in the ordinary sense, said in reply to the argument that this language was intended by the legislature to include national banks, that—

> This might be so if there was anything in the act itself indicative of an intent to use the word in that sense; but there is not. On the contrary, in the 5th section, which imposes a tax on limited partnerships, etc., they are described as "partnerships organized under or pursuant to the laws of this State, or of any other State or Territory, or of the United States, or under the laws of any foreign State, Kingdom, or Government"; thus clearly showing that when the legislature intended to tax associations created by the General Government they used apt words of description for that purpose.

Applying this rule to the present case it may be reasonably assumed that had the Legislature of Pennsylvania intended to make the provisions of the act of June 7, 1915, applicable to national banks it would, as the court expressed it, have "used apt words of description for that purpose."

In the opinion of this office this act was not intended to apply, and does not apply, to national banks. It is, therefore, unnecessary to consider the question of whether or not the Pennsylvania Legislature had the constitutional right to make this act applicable to national banks.

As above stated, it is respectfully suggested that the Federal Reserve Board recommend to those national banks in Pennsylvania which have asked for a ruling on this question that the report called for be made to the auditor general under protest, accompanied by the statement that it is made out of deference to the opinion of the deputy attorney general and without any admission of liability on the part of such banks.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Savings and Loan Associations.

A savings and loan association is a bank within the meaning of that part of section 8 of the Clayton Act which relates to interlocking bank directorates.

FEBRUARY 3, 1916.

SIR: The attached letter raises the question whether a savings and loan association is a bank within the meaning of that part of section 8 of the Clayton Act which provides that:

> No private banker or person who is a director in any bank or trust company, organized and operating under the laws of a State, having deposits, capital, surplus, and undivided profits aggregating more than $5,000,000, shall be eligible to be a director in any bank or banking association organized or operating under the laws of the United States.

It has generally been understood by this office that savings and loan associations are banks within the purview of this section. Although it is true that Congress did not undertake to define the word "bank" in the Clayton Act, nevertheless, common usage as well as other acts of Congress have given it a signification sufficiently broad to include such associations.

The American and English Encyclopaedie, volume 3, page 790, states that—

> Banks are of three kinds: Banks of deposit, banks of discount, and banks of circulation; and comprise national, State, savings, and private banks, and, in a popular sense, loan and trust companies.

The Century Dictionary defines a bank as—

> An institution for receiving and lending money. The banking institutions of the United States may be classed as national and State banks, savings banks, private banks or bankers, and loan and trust companies.

It is a well accepted rule of statutory construction that the ordinary and popular meaning shall be given to words used by the legislature unless a contrary intent is clearly indicated or unless such a construction would be obviously absurd. Dwarris on Statutes, 573; Selden *v.* Equitable Trust Co. (94 U. S. 419, 421). There is nothing in the purpose or context of the Clayton Act to deprive the word "bank" of its usual significance.

It may also be noted that both section 3407, United States Revised Statutes, and section 3 of the Act of Congress approved October 22, 1914, entitled "An Act to increase internal revenue and for other purposes," in defining the word "bank" or "banker," provide that every person, firm, or company and every incorporated or other bank "having a place of business where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check, or order, or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes, or where stocks, bonds, bullion, bills of exchange, or promissory notes are received for discount or for sale," shall be regarded as a bank or as a banker within the meaning of those acts.

It is obvious, therefore, that a savings and loan association is a bank not only in the ordinary acceptation of the word but also as defined by Congress itself in other statutes relating to banks and bankers, and any person who is a director of any such association, which has resources aggregating more than $5,000,000 will, under the provisions of section 8 of the Clayton Act, become ineligible to serve at the same time as a director of any national bank on October 15, 1916.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Liquidation of a Member Bank.

A vote of more than two-thirds of the stockholders of a national bank ratifying a sale of its assets to another corporation is not a vote to go into liquidation as required by the Revised Statutes of the United States. A Federal Reserve Bank can not, under those facts, cancel the shares of its stock held by such member bank, nor can it refund to the member bank the amount of its cash-paid subscriptions to such stock.

JANUARY 20, 1916.

SIR: The attached papers raise the question whether a vote of two-thirds of the stockholders of a national bank ratifying the action of its board of directors in selling all of its assets to another national bank is equivalent to a vote to go into liquidation as required by the Revised Statutes, and whether under such facts a Federal Reserve Bank can refund to such national bank the amount of its cash-paid subscriptions to the capital stock of such Federal Reserve Bank.

Section 5220 of the Revised Statutes provides that—

> Any association may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock.

Section 5221 provides that—

> Whenever a vote is taken to go into liquidation it shall be the duty of the board of directors to provide a certificate to that effect to the Comptroller, and to publish notice in certain newspapers for a period of two months notifying the holders of its notes and other creditors to present the notes and other claims against the association for payment.

The law is very specific in its requirement that no national bank may be liquidated until it passes this resolution to go into liquidation. The national bank in question has not only not passed that resolution, but declines to do so on the ground that the resolution ratifying the sale of its assets is sufficient.

That is an erroneous assumption, because it is possible for a corporation to continue in existence as such, even though all its assets be sold to another corporation, and there have been many cases in which national banks, after the sale of their assets, have been revived and recommenced a regular banking business.

It seems, therefore, that though this national bank has sold its assets to another national bank, nevertheless it is legally a corporation, though not doing any business, and as such it is legally possible for it to start business again at any time it sees fit. That being the fact, it can not reasonably be said to be nonexistent.

Under the circumstances the Federal Reserve Bank would have no authority to cancel its shares of stock held by the bank in question or to refund its cash-paid subscriptions until it has been liquidated in the manner required by law.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Purchase and Discount of Loans Secured by Farm Land.

Any national bank may, under the provisions of section 24 of the Federal Reserve Act, purchase or discount loans secured by improved and unincumbered farm land as well as make such loans in the first instance.

FEBRUARY 10, 1916.

SIR: This office has been requested to give an opinion on the question whether or not national banks can, under the provisions of section 24 of the Federal Reserve Act, purchase and discount loans already made that are secured by improved and unincumbered farm land, provided said loans meet all of the requirements of section 24.

Section 24 provides in part that—

"Any national banking association not situated in a central reserve city may make loans secured by improved and unincumbered farm land, situated within its Federal Reserve District."

It will be observed that the statute does not provide that loans must be made to the owner of the farm land but that such loans may be made upon the security of farm land. If, therefore, the loan complies with the other conditions and limitations of the section a national bank would, in the opinion of this office, be authorized and empowered to purchase or discount such loans already made as well as to make them in the first instance to the owner of the property.

The question is also submitted whether or not a statement signed by the officer of the bank, as of the date of the purchase or discount of a farm loan already made, would be considered as a compliance with regulation 1. This regulation provides that—

"A statement signed by the officer making the loan and having knowledge of the facts upon which it is based, must be attached to each note secured by a first mortgage on improved farm land, certifying in detail as of the date of the loan that all of the requirements have been duly observed."

In answer to the specific question submitted, it seems clear that where a bank purchases or discounts a farm loan, and one of its officers certifies as of the date of such purchase or discount that the requirements of law have been complied with, this certificate would constitute a substantial compliance with regulation 1 since the date of purchase or discount is, in effect, the date that the loan is made by the purchasing bank on the security of the farm land in question.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. CHARLES S. HAMLIN,
Governor Federal Reserve Board.

STATEMENTS FOR THE PRESS.

In answer to inquiries received from national banks in Pennsylvania, the Federal Reserve Board makes the following announcement:

The act of June 15, 1915, passed by the Pennsylvania Legislature, which provides for the escheat to the State of certain unclaimed deposits held by banks was, in the opinion of its counsel, not intended to apply and does not apply to national banks. In deference to the opinion of the deputy attorney general of Pennsylvania, however, the Board has recommended to such banks that the report which is required to be made to the auditor general under the terms of this act be made under protest and without admission of any obligation on the part of national banks to make such report.

JANUARY 28, 1916.

The Board, from the beginning, has taken the attitude that it does not desire to interfere in any way with matters of State legislation or State organization. What the Board is trying to bring about is the cooperation between national and States banks on a fair and equitable basis, and the Board regrets, therefore, that there should be felt in any State a disposition to create further cleavage between these banks such as would result from a plan for breaking up the bankers' association of such State into two separate organizations, one for the national banks and one for State banks. It appears to the Board that a common ground for both groups of banks should be sought rather than ground for separation.

The States, as such, do not give up any of their privileges with respect to their banks by encouraging these banks to join the Federal Reserve System, and the Board has gone to the limit of its powers in keeping intact the powers of State banks which may join the system. The States have the same interest as the National Government in the maintenance of high banking standards. It is to be hoped that wise counsel will prevail, the conviction gradually asserting itself that there should be no feeling of competition between State and National Government which might produce a tendency to legislate downward as to banking standards, or create conditions of uncertainty rather than safety for the mere purpose of making one system more attractive from the profit-making standpoint than the other.

As stated above, the interest of both is the same; that is, to stand for the highest possible banking standards, and to promote the greatest possible degree of safety and banking efficiency.

FEBRUARY 5, 1916.

Intradistrict Clearing System.

Additions to and withdrawals from the system since the publication of the lists in previous issues of the Bulletin are as follows:

DISTRICT NO. 3.

Withdrawals:
- Abington National Bank, Clarks Summit, Pa.
- Manufacturers National Bank, Philadelphia, Pa.
- National Bank of the Northern Liberties, Philadelphia, Pa.

DISTRICT NO. 4.

Withdrawals:
- Second National Bank, Toledo, Ohio.
- First National Bank, Baltimore, Ohio.

DISTRICT NO. 6.

Addition:
- First National Bank, Woodbury, Tenn.

Withdrawal:
- Manufacturers National Bank, Harriman, Tenn.

DISTRICT NO. 7.

Additions:
- Farmers National Bank, Knoxville, Ill.
- Rockford National Bank, Rockford, Ill.

Withdrawals:
- Citizens German National Bank, Hammond, Ind.
- First National Bank, Kirklin, Ind.
- Merchants National Bank, La Fayette, Ind.

DISTRICT NO. 8.

Additions:
- Peoples National Bank, Harrison, Ark.
- First National Bank, Wynne, Ark.

Withdrawal:
- Citizens National Bank, Bowling Green, Ky.

DISTRICT NO. 11.

Withdrawals:
- Farmers and Merchants National Bank, Achille, Okla.
- First National Bank, Glen Rose, Tex.

DISTRICT NO. 12.

Withdrawal:
- National Bank of Coalinga, Coalinga, Cal.

Fiduciary Powers.

Applications from the following banks for permission to act under section 11 (k) of the Federal Reserve Act have been approved since the issue of the December Bulletin, as follows:

DISTRICT No. 2.

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

First National Bank, Bound Brook, N. J.

DISTRICT No. 3.

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

First National Bank, Patton, Pa.
First National Bank, Seaford, Del.
Nazareth National Bank, Nazareth, Pa.

DISTRICT No. 4.

Registrar of stocks and bonds:

Commercial National Bank, Columbus, Ohio.

DISTRICT No. 6.

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

Broadway National Bank, Nashville, Tenn.

DISTRICT No. 7.

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

First National Exchange Bank, Port Huron, Mich.
Michigan National Bank, St. Clair Heights, Mich.
First National Bank, South Bend, Ind.

DISTRICT No. 8.

Trustee, executor, and administrator:

Bedford National Bank, Bedford, Ind.

DISTRICT No. 10.

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

Farmers National Bank, Goodland, Kans.
Drovers National Bank, Kansas City, Mo.

DISTRICT No. 11.

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

First National Bank, Shreveport, La.

DISTRICT No. 12.

Registrar of stocks and bonds:

Capital National Bank, Sacramento, Cal.

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

First National Bank, Eugene, Oreg.

Cost of Bank Examinations.

A good many questions have been asked as to the cost of examination of banks under the old system prior to the Federal Reserve Act and under the new system. Under the old system the cost of examination varied somewhat in different sections of the country, but a very large section of the country was embodied under one general rule, in which section the cost of examination varied in central reserve and reserve cities on the one hand and country-bank districts on the other. The maximum charge for examination in country-banks districts was $75.

Under the new system, described in section 21 of the Federal Reserve Act, national-bank examiners were put on a salary basis instead of a fee basis, and a charge for examination stipulated in the Act was required to "be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks."

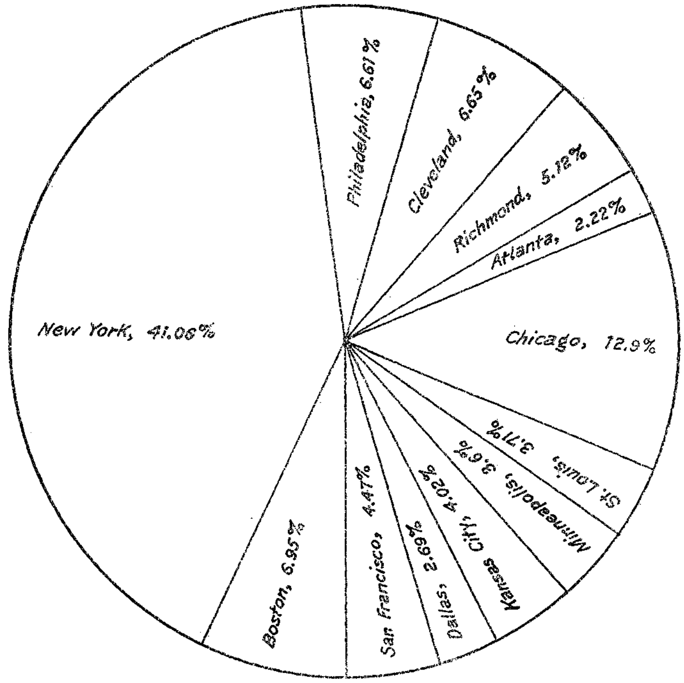
The subjoined table, therefore, shows in parallel columns the cost of examination before the Federal Reserve Act and since.

Cost of national-bank examinations before and since the passage of the Federal Reserve Act.

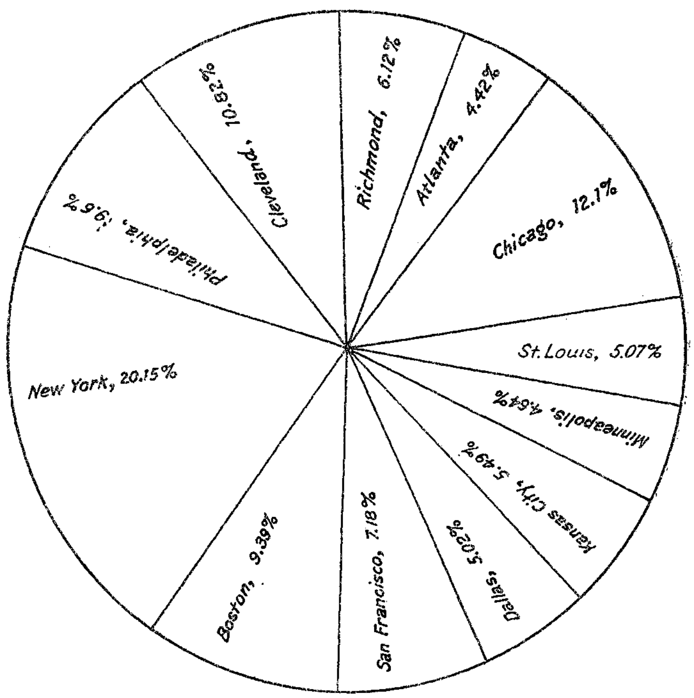
Size of bank expressed in capital stock.	Size of bank expressed in total resources.	Banks in central reserve and reserve cities.		Country banks.	
Old system.	New system.	Before act.	After act.	Before act.	After act.
(1), (2), (3) Less than $100,000	$50,000	$50.50	$26.00	$20.00	$26.00
	100,000	51.00	26.50	20.00	26.50
	200,000	52.00	28.50	20.00	28.50
	300,000	53.00	30.50	20.00	30.50
	400,000	54.00	32.50	20.00	32.50
	500,000	55.00	34.50	20.00	34.50
(4), (5) $100,000 and under $300,000	600,000	56.00	36.50	25.00	36.50
	700,000	57.00	38.50	25.00	38.50
	800,000	58.00	40.50	25.00	40.50
	900,000	59.00	42.50	25.00	42.50
(6) $300,000 and under $400,000	1,000,000	70.00	44.50	35.00	44.50
(7) $400,000 and under $500,000	1,500,000	75.00	54.50	40.00	54.50
(8) $500,000 and under $600,000	2,000,000	100.00	64.50	50.00	64.50
(9) $600,000 and under $750,000	3,000,000	110.00	84.50	75.00	84.50
(10) $750,000 and under $1,000,000	5,000,000	150.00	124.50	75.00	124.50
(11) $1,000,000	7,500,000	195.00	174.50	75.00	174.50
(12) $2,000,000	10,000,000	230.00	224.50	75.00	224.50
(13) $5,000,000	25,000,000	410.00	524.50	75.00	524.50
(14) $10,000,000	50,000,000	710.00	1,024.50	75.00	1,024.50

State Bank Admitted.

The Peoples Bank of Sumter, S. C., was admitted to the Federal Reserve System during the month of February, the number of State institutions which have now joined the system being 33.



Total paid-in capital and reserve deposits of Federal Reserve Banks as of January 28, 1916. (Paid-in capital and reserve deposits, $479,556,000.)



Total paid-in capital of Federal Reserve Banks as of January 28, 1916. (Paid-in capital, $54,892,000.)

GENERAL BUSINESS CONDITIONS.

General business and banking conditions are described in reports made by Federal Reserve Agents for the 12 Federal Reserve Districts, as of approximately February 21, substantially as follows:

DISTRICT NO. 1.—BOSTON.

Activity in general trade has continued throughout the month, and in practically every line exceptionally good business is reported. Uncertainty as to the effect of any change in the European situation has a restraining influence against undue expansion. Manufacturers and wholesalers everywhere are keeping their business well in hand. Disturbing factors in some lines are the increasing cost of raw material and the unrest of labor. The latter is beginning to be felt in some of the mill centers. In New Bedford, although the mills have made some advances in wages recently, the operatives are not satisfied and strike agitation continues.

The money market continues dull, with rates fully as low as last month, but these rates do not reflect the condition of the majority of the banks in this district. Prevailing money rates in New York and Chicago are strong influences toward keeping rates in this district down. Call money, 3 per cent; commercial paper, 2½ to 3 per cent for short dates, 3 to 4 per cent for six months, and 4 to 4½ per cent for a year; town notes, 2 to 2½ per cent for six months, 2½ to 3 per cent for longer periods; bankers' acceptances, 90 days, 2 per cent upward.

Loans and discounts of the Boston Clearing House banks show an increase of $9,788,000 over last month, and demand deposits have increased $12,817,000 during the same time. The amount "Due to other banks" on February 12 was $130,373,000, an increase of $2,365,000 during the last month. The excess reserve of these banks has increased from $43,329,000 on January 15, 1916, to $53,865,000 on February 12, 1916. This increase was practically all in three banks. For the most part, the other banks' reserves were somewhat reduced during this period.

Exchanges of the Boston Clearing House for the week ending February 12, 1916, were $189,306,940, as compared with $136,621,441 the corresponding week last year and $197,134,000 for the week ending January 15, 1916.

The country banks are large borrowers from the city banks, the December 31, 1915, call of the Comptroller of the Currency showing a decided increase in such borrowing over the November 10, 1915, call, and the largest for the year 1915.

Building and engineering operations in New England from January 1 to February 16, 1916, were $17,767,000, the largest with one exception for over 15 years and an increase of $3,048,000 over the average for the same period in the last 7 years.

Exports at the port of Boston for January, 1916, were $8,322,467, a decrease, of $2,951,781, as compared with January, 1915, and an increase of $2,707,988 over the corresponding month of 1914. Imports at the port of Boston during January, 1916, were $22,258,716, an increase of $13,092,755 over the same month last year and an increase of $7,480,617 over January, 1914.

Receipts of the Boston Post Office for January, 1916, show an increase of $47,299.23, or about 9 per cent, over January, 1915. The first 15 days of February, 1916, show an increase over the same period last year of $57,209.49, or about 19 per cent.

The Boston & Maine Railroad and the New York, New Haven & Hartford Railroad show an increase in "net after taxes," for the six months ending January 1, 1916, of $2,217,252 and $3,441,619, respectively, over the corresponding period of 1915.

There were 191 failures with liabilities of $1,645,500 in this district during January, 1916, as compared with 246 failures with liabilities of $2,639,700 during the same month last year.

Business in boots and shoes continues good; factories are running at full capacity and manufacturers are well sold up. There seems to be no speculation in anticipation of higher prices, although retailers are carrying somewhat larger stocks than for some time past.

The woolen and worsted mills are prosperous and have all the business they can handle. It is even reported that some mills will have difficulty in filling orders already taken.

The cotton mills are well sold up and many are running overtime in some departments. There is a large demand for fine and fancy goods for late spring and summer delivery. The demand for coarser grades is not so strong, and some of this business is going to southern mills at lower prices than the New England mills care to make. The labor troubles in New Bedford are tending to make manufacturers cautious about extending too far ahead and are to some extent restricting advance orders. There is no relief in sight for the dyestuffs shortage, and this is hampering the activities of the mills manufacturing goods requiring dyes.

The demand for bonds in this district is not as good as last month, and savings banks are scrutinizing their purchases more closely. Several new issues have been oversubscribed, but in spite of this there is a feeling that there is not so much money seeking investment as a month or two ago.

DISTRICT NO. 2—NEW YORK.

A recent compilation of the Industrial Commission shows record industrial activity in New York State. There are more products, and workers, and wages paid than ever before. The greatest increases in production were shown by concerns manufacturing automobiles, tools, firearms, and by rolling mills.

Buyers of general merchandise are visiting this market earlier in the season and in greater numbers than usual. In view of the growing scarcity of raw materials and the heavy volume of orders, some houses anticipate a shortage in merchandise stocks. Retail trade continued good in January despite some unseasonable weather. Collections are generally satisfactory.

Garment making and allied industries operate more factories and employ more labor than any other industrial group in this district. A strike of the Waist and Dress Makers' Union, involving about 50,000 employees, began February 9 over wages, hours, and other questions. Arbitrators effected partial settlements that caused most of the members to return to work within a week, and an early full settlement is expected.

Steel and metal industries are operating at capacity, with heavy demands continuing. Activity in shoe factories is necessitating steady production at the tanneries, and leather prices are firm.

The real estate situation in New York City is improving, more confidence being displayed in mortgages, buying, and renting.

The New York Clearing House banks on February 11, 1916, reported aggregate loans, etc., $3,327,547,000; deposits, $3,570,041,000, and excess reserves, $168,822,950. These figures show increases since January 1 as follows: Loans, etc., $69,941,000; deposits, $103,321,000; excess reserves, $22,871,820.

Other statistics for January, 1916, compared with January, 1915, are the following: Exchanges through the New York Clearing House, $12,326,802,227, an increase of $5,039,109,694. Transactions on the New York Stock Exchange, par value of bonds sold $113,129,000, an increase of $56,271,500. On January 19 Government 2 per cent bonds sold at par for the first time since July, 1913. An issue of New York State 4 per cent Barge Canal bonds for $25,000,000 was made at 103.27. Announcement has been made of the purchase by New York bankers of Argentine Government notes for $18,500,000 maturing February 21, 1917. Number of shares of stock sold, 15,901,215, an increase of 10,873,202. This market continues to absorb a substantial volume of American securities from abroad.

New incorporations in the Eastern States of companies capitalized at $1,000,000 or over, $270,995,000, an increase of $219,845,000. New York State failures, 300, with liabilities $7,692,700, a decrease of 103 in number but an increase of $615,103 in liabilities. New York City building permits, $10,972,645, a decrease of $1,116,620. Building operations are increasing at several places in this district.

In January call money rates were: High 2½ per cent, low 1½ per cent, and the ruling rate for renewals 1¾ per cent. Time loans on collateral for 60 days to 4 months were quoted from 2½ to 3¼ per cent, and for longer periods 3 to 4 per cent. Rates on bankers' acceptances remained unchanged at 2 to 2⅜ per cent. Commercial paper sold at 2¾ to 3½ per cent, with prime names easily marketable at 3 per cent.

The closing rate for demand sterling on January 3 was 4.73⅝. A firm market at higher rates continued throughout the month. The quotation on January 31 was 4.76⅛. Paris checks declined from 5.85½ to 5.88¼. German exchange receded from 76 to 74. Guilders strengthened from 43.37 to 45.12 and declined to 42.75 at the end of the month.

DISTRICT NO. 3—PHILADELPHIA.

All reports received indicate favorable conditions in practically all lines of business, and during the month general business showed a steady and substantial increase throughout this district. An idea of conditions may be had from the following reports received: Wilmington, large orders coming in and prospects continue good. Camden, general conditions, fully up to normal and some large industries unusually behind in deliveries. Millville, all plants running full capacity and have lots of unfilled orders. Trenton, all lines moving along very satisfactorily; outlook good and most factories have orders to keep them busy for sometime to come. Allentown, some industries working overtime; outlook good. Altoona, business conditions show steady improvement and wholesale and jobbing interests are busy; shortage of materials in railroad shops chief handicap. Bradford, all lines continue to improve. Chambersburg, all business on very profitable basis. Agricultural prospects never better. Chester, almost every line working full. Hazleton, silk and textile mills working to capacity. Huntingdon, business in every line excellent. Lancaster, all industrial plants seem to be running at full capacity. Norristown, great activity among manufacturers; some factories running overtime and all night; unrest among mechanics. Pottsville, industries only limited by lack of labor. Reading, business of all kinds active and profitable. Scranton, conditions more favorable than formerly; less unemployed. Steelton, increasing business along all lines; steel never better. Wilkes-Barre, general conditions improved and outlook good if coal strike can be averted, as expected. Williamsport, industries working full time and outlook encouraging. York, factories well filled with orders at good prices; payments good and outlook excellent.

There seems to be a general shortage of merchandise in all parts of the district. Prices of most commodities are rising and supplies are scarce. Labor is hard to obtain and wages are high. The lack of suitable dyestuffs continues to be a matter of concern to all who are dependent upon them. Raw materials in nearly all lines of manufacture are advancing in price.

Many new plants in various lines are being erected, and there is less talk of the uncertain character of the present industrial activity. Many concerns are sold ahead for months to come, and conditions are improving in the matter of railroad embargoes.

Steel mills are not showing keen interest in the matter of booking new business. Prices are firm, with an upward tendency. The railroads are buying liberally and the shipyards are having the greatest activity in their history. Nearly all yards have sufficient work on hand to last for two years or more. Most of the ships are either for the American merchant marine, the United States Navy, or for large American corporations.

Wool is scarce and high, and the strong demand tends to increase prices, which have reached the highest point in 50 years. Marking time is the general order of business in the cotton yarn market, and buyers are inclined to wait until present high prices recede. The export trade in cotton goods is growing and woolen and cotton mills are working to capacity.

The silk industry continues to gain momentum, and prices of artificial silks have advanced. In hosiery and underwear, orders are in excess of mill capacity, and prices are advancing. Scarcity of raw materials and lack of dyes and bleaches make deliveries uncertain. The manufacturers of knit goods are working to capacity.

Carpet and rug manufacturers are busy, and the outlook for continued prosperity is conceded to be good. Finished goods are quoted on an "at value" basis; that is, they are subject to quotations in force on the date of delivery. Recently, 20 carpet mills in Philadelphia granted wage increases, ranging from 10 to 12 per cent, the hands affected numbering about 1,500 men.

Conditions in the glass industry are good. New furnaces are being built, and prices are rising for both raw materials and finished products. Drugs and chemicals are also seeking higher levels, and concerns engaged in the manufacture of chemicals are reporting unprecedented earnings.

Glazed-kid prices are rising with the demand and goatskins and finishing materials are scarce. The sole-leather supply is short. Shoe manufacturers are doing a highly satisfactory business, the best for many months.

The Trenton potteries have sufficient orders to keep them running for some time. Their present prosperity is due to the revival of business and building operations.

The scarcity of raw materials, especially bleaching and dyeing supplies, forces paper manufacturers to go slow on taking orders for late delivery. Mills are swamped with orders and the export business, especially to South America, is increasing.

Lumber has improved greatly and the demand is strong. Many grades are $3 and $4 per thousand feet higher to-day than a year ago, and it is believed that the activity in lumber is going to continue. Builders are looking forward to a good year.

Coal-mining operations have been affected during the past month by the weather and car shortage. Prices have receded somewhat from the high point of the previous month. Anthracite collieries are working to full capacity. The oil business is in a prosperous condition. The price of crude petroleum is increasing, and unless the supply of crude oil is increased there will be a considerable advance in prices of refined products.

The railroads are still carrying very heavy traffic. Embargoes have been renewed on certain classes of freight. Railroad shops are busy, many having enough work on hand to keep them employed well into 1917.

Labor conditions are satisfactory. There is an abundance of work, and increases in wages are being announced. Occasionally, there is some unrest and strikes for increased pay.

Money is abundant, and there is no immediate prospect of a hardening in rates. Commercial paper is scarce, and the little that is offered is quickly absorbed at rates so low as to be almost prohibitive from the bankers' standpoint. Clearings of Philadelphia banks for the first 10 business days in February of this year amounted to $403,862,859, compared with $260,150,038 for the corresponding period last year.

The following figures are taken from the statements of members of the Philadelphia Clearing House:

Date.	Loans.	Deposits.	Reserves.	Excess reserves.
Feb. 11, 1916..	$481,708,000	$512,300,000	$109,242,000	$36,498,000
Jan. 8, 1916...	472,705,000	512,637,000	115,972,000	43,544,000
Feb. 13, 1915..	395,604,000	391,365,000	85,162,000	28,824,000

DISTRICT NO. 4—CLEVELAND.

Noteworthy features in the trade situation in this district for the last month are a general advance in wages and a shortage of common labor. The latter phase of the situation in several industries is regarded as critical. The high levels of business activity reported for January are being maintained.

General conditions in the steel trade are, if possible, stronger than at any time since the demand began. New output, present and contemplated, which is of large volume, has all been taken up. The trend in prices is steadily upward. No such prices have obtained since the early eighties. The pig iron market is dull but strong.

Shipment of coke from the Connellsville region continues uncertain. The production in the upper and lower Connellsville regions for the week ending February 12 was 441,309 tons as against 433,182 tons for the week previous and compared with 442,616 tons for the last week in January.

Conditions in the coal trade have changed but little since last month's report. The inability of the railroads to place cars upon the sidings of the coal companies has had a tendency to restrict output and to stiffen prices. It should be understood that the present situation in the coal market is not a normal one, as numerous concerns are stocking coal in fear of a suspension, at least during the month of April.

Extensive additions to manufacturing plants are being made or arranged.

Collections are, generally speaking, quite good, one large company reporting more customers discounting than ever before. The usual seasonal slump in certain mercantile lines has occurred, but the volume continues greater than it was last year at this time.

Money conditions are unchanged. Funds are plentiful at low rates. A spirited demand for investment funds has developed, and considerable dealings in previously inactive issues of industrial and public-service securities are recorded.

Farmers are making active preparations for an increased acreage of corn. More activity in farm lands than for two or three years is reported. Numerous farms are changing hands at an increase of from 10 to 15 per cent over values of last year or year before.

Clearing figures in the 6 large cities of this district for the first 15 business days in February are given below:

	February, 1916.	February, 1915.	Increase.	Per cent of increase.
Cleveland	$83,418,151	$53,379,954	$30,038,197	56.2
Cincinnati	75,441,800	60,192,800	15,249,000	25.3
Columbus	17,034,700	13,336,400	3,698,300	27.7
Pittsburgh	156,455,176	121,825,450	34,629,726	28.4
Toledo	19,882,034	14,597,683	5,284,351	36.2
Youngstown	3,861,262	2,782,240	1,079,022	38.7
Total	356,093,123	266,114,527	89,978,596	33.8

The approximate figures in commercial failures in this district are $1,442,951 for January, 1916, as compared with $2,224,240 for January, 1915.

Building permits as reported by the six large cities of the district numbered 1,929 for January, against 1,601 for the same month last year. The valuation of $3,272,369 is an increase of 20 per cent over January of last year.

Post-office receipts for the same cities show a larger percentage of increase for January than for December, but not so large in total. The percentage of increase over last year is 15.6 per cent. Totals in January were $1,117,071.61, January, 1915, $966,472.79, December, 1915, $1,357,018.47.

There has been considerable movement of tobacco from the burley section and large sales, also shipments of same to the various manufacturing centers, and liquidation of loans in the tobacco districts.

DISTRICT NO. 5—RICHMOND.

With railroad earnings reported good, the organization and construction of several new short lines reported from North Carolina, the apparently healthful increased activities in manufactures, reasonable liquidation of debts, and new credits rendered available, the general business condition of this district is good.

On account of the rather open winter, farmers are reported well advanced in soil preparation. The indications are that the cotton acreage will be slightly increased, though the diversification idea will not be dropped, and most farmers will endeavor to raise the bulk of their provisions on the farm. High prices and the scarcity of potash fertilizer will again seriously curtail the use of fertilizers, though the expenditure for these materials will be greater than last year.

The apple crop of West Virginia, a part of which is under normal conditions, shipped abroad, has found domestic markets, with a lowering of prices. This crop has brought little, if any, profit to growers.

Lumber has advanced sharply, in some cases $7 to $8 per 1,000 feet, with a broadening domestic market. Orders for future delivery are more freely offered to than accepted by manufacturers. Dry stocks are not large, and in some quarters confidence in the early resumption of foreign shipments tends toward the expectation of a strong market for several months to come.

The furniture manufacturers of North Carolina are reported doing a very large business, with receipts of heavy orders for future delivery at good prices.

Cotton has been moving more freely, and the disposition to hold for higher prices is not so strong as 60 days ago. A number of small mills are expanding, and some new cotton-oil mills are organizing. The cotton mills of the Carolinas are reported to be in better general condition than for some time past.

Coal production shows large tonnage with satisfactory sales, both in volume and price. Grain movements show little improvement over last month, and shippers are still suffering because of terminal congestion and lack of ocean transportation.

Collections are generally good. Member banks are borrowing a little less both from the Federal Reserve Bank and their northern correspondent banks. Their cash reserves are generally higher, a condition which may reasonably be expected to continue until the usual spring planting calls for loans.

DISTRICT NO. 6—ATLANTA.

Although February is normally a quiet month in this district, there appeared to be very little lessening in the business activity of the past few months. There is practically no change in the cotton situation. The general tendency in the tobacco market is for better prices with the prospect of planting a larger crop than in 1915. There is no inclination, apparently, to sell cotton, and the high price of fertilizers indicates that a smaller acreage will be planted.

The steel and iron interests in the Birmingham district continue operating at full capacity, with day and night shifts. At Gadsden, Ala., the Gulf States Steel Co. are erecting a large by-product plant, to cost, approximately, $750,000. At Anniston, Ala., the Anniston Ordnance Co. have started operations with orders sufficient to keep the plant running for a year.

Lumber exports to Mobile and other points show a considerable gain, with prices a shade higher, but no material change is noted in the retail lumber business. No variation is noted in the naval-stores situation, the trade awaiting proper shipping facilities.

The Alabama Great Southern Railroad has let contracts on the double tracking of its line from Chattanooga to Birmingham.

General conditions in and around New Orleans have shown very little change during the past 30 days. Money is plentiful and is offered at low rates. January imports show an increase of $2,000,000, as compared to the same month last year. The monthly report issued through the office of collector of the port shows the value of exports from New Orleans to be $18,190,570, compared to $23,133,666 last year. Exports included cotton valued at $6,424,902, wheat valued at $3,285,982, flour valued at $1,287,118, leaf tobacco to the value of $181,110. Cotton, wheat, and flour show a decrease while tobacco shows an increase of 935,917 pounds over corresponding month last year.

In the section surrounding Jackson, Miss., conditions are reported to be better than for many years, due to decrease in cotton acreage and increase in grain and foodstuff. More attention has been paid to live stock, and there has been a decided improvement both in number and character of cattle found in this territory.

Vicksburg reports better conditions than for years, notwithstanding their cotton crop was largely damaged by the bollweevil.

The yellow-pine district around Lumberton, Miss., reports an advance in the price of yellow-pine lumber and the by-products.

Most of the sawmills in the Lumberton and Gulfport, Miss., sections which have been idle for the past year have resumed operations. The mills in this section usually cut for the export trade but in view of the demoralization of shipping and the high ocean freight rates, the mills are now cutting for interior trade. There is a good demand for car-building material at satisfactory prices.

DISTRICT NO. 7—CHICAGO.

Scarcity of certain basic raw materials and the resultant high prices are receiving the earnest attention of the manufacturing industries dependent upon these materials. The demand for steel continues in excess of the mill capacity and this is delaying, to some extent, construction and building which otherwise would now be under way. Building statistics show increases over the corresponding month last year and activity throughout the year is anticipated by a number of authorities. While the cement companies can hardly expect to run their plants full this year, due to the excess of producing capacity above any consuming ability which has heretofore been developed, nevertheless an increase in building will benefit their sales.

The agricultural-implement business is dependent upon the grain acreage and the prosperity of the farming communities. Reports at hand show a decreased acreage of wheat for 1916, but an increased purchasing power among the farming classes which may offset this unfavorable comment. Authorities in this line look forward to a normal business. Increased cost of the finished product may necessitate higher prices to the consumer. Some of the large companies believe that higher prices will cause decreased sales, although a maintenance of the present high prices for grain may to a certain extent enable the farmer to absorb the usual amount of farm implements.

The automobile industry maintains its record pace with factories at capacity and increasing their production. The raw material situation is again commented on, and also the lack of shipping facilities, but the sale of cars through this territory will unquestionably exceed by a large margin last year's figures. The distillers report a substantial demand. Whisky has shown an improvement both in price and in demand. Brewing interests report a decrease in sales.

The dry goods situation has not changed perceptibly in the past month. The wholesalers still enjoy considerable activity, to some extent based upon purchases in anticipation of an increase in price. This may result in decreased sales later, particularly if the retailer id overbuying, of which there is some evidence. The scarcity in dyestuffs is becoming more acute, and the wool situation is very strong.

Woolen mills are reported busy and prosperous, with advancing prices. There is a slight falling off in the furniture line. The market values of northern lumber show a tendency to become firmer, and other woods also are in stronger demand. There has been a seasonal recession in the piano business recently. Grain has been moving rather slowly from the interior points owing to bad weather and lack of equipment. The quality of wheat is reported improved, owing to the fact that producers marketed their poor quality first. Corn is being brought into the local centers throughout Illinois and parts of Iowa.

The demand for live stock continues strong with heavy shipments of healthy stock, prices are well maintained, and no epidemic of importance reported. The large mail-order houses claim a satisfactory business improvement with an outlook for the continuation of reasonably good business for some time to come. There is little change in the grocery business. The watch business shows improvement over the same period a year ago. Leather is commanding substantial prices, the manufacturers are working to capacity, and the shoe manufacturers report a good demand. Leather belting is being sold in considerable quantity to mills and factories, particularly in machinery and metal working lines.

Banks report substantial deposit increases without proportionate demand for loans. The eight central reserve city member banks in Chicago report deposits of $652,000,000, and loans of $426,000,000, on February 17, as against deposits of $571,000,000 and loans of $399,000,000, December 31, 1915. This proportionately greater increase in deposits is explained by some as the result of better collections and a more independent position of the concerns which formerly were dependent upon borrowed capital. Bank clearings for the first 15 days of February for the city of Chicago are $35,000,000 less than for the first 15 days of January, but $108,000,000 more than for the first 15 days of February, 1915. Clearings reported by 18 cities in the district outside of Chicago amount to $194,000,000 for the first 15 days of February, as against $201,000,000 for the first 15 days in January and $154,000,000 for the first 15 days in February, 1915. Commercial paper brokers advise that they have more paper outstanding now than at the same period last year.

The general situation throughout the district shows business activity, optimism, and satisfactory collection conditions, with the possible exception of certain sections affected by local conditions. Transportation difficulties and the lack of certain raw materials are the only unfavorable features.

DISTRICT NO. 8—ST. LOUIS.

Reports from various business interests in this district indicate a degree of prosperity which has been unknown for several years. The dry-goods market is firm with a marked scarcity in certain lines and with a general tendency toward higher prices. The large wholesale dry-goods houses in St. Louis and other cities show important gains in shipments this January as compared to the same period in several previous years. One house reports a gain in shipments of over $600,000 in January; another reports a gain of $1,250,000 since December 1. Large shoe manufacturers also report increases, one company reporting a gain of over $500,000 in shipments in January. The millinery, clothing, hats, woodenware, and hardware interests report similar gains.

A large manufacturer of roofing reports that 1915 was the biggest year in the history of the company and expects that 1916 will again break the record. The building interests and allied lines show the effect of the increase in building which has been so pronounced in the last 60 days.

Manufacturers generally report an increase in prices of raw materials; and there is a scarcity in many lines. The prices of drugs have steadily increased. One of the largest manufacturers of envelopes in the United States is located in this district, and this company reports a scarcity of paper available for its product. Quotations on some grades of paper are made by telegraph and all prices are subject to change without notice. There has been a marked decrease in applications for aid from organized charities in St. Louis. Reports indicate that the charities have had only about 75 per cent of the applications for aid this winter as compared to the winter of 1914–15.

The live-stock situation at the National Stock Yards, East St. Louis, Ill., is quieter than it has been for some time, as foreign governments have practically withdrawn from the market. While there have been heavy shipments of horses and mules during the past year from this district, figures issued by the Government show that the natural production throughout the country has more than made good the exports.

From figures available at this date, it appears that the winter wheat acreage has been reduced about 15 per cent in this district. It seems probable that some damage has resulted from the succession of severe cold, sleet, and rain, but it is too early to estimate its extent.

The number of commercial failures for January, 1916, shows a decrease as compared to January, 1914, or January, 1915, and would seem to reflect the present healthy condition of business. Another interesting index to present conditions is found in the examination of the bank clearings in the principal cities within this district. The gain in clearings for January, 1916, as compared to January, 1915, is as follows: St. Louis, 20.8 per cent; Louisville, 48.5 per cent; Memphis, 12.1 per cent; Little Rock, 17.7 per cent; Evansville, 55.7 per cent; Paducah, 15.9 per cent.

In January, 1915, these cities cleared a total of approximately $466,000,000, and in January of this year their total clearings amounted to over $577,000,000, or a gain of over $111,000,000.

In spite of the marked increase in all business activity, bank reserves are still considerably higher than is usual at this time of the year. There has been no change in rates to customers or in the commercial paper rate. Bank demands for suitable investments for their surplus funds continue active and its effect on the bond market is noticeable.

DISTRICT NO. 9—MINNEAPOLIS.

Steady cold weather until mid-February had a retarding effect on grain shipments, rail transportation, trade at country points, and to a considerable extent upon the lumber industry, and upon wholesale business. Country roads are in bad shape, due to very heavy snow, and farmers have had difficulty in marketing. Duluth reported 36.6 inches of snowfall for January, with 39 inches at the end of the month. The aggregate in Minneapolis-St. Paul is 33 inches. Over the state of Minnesota the January snowfall as a whole was the heaviest in many years. The remainder of the district has had a similarly heavy fall, which in the grain territory is spread evenly on the ground and guarantees excellent moisture conditions at the opening of the planting season.

Wheat has moved slowly into the terminals during the month, and a 5-cent break in price checked the gradual but steady advances of previous weeks. Elevator stocks at Minneapolis and Duluth on February 12 exceeded the figures of a year ago for the first time, and were 26,559,000 bushels, as against last year's 25,386,000 bushels. Crop-year receipts from September 1 were 194,119,000 bushels as against 127,458,000 bushels a year ago. The milling and export demand has continued heavy and Northwestern mills are grinding at about the usual figures, Minneapolis requiring approximately 1,600,000 bushels per week.

The car situation is difficult. Eastern trunk lines have been unable to release cars previously forwarded, and the shortage of ocean tonnage has taken a considerable car capacity out of this territory and is holding it indefinitely. Northwestern lines are unwilling to permit loading for points off their own lines, and grain and flour shippers are having difficulty in obtaining cars. This situation has been further aggravated by snow and bad weather, which has hampered and delayed branch-line service.

The coal situation, which during the early part of the month threatened to become serious at many points in the Dakotas, was relieved by higher temperatures during the middle of the month. Duluth has stocks of both hard and soft coal at the docks which are believed to be ample unless there is sustained severe cold.

Wholesale trade prospects for the spring months are excellent. A difficulty threatened in some lines is that of obtaining sufficient shipments with which to supply the trade. Price advances in some lines have had the effect of slowing down orders awaiting further developments. Collections have slowed up somewhat in response to the weather conditions at country points, but continue good. Most firms report a condition of book accounts much more favorable than a year ago.

Money rates are easy, with little or no change. Grain trade straight paper has been issued in considerable amounts, prime indorsed time paper bringing 4 to 4½ per cent. Some of the strong concerns are obtaining money at 3½ per cent flat. Very little terminal elevator paper is on the market, but where obtainable the rate is 3 per cent.

DISTRICT NO. 10—KANSAS CITY.

Railways are being taxed beyond capacity and a shortage of freight cars greater than at any time in recent years has existed, owing largely to the greatly increased shipments of last year's grain. It is doubtless true that many of the cars that should be in this territory are on the eastern seaboard and also in the Gulf States where the contents are waiting to be transferred to foreign ports. Elevators are generally well filled. In some places it was necessary to declare an embargo on the shipments of grain to elevators to give time for shipments out of them.

The weather has been unusually severe. While the temperature has not been abnormal for this season of the year, a combination of rain, sleet, and snow have made conditions somewhat extraordinary. Government reports show the wettest January on record, the excess in moisture extending to almost every section. A sheet of ice of from one-half inch to 2 inches in thickness in many places has caused fears to be entertained that the wheat may be seriously damaged. Later reports are somewhat more encouraging. Experts say that much of the damage will be offset by the thorough wetting which the ground has received.

Uncertainty as to the effect on demand for American wheat of the action of foreign governments in concentrating the buying of grain supplies has caused more or less nervousness in the market.

Rates of discount remain unchanged, although deposits in banks are abnormally large. Kansas bank deposits as shown by the statement of December 31, 1915, broke all records, there being $5,000,000 more on deposit in State banks on that date than in June, and $16,000,000 more than in December a year ago. The statement also shows an expansion in loans of $22,000,000, and all items show big gains in the business of the State and reflect general conditions in the district. Bankers report that business for last month was better than for any previous similar period in years.

Prosperity and a record-breaking year are almost unanimously predicted by the heads of wholesale firms. Increases over 1915 for the months of January and the first third of February range from 10 to 100 per cent, and indications that this satisfactory condition will continue throughout the season are good. Especially large stocks are being purchased by dry goods and shoe dealers. Collections are far above the average, in spite of increase in prices.

The low price of beef cattle continues, and the question of a packers' combine is receiving much discussion. Packers report that they want good beeves and are willing to pay the price for the best in the market, but that Europe is not buying the average grades from the United States, these orders being filled from South America. The price of hogs has increased slowly, choice hogs averaging about 8 cents on the Kansas City market.

The hay market continues active, but prices are below normal owing to the unusual crop raised in the district. Range is in greater demand than for some time past. Pasture land has been contracted at from $8 to $9 per head for the season, a higher price than has ever been paid in this territory.

Unusual prosperity is reported in the oil-production fields, although operations have been hampered by bad weather and road conditions. Tankage stocks are very low and practically none of the production is being tanked, while petroleum commands the attractive figure of $1.30 a barrel.

The opinion among lumbermen is that this section of the country is on the verge of great activity in all branches of that industry. The general agricultural prosperity bids fair to produce more than a normal line of business for retail dealers, resulting in a desirable volume for both wholesaler and manufacturer. Stocks in retail yards are lower than normal and heavy spring buying is generally expected. The weather conditions have materially curtailed activity in the mills and particularly is this true of the northwest coast country. The car shortage has been felt considerably and deliveries have slowed up as a consequence.

The metal-mining industry continues operating at high pressure with good prices.

Labor conditions are very satisfactory in the Tenth District, although the suggestion of railway labor troubles is somewhat disquieting.

DISTRICT NO. 11.—DALLAS.

It is estimated that the winter oat crop was damaged from 70 to 80 per cent by the heavy frost in January. This frost was followed by heavy general rains. While wheat was frozen, it is not thought that the roots of the plants were killed. It is believed the damage to wheat was far less than to oats. The 1916 Texas wheat crop is estimated at 20,000,000 bushels, which is an excess over the average crop, but somewhat below the 1915 yield.

This damage to crops planted in the fall increases the probability of a larger cotton acreage, estimated at an increase of 15 per cent, unless effective steps are taken to prevent such a course. There has been only a slight movement of cotton the past month, and probably 15 per cent of the crop is still held.

The fruit growers of eastern Texas are much encouraged at the present prospects for a large crop. However, so much depends on the weather conditions that it will be some 30 days yet before an accurate forecast can be made as to the yield. If the weather continues cold until the 1st of March, or a little later, thus preventing the trees from blossoming, the crop should be very large. The fruit industry in the eastern section of this district has grown to be an important one, and in the past few years large canning plants have been established to care for the output.

There is an active movement of vegetables from southern Texas, although somewhat decreased from last year. Strawberries are also arriving from that section, and reports indicate an unusually active shipping season.

Wholesalers and jobbers are beginning to receive orders for spring goods. Purchases made indicate a very satisfactory business and confirm the earlier predictions of a good spring trade.

The banking situation is little changed. There is a slight increase in the demand for loans, and bills discounted show a good increase over a month ago. The character of loans offered is about the same, with quite substantial offerings of live-stock paper. Most of the member banks are in easy condition, with large reserves, and it is anticipated that their legitimate demands will be cared for without inconvenience. Borrowing will therefore perhaps come later than is usual.

Transportation lines report a normal business for this season, with a slight increase in both passenger and freight traffic over a year ago.

Retail merchants' business for the first month and a half of the new year is better than the average, though somewhat below the same period a year ago. The lull in trade which usually follows the holdiays was noticeably shorter than usual. Collections are reported good and above the average for this season.

Conditions prevailing in Mexico have stimulated business in all lines in the western section of the district, particularly with mercantile houses.

Range conditions benefited by the general rains in January and are good. Live stock is commanding high prices and the demand is active at all markets.

Lumber dealers are receiving good orders at satisfactory prices. Mills are reported as running on full time, which indicates that building operations are on the increase.

DISTRICT NO. 12—SAN FRANCISCO.

There has been relatively little change in business conditions in the Twelfth District. In the Northwest many mills and logging camps were forced by severe weather to suspend operations, causing temporary cessation in the lumber industry. This condition has caused prices to advance $1 per thousand, with a strong demand, and lumbermen feel much encouraged.

In the oil fields storms have blown down approximately 2,000 derricks—over 20 per cent of all derricks in California. This will considerably curtail production for the next 30 or 60 days, but as in the lumber industry, the damage is offset by a further increase of 5 cents in the price of crude oil.

Sheep and cattle industries are reported in flourishing condition. The sheepmen of Idaho predicted a severe winter and prepared accordingly, hence losses from exposure and lack of feed have been negligible. Hay is in active demand at profitable prices.

Wheat and other grains are moving to market slowly, with 30 to 40 per cent still on hand. It is estimated the acreage of winter wheat will show a decrease of from 15 to 20 per cent, and spring wheat of from 25 to 30 per cent, over last year. There are approximately 200,000 sacks more beans on hand this year than usual.

Cane-sugar stocks on hand in San Francisco are about 75,000 to 80,000 tons, double the usual amount this time of year. The 1915 production of Hawaiian cane sugar was approximately 645,000 tons, a record breaking crop and 29,000 tons more than 1914. The market during the year, due to abnormal conditions, has frequently shown sudden and violent changes, with prices from $4.07 to $5.20 per hundredweight, present prices being $4.58. The minimum price at which beet sugar can be produced is said to be $3.35 per hundredweight. There was approximately 320,000 tons production of beet sugar in Twelfth Federal Reserve District, an increase of 40,000 tons over 1914, and large profits for beet-sugar industries. Beet-sugar stocks now on hand in San Francisco are about 90,000 tons.

The citrus-fruit crop is reported light, but being marketed rapidly at attractive prices, with the probability of returns above the average to the growers.

Mining interests are active, with present mines being enlarged and new machinery installed to increase the production; some old mines are being reopened, and prospecting for new ore deposits is very keen. The dividends of the mining industries of Utah alone were $10,000,000 in 1915, or equal to the dividends of all national banks in the twelfth district for the preceding year.

Regardless of the shortage in ocean transportation facilities, exports and imports continue to increase. The imports at San Francisco for the month of January exceeded all previous records with a total value of $13,000,000. Seventy per cent of this was raw silk and wool. Seattle's commerce by sea gained $103,182,450 during 1915, totaling $257,792,393 exports and imports.

Seventeen clearing-house associations, including the principal cities of the district, report total clearings for January of $555,000,000, a gain of $58,000,000 over the same month, 1915. The reports as of December 31, 1915, of national banks in this Federal Reserve District to the Comptroller of the Currency show total deposits of $675,000,000, with cash and exchange of $267,000,000, or 38 per cent, and out of $445,000,000 of loans and discounts $91,000,000, or slightly over 20 per cent, are reported eligible for rediscount with the Federal Reserve Bank.

DISTRIBUTION OF DISCOUNTS BY SIZES AND MATURITIES.

The total discounts of commercial paper granted by the Federal Reserve Banks during January, 1916, were $11,114,900, compared with $15,412,000 in December, 1915, and $13,446,100, the monthly average discounted during the past year. While all the banks which are more active in the discount field reported smaller operations than for the immediately preceding months, the decreases are most marked in the case of the Atlanta and Chicago banks, whose January discounts declined about 50 and 40 per cent below the averages for the preceding quarter. The three southern banks are credited with 64.8 per cent of all the discounts handled by the system, compared with 62.3 per cent for December and 65.6 per cent for the past calendar year; the share of the Kansas City bank was 12.3 per cent, against 11.7 per cent for December and 6.7 per cent for the calendar year 1915, while Chicago's share for the report month was 8.8 per cent, as against 14.4 per cent for December and 5.7 per cent for the past year. These five banks handled 85.9 of all the discounts reported for the month, as against 88.4 per cent in December and 78 per cent in the past calendar year.

Commodity paper, practically all secured by cotton, totaled $1,863,600 and constitutes 16.8 per cent of the total discounts for the month, compared with 19.1 per cent for December and over 16 per cent for the last four months in 1915, during which this class of paper was handled. Of the total January discounts reported by the Atlanta bank and its New Orleans branch over 38 per cent was commodity paper discounted at the preferential 3 per cent rate, while of the total discounts of the Richmond bank 30 per cent was paper of this class. Trade acceptances discounted during the month by seven banks aggregated $444,400, of which almost 76 per cent was handled by the Richmond and Atlanta banks, including the latter's New Orleans branch, the total being exclusive of $148,800 of two-name paper bought during the month in the open market by the Boston bank and the New Orleans branch.

The total number of bills discounted during January was 6,342, or 22 per cent less than the December total, and almost 30 per cent less than the average number for the preceding quarter. The average size of the paper discounted during the month was about $1,753, as against $1,904 in December and about $1,800 for the last quarter in 1915. The average size of the bills discounted by the more active banks during the month varied between $1,442 for Richmond, $2,074 for Kansas City, and $2,555 for Chicago.

Over 35 per cent of the total number of bills and nearly one-half the entire amount of discounts handled during the month were bills in denominations ranging between $1,000 and $5,000. Bills of the larger size (i. e., in amounts of over $10,000) constituted about 17.5 per cent of the total discounts for the month, the percentage varying between slightly over 6 per cent for the Richmond bank, nearly 25 per cent for the Atlanta bank including its New Orleans branch, and almost 35 per cent for the Kansas City bank. Small bills (in amounts up to $250) constituted nearly 18 per cent of the total number, though only slightly over 1.5 per cent of the entire amount of the discounts granted during the month. The Richmond bank reports 479 such bills, or over 20 per cent, and the Atlanta bank 275, or over 28 per cent of the entire number of their discounts for the month. Of the total number and amount of small bills discounted during January about two-thirds was handled by these two banks.

About 2.4 per cent of the total amount of paper discounted was 10-day paper; 16.7 per cent, 30-day; 30.2 per cent, 60-day; and 37.1 per cent, 90-day paper. Over 1.5 millions, or 13.6 per cent of the total, was agricultural and live-stock paper, maturing after 90 days at the time of rediscount. The largest amount of 10-day paper was discounted by Philadelphia, Chicago reports the largest amount of 30-day paper, Richmond the largest amounts of 60 and 90-day paper, while Dallas leads in the amount of 6-month paper discounted during the month.

The number of member banks accommodated during January through the discount of paper was 614, the smallest monthly number since April, 1915, and constituted slightly over 8 per cent of the entire number of member banks shown at the end of the month. Over one-half of the rediscounting banks are situated within the three southern reserve districts. Member banks in Texas secured over 1.5 million dollars of rediscounts, banks in South Carolina over 1.4 millions, and banks in North Carolina over 1 million, the combined share of rediscounts secured by banks in these three States being over 36 per cent of the total discounts reported for the month.

Commercial paper, exclusive of bankers' acceptances, rediscounted by each of the Federal Reserve Banks during the month of January, 1916, distributed by sizes.

NUMBER OF PIECES AND AMOUNTS.

[In thousands of dollars.]

Bank.	To $100.		Over $100 to $250.		Over $250 to $500.		Over $500 to $1,000.		Over $1,000 to $2,500.		Over $2,500 to $5,000.		Over $5,000 to $10,000.		Over $10,000.		Total.		Per cent.	
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.
Boston	4	0.4	18	3.5	26	10.1	18	15.0	13	22.2	13	57.6	2	22.3	....	....	94	131.1	1.5	1.2
New York	4	.4	24	4.6	35	13.3	22	15.3	17	25.5	11	41.2	4	25.3	....	....	117	125.6	1.8	1.1
Philadelphia	11	1.0	42	7.4	52	19.8	59	48.5	46	80.3	16	57.5	3	28.3	....	....	229	242.8	3.6	2.2
Cleveland	2	.2	8	1.3	10	3.7	17	13.1	34	62.9	4	16.4	2	15.7	1	14.6	78	127.9	1.2	1.2
Richmond	112	9.9	367	68.6	494	196.0	519	406.2	503	877.9	290	1,100.1	74	547.4	11	211.0	2,370	3,417.1	37.4	30.7
Atlanta (including New Orleans branch)	99	8.3	176	28.4	149	58.2	158	126.9	170	303.7	134	529.6	56	409.1	24	479.8	966	1,944.0	15.2	17.5
Chicago	....	....	8	1.7	55	24.2	113	91.4	130	218.7	53	216.8	17	155.7	5	265.0	381	973.5	6.0	8.8
St. Louis	1	.1	23	4.8	54	20.4	63	50.6	61	101.7	39	146.6	22	157.0	6	102.5	269	583.7	4.2	5.2
Minneapolis	....	....	7	1.3	22	8.7	35	23.1	61	86.0	18	59.7	2	10.2	....	....	145	189.0	2.3	1.7
Kansas City	7	.7	84	14.1	157	57.8	141	106.7	153	239.6	67	242.3	32	228.4	17	475.0	658	1,364.6	10.4	12.3
Dallas	34	2.9	91	16.6	153	60.1	241	181.3	234	369.5	138	495.6	50	371.0	21	348.5	962	1,845.5	15.2	16.6
San Francisco	....	....	8	1.6	7	2.5	17	11.3	14	26.1	18	57.7	4	25.2	5	45.7	73	170.1	1.2	1.5
Total	274	23.9	856	153.9	1,214	474.8	1,403	1,089.4	1,436	2,414.1	801	3,021.1	268	1,995.6	90	1,942.1	6,342	11,114.9	100.0	100.0

PERCENTAGES OF AMOUNTS OF EACH CLASS TO TOTAL.

Bank.	To $100.	Over $100 to $250.	Over $250 to $500.	Over $500 to $1,000.	Over $1,000 to $2,500.	Over $2,500 to $5,000.	Over $5,000 to $10,000.	Over $10,000.	Total.
Boston	0.3	2.7	7.7	11.5	16.9	43.9	17.0	....	100.0
New York	.3	3.7	10.6	12.2	20.3	32.8	20.1	....	100.0
Philadelphia	.4	3.1	8.2	19.8	33.1	23.7	11.7	....	100.0
Cleveland	.2	1.0	2.9	10.2	49.2	12.8	12.3	11.4	100.0
Richmond	.3	2.0	5.7	11.9	25.7	32.2	16.0	6.2	100.0
Atlanta	.4	1.5	3.0	6.5	15.6	27.2	21.1	24.7	100.0
Chicago	....	.2	2.5	9.4	22.4	22.3	16.0	27.2	100.0
St. Louis	....	.8	3.5	8.7	17.4	25.1	26.9	17.6	100.0
Minneapolis	....	.7	4.6	12.2	45.5	31.6	5.4	....	100.0
Kansas City	.1	1.0	4.2	7.8	17.6	17.8	16.7	34.8	100.0
Dallas	.1	.9	3.3	9.8	20.0	26.9	20.1	18.9	100.0
San Francisco	....	1.0	1.5	6.6	15.3	33.9	14.8	26.9	100.0
Total	.2	1.4	4.3	9.8	21.7	27.2	17.9	17.5	100.0

Commercial paper, exclusive of bankers' acceptances, discounted during January by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 1—Boston:								
Connecticut	73	...	...	...	...	...	...	...
Maine	70	2	...	14.7	12.9	2.0	...	29.6
Massachusetts	168	2	25.0	19.0	...	...	...	44.0
New Hampshire	56	1	...	.5	2.3	4.3	...	7.1
Rhode Island	18	...	...	...	...	...	...	...
Vermont	48	3	6.3	2.4	26.3	13.6	1.8	50.4
Total	433	8	31.3	36.6	41.5	19.9	1.8	131.1
District No. 2—New York:								
New Jersey	132	2	...	31.1	4.2	.5	...	35.8
New York	483	9	...	6.4	30.3	52.7	.4	89.8
Total	615	11	...	37.5	34.5	53.2	.4	125.6
District No. 3—Philadelphia:								
Delaware	24	1	...	...	5.5	1.0	...	6.5
New Jersey	70	5	64.2	54.4	24.2	15.3	...	158.1
Pennsylvania	534	14	4.9	13.1	17.4	38.3	4.5	78.2
Total	628	20	69.1	67.5	47.1	54.6	4.5	242.8
District No. 4—Cleveland:								
Kentucky	72	1	...	...	23.5	6.0	...	29.5
Ohio	375	7	12.1	30.6	18.2	11.8	...	72.7
Pennsylvania	301	4	...	...	12.6	11.8	1.3	25.7
West Virginia	14	...	...	...	...	...	...	...
Total	762	12	12.1	30.6	54.3	29.6	1.3	127.9
District No. 5—Richmond:								
District of Columbia	14	1	...	...	9.2	21.2	...	30.4
Maryland	97	5	...	...	15.9	75.6	...	91.5
North Carolina	79	29	12.5	118.8	405.0	481.4	.9	1,018.6
South Carolina	73	40	7.5	144.1	561.8	668.1	59.2	1,440.7
Virginia	137	35	...	105.8	346.7	266.4	19.6	738.5
West Virginia	104	8	...	12.8	41.4	42.6	.6	97.4
Total	504	118	20.0	381.5	1,380.0	1,555.3	80.3	3,417.1
District No. 6—Atlanta:								
Alabama	96	20	...	39.9	115.8	185.6	25.7	367.0
Florida	55	13	...	102.6	144.2	161.6	16.3	424.7
Georgia	116	41	10.5	60.7	277.4	385.2	99.8	833.6
Louisiana	5	...	...	...	...	...	...	...
Mississippi	18	1	...	3.7	21.7	17.9	...	43.3
Tennessee	97	22	3.3	48.2	101.6	115.5	6.8	275.4
Total	387	97	13.8	255.1	660.7	865.8	148.6	1,944.0
District No. 7—Chicago:								
Illinois	317	9	...	398.8	132.6	59.4	19.3	...
Indiana	197	11	...	.7	17.5	38.5	38.3	610.1
Iowa	348	34	...	13.2	82.7	56.5	112.9	95.0
Michigan	77	1	...	...	1.5	.9	.7	265.3
Wisconsin	51	...	...	...	...	...	...	3.1
Total	990	55	...	412.7	234.3	155.3	171.2	973.5
District No. 8—St. Louis:								
Arkansas	64	5	...	...	8.7	9.9	7.7	26.3
Illinois	157	9	...	2.0	7.3	63.1	14.0	86.4
Indiana	61	4	...	1.5	70.5	24.5	...	96.5
Kentucky	69	2	...	...	...	11.8	1.5	13.3
Mississippi	17	2	...	2.6	2.7	14.5	...	19.8
Missouri	81	12	...	14.0	52.0	70.8	20.8	157.6
Tennessee	20	7	42.6	84.4	23.3	33.2	.3	183.8
Total	469	41	42.6	104.5	164.5	227.8	44.3	583.7
District No. 9—Minneapolis:								
Michigan	31	...	...	...	...	...	...	...
Minnesota	279	16	...	5.1	3.4	16.4	45.3	70.2
Montana	68	4	...	...	...	2.4	29.8	32.2
North Dakota	153	9	...	...	...	4.2	12.9	17.1
South Dakota	119	7	...	1.1	11.3	17.2	21.6	51.2
Wisconsin	88	8	18.3	...	...	...	...	18.3
Total	738	44	18.3	6.2	14.7	40.2	109.6	189.0

Commercial paper, exclusive of bankers' acceptances, discounted during January by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount—Continued.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 10.—Kansas City:								
Colorado	119	5		2.5	8.8	19.2	11.7	42.2
Kansas	220	17	20.9	131.4	218.9	168.6	73.2	613.0
Missouri	53	5	25.0	200.0	4.7	31.5	3.0	264.2
Nebraska	205	20		.8	27.6	81.6	49.1	159.1
New Mexico	9	1				.6	20.4	21.0
Oklahoma	306	26	10.2	25.5	65.2	87.4	76.8	265.1
Wyoming	33							
Total	945	74	56.1	360.2	325.2	388.9	234.2	1,364.6
District No. 11.—Dallas:								
Arizona	6	1		.4	21.6	35.9		57.9
Louisiana	27	2				13.1	3.3	16.4
New Mexico	28	8		4.0		7.6	111.3	122.9
Oklahoma	42	9		4.7	38.3	36.8	12.9	92.7
Texas	546	89		151.2	292.4	583.6	528.4	1,555.6
Total	649	109		160.3	352.3	677.0	655.9	1,845.5
District No. 12.—San Francisco:								
Alaska	1							
Arizona	7							
California	266	13		2.2	41.0	34.4	28.0	105.6
Idaho	58	4		.5	5.1	2.1	6.2	13.9
Nevada	10							
Oregon	86	7			1.5	17.5	29.1	48.1
Utah	23							
Washington	78	1			2.5			2.5
Total	529	25		2.7	50.1	54.0	63.3	170.1

RECAPITULATION.

Districts and cities.	Total Number of member banks reported.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.	Per cent.
No. 1—Boston	433	8	31.3	36.6	41.5	19.9	1.8	131.1	1.2
No. 2—New York	615	11		37.5	34.5	53.2	.4	125.6	1.1
No. 3—Philadelphia	628	20	69.1	67.5	47.1	54.6	4.5	242.8	2.2
No. 4—Cleveland	762	12	12.1	30.6	54.3	29.6	1.3	127.9	1.2
No. 5—Richmond	504	118	20.0	381.5	1,380.0	1,555.3	80.3	3,417.1	30.7
No. 6—Atlanta	387	97	13.8	255.1	660.7	865.8	148.6	1,944.0	17.5
No. 7—Chicago	990	55		412.7	234.3	155.3	171.2	973.5	8.8
No. 8—St. Louis	469	41	42.6	104.5	164.5	227.8	44.3	583.7	5.2
No. 9—Minneapolis	738	44	18.3	6.2	14.7	40.2	109.6	189.0	1.7
No. 10—Kansas City	945	74	56.1	360.2	325.2	388.9	234.2	1,364.6	12.3
No. 11—Dallas	649	109		160.3	352.3	677.0	655.9	1,845.5	16.6
No. 12—San Francisco	529	25		2.7	50.1	54.0	63.3	170.1	1.5
Total for January	7,649	614	263.3	1,855.4	3,359.2	4,121.6	1,515.4	11,114.9	100.0
Per cent			2.4	16.7	30.2	37.1	13.6	100.0	
Total for January, 1915	7,610	398	4,109.3		3,627.0	2,365.1	611.4	10,712.8	
Per cent			38.4		33.8	22.1	5.7	100.0	

Trade acceptances [1] discounted by each Federal Reserve Bank from Sept. 2, date of first discount to Dec. 31, 1915, and for the month of January, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	January, 1916.	Total.
New York	$5,700	....	$5,700
Cleveland	4,900	....	4,900
Richmond	450,500	$137,300	587,800
Atlanta (including New Orleans branch)	1,007,100	202,000	1,209,100
Chicago	....	8,200	8,200
St. Louis	167,800	32,600	200,400
Kansas City	87,800	47,300	135,100
Dallas	160,800	11,700	172,500
San Francisco	74,200	5,300	79,500
Total	1,958,800	444,400	2,403,200

[1] Included in total of commercial paper shown above.

Commodity paper [1] discounted by each Federal Reserve Bank from Sept. 8, date of first discount, to Dec. 31, 1915, and for the month of January, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	January, 1916.	Total.
Richmond	$2,881,400	$1,010,600	$3,892,000
Atlanta (including New Orleans branch)	7,032,300	745,800	7,778,100
St. Louis	99,800	....	99,800
Minneapolis	25,300	1,300	26,600
Dallas	239,100	81,900	321,000
San Francisco	37,200	24,000	61,200
Total	10,315,100	1,863,600	12,178,700

[1] Included in total of commercial paper shown above.

Commodity paper [1] discounted by each Federal Reserve Bank during January, 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans).	Minneapolis.	Dallas.	San Francisco.	Total.
Cotton	$1,000,548	$744,765	....	$74,972	....	$1,820,285
Peanuts	10,000	....	....	....	....	10,000
Wheat	....	....	$1,319	....	....	1,319
Maize	....	....	....	6,944	....	6,944
Miscellaneous	....	1,040	....	....	$24,003	25,043
Total	1,010,548	745,805	1,319	81,916	24,003	1,863,591

[1] Included in total of commercial paper shown above.

Amounts of commercial paper, exclusive of bankers' acceptances, held by each Federal Reserve Bank on Jan. 28, 1916, distributed by maturities.

Federal Reserve Bank.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total.	Per cent.
Boston	$35,200	$76,000	$64,400	$15,700	....	$191,300	0.7
New York	45,100	63,800	67,200	32,300	$400	208,800	.8
Philadelphia	52,300	55,600	59,600	44,900	10,400	222,800	.8
Cleveland	48,900	127,500	130,600	37,100	15,200	359,300	1.3
Richmond	1,333,200	1,753,700	2,505,200	1,050,400	105,400	6,747,900	25.1
Atlanta, including New Orleans branch	964,000	1,650,600	1,683,000	1,085,000	698,200	6,080,800	22.6
Chicago	731,200	419,700	941,100	431,900	509,100	3,023,000	11.3
St. Louis	221,300	232,800	365,200	141,500	106,300	1,067,100	4.0
Minneapolis	118,500	77,800	244,400	231,700	406,900	1,079,300	4.0
Kansas City	386,700	874,900	692,500	502,700	411,200	2,868,000	10.6
Dallas	613,800	711,700	1,139,800	953,400	1,170,500	4,592,200	17.1
San Francisco	58,200	58,400	147,800	108,800	76,800	450,000	1.7
Total	4,608,400	6,105,500	8,040,800	4,635,400	3,510,400	26,900,500	100.0
Per cent	17.1	22.7	29.9	17.2	13.1	....	....

ACCEPTANCES.

Bankers' acceptances, by classes, held by the Federal Reserve Banks each week.

Date.	Member banks.	Nonmember banks.		Private banks.	Total.
		Trust companies.	State banks.		
January 31, 1916	$15,834,000	$8,174,000	$356,000	$1,510,000	$25,874,000
February 7, 1916	15,681,000	7,876,000	336,000	1,456,000	25,349,000
February 14, 1916	17,581,000	7,985,000	347,000	1,851,000	27,764,000
February 21, 1916	17,661,000	8,194,000	392,000	1,841,000	28,088,000

[1]Acceptances indorsed by member banks: State banks, $9,000; private banks, $647,000; total, $656,000.

Amounts of acceptances held by the several Federal Reserve Banks at close of business on Fridays, Jan. 28 to Feb. 18, 1916.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Maturities within 10 days:													
Jan. 28	895.3	724.4	477.9	123.3	....	....	657.5	81.4	47.0	61.9	....	65.0	3,133.7
Feb. 4	1,202.7	773.2	320.3	102.4	....	18.6	417.1	94.6	35.6	30.7	....	55.4	3,050.6
Feb. 11	753.3	663.2	471.0	111.4	....	18.6	223.6	127.1	67.0	111.3	....	132.8	2,679.3
Feb. 18	716.8	1,146.0	203.2	136.8	5.1	....	291.6	99.3	36.3	25.5	50.0	97.9	2,808.5
From 11 to 30 days:													
Jan. 28	1,596.5	1,759.5	552.4	239.2	....	18.6	337.1	200.2	129.8	127.7	....	190.0	5,151.0
Feb. 4	1,059.6	1,762.9	464.2	148.2	....	....	344.7	112.3	108.6	121.7	....	179.4	4,301.6
Feb. 11	1,696.2	2,750.2	582.7	213.9	15.3	38.1	281.5	139.2	126.8	89.4	50.0	160.6	6,143.9
Feb. 18	2,078.3	2,556.3	600.2	274.4	110.2	38.1	492.8	227.9	140.7	149.5	....	210.0	6,878.4
From 31 to 60 days:													
Jan. 28	2,561.1	4,572.3	881.6	344.1	150.0	45.6	914.5	293.7	192.2	200.8	....	321.9	10,477.8
Feb. 4	3,025.6	6,455.2	887.1	421.0	150.0	45.6	1,009.8	388.3	216.1	251.9	....	403.4	13,254.0
Feb. 11	2,366.6	5,343.5	770.1	405.0	150.0	57.5	956.8	475.5	183.4	208.4	....	379.4	11,296.2
Feb. 18	2,469.7	5,349.0	646.6	365.0	50.0	207.5	732.8	368.2	179.5	152.6	....	323.4	10,844.3
From 61 days to 3 months:													
Jan. 28	2,366.9	3,398.4	161.5	225.2	....	345.2	368.4	253.6	120.6	106.6	....	205.2	7,551.6
Feb. 4	2,424.6	2,191.5	50.1	136.9	....	300.0	146.6	179.0	115.6	50.8	....	77.9	5,673.0
Feb. 11	3,766.4	3,460.2	8.5	81.8	....	250.0	120.5	52.7	112.1	58.5	....	44.6	7,955.3
Feb. 18	3,764.6	3,771.7	134.5	170.0	....	50.0	302.0	128.4	118.7	95.2	....	68.8	8,603.9
Total acceptances held:													
Jan. 28	7,419.8	10,454.6	2,073.4	931.8	150.0	409.4	2,277.5	828.9	489.6	497.0	....	782.1	26,314.1
Feb. 4	7,712.5	11,182.8	1,721.7	808.5	150.0	364.2	1,918.2	774.2	475.9	455.1	....	716.1	26,279.2
Feb. 11	8,582.5	12,217.1	1,832.3	812.1	165.3	364.2	1,582.4	794.5	489.3	467.6	50.0	717.4	28,074.7
Feb. 18	9,029.4	12,823.0	1,584.5	946.2	165.3	295.6	1,819.2	823.8	475.2	422.8	50.0	700.1	29,135.1

Amounts of acceptances (in the foreign and domestic trades) purchased by each Federal Reserve Bank during the calendar yea 1915 and for the month of January, 1916, distributed by maturities.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Within 30 days:													
Calendar year 1915	497	1,246	695	101	....	7	156	103	45	69	....	61	2,980
January, 1916	48	587	....	64	....	....	....	....	20	9	....	6	734
Total	545	1,833	695	165	....	7	156	103	65	78	....	67	3,714
After 30 but within 60 days:													
Calendar year 1915	2,137	2,377	1,464	746	....	19	816	374	191	183	....	750	9,057
January, 1916	102	621	43	42	....	....	279	43	6	55	....	13	1,204
Total	2,239	2,998	1,507	788	....	19	1,095	417	197	238	....	763	10,261
After 60 days but within 3 months:													
Calendar year 1915	11,471	22,211	5,406	2,116	250	46	4,810	1,324	1,219	1,536	....	2,419	52,808
January, 1916	2,681	2,686	151	267	....	300	489	357	200	151	....	304	7,586
Total	14,152	24,897	5,557	2,383	250	346	5,299	1,681	1,419	1,687	....	2,723	60 394
Total acceptances bought:													
Calendar year 1915	14,105	25,834	7,565	2,963	250	72	5,782	1,801	1,455	1,788	....	3,230	64,845
January, 1916	2,831	3,894	194	373	....	300	768	400	226	215	....	323	9,524
Total	16,936	29,728	7,759	3,336	250	372	6,550	2,201	1,681	2,003	....	3,553	74,369

Distribution of bills bought in open market by all Federal Reserve Banks during the month of January, 1916, by classes of acceptors and sizes.

Acceptances by classes.	To $5,000.		Over $5,000 to $10,000.		Over $10,000 to $25,000.		Over $25,000 to $50,000.		Over $50,000 to $100,000.		Over $100,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Member banks	58	$163,231	61	$473,718	99	$1,891,203	26	$1,011,527	8	$752,473	....	....	252	$4,292,152	45.0
Trust companies	125	345,136	156	1,224,160	98	1,859,798	15	627,568	2	127,220	....	....	396	4,183,882	43.9
State banks	7	28,750	....	....	3	33,750	....	....	....	....	....	....	10	62,500	.7
Private banks	4	9,842	3	22,880	13	230,180	5	168,382	7	404,900	....	....	32	836,184	8.8
Total bankers' acceptances [1]	194	546,959	220	1,720,758	213	4,014,931	46	1,807,477	17	1,284,593	....	....	690	9,374,718	98.4
Trade acceptances [2]	....	....	....	....	4	98,795	1	50,000	....	....	....	....	5	148,795	1.6
Total bills bought in open market	194	546,959	220	1,720,758	217	4,113,726	47	1,857,477	17	1,284,593	....	....	695	9,523,513	100.0
Per cent	....	5.7	....	18.1	....	43.2	....	19.5	....	13.5	....	....	......	100.0	......

[1] Of the above total of bankers' acceptances $8,502,464 are based on imports or exports and $872,254 on domestic trade transactions.

[2] Practically all drawn abroad on importers in the United States and indorsed by foreign bankers.

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Jan. 28, to Feb. 25, 1916.

RESOURCES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Gold coin and certificates in vault:													
Jan. 28	16,548	160,184	12,347	9,696	4,676	5,205	31,676	3,015	3,140	8,813	4,045	4,520	263,865
Feb. 4	16,591	149,569	12,595	9,993	4,601	5,307	33,346	3,139	2,949	8,728	4,018	4,630	255,469
Feb. 11	16,553	150,820	9,210	10,226	4,616	5,179	35,171	3,331	2,992	8,727	4,014	4,445	255,284
Feb. 18	13,687	156,198	10,402	10,356	4,651	5,762	30,970	3,638	3,013	8,740	4,017	3,935	255,369
Feb. 25	13,259	160,218	6,876	11,168	4,678	5,631	33,208	5,281	3,198	8,225	4,022	6,727	262,491
Gold settlement fund:													
Jan. 28	1,877	11,346	3,000	11,500	11,048	3,884	14,152	5,882	4,344	3,295	8,987	5,535	84,850
Feb. 4	2,022	15,664	3,166	11,696	12,258	3,600	10,467	3,842	4,133	3,969	8,693	5,858	85,368
Feb. 11	1,222	10,964	6,641	11,794	12,685	5,606	10,136	3,430	4,090	3,982	9,207	4,181	83,938
Feb. 18	3,753	8,505	2,971	11,498	10,999	5,949	11,951	2,566	4,023	4,089	8,848	6,496	81,648
Feb. 25	3,344	6,499	6,289	11,193	10,580	5,776	10,769	2,621	4,049	2,575	9,501	3,239	76,435
Gold redemption fund:													
Jan. 28	9	114	...	...	281	338	...	21	30	107	246	...	1,146
Feb. 4	3	103	...	...	330	331	...	19	30	106	245	...	1,167
Feb. 11	3	55	...	...	330	333	...	19	29	106	245	...	1,120
Feb. 18	3	236	...	...	332	334	...	19	28	103	245	...	1,300
Feb. 25	3	236	50	...	320	319	200	1	30	98	245	10	1,512
Legal-tender notes, silver, etc.:													
Jan. 28	1,086	3,742	6,296	1,701	58	239	1,145	139	263	224	592	11	15,496
Feb. 4	681	3,897	5,973	1,719	80	192	822	156	261	245	599	12	14,637
Feb. 11	319	5,076	5,644	1,626	87	244	733	152	266	252	835	14	15,248
Feb. 18	208	8,745	5,165	1,521	101	223	804	150	268	236	830	23	18,274
Feb. 25	133	7,657	4,812	1,387	119	125	1,665	304	453	183	835	5	17,678
Total reserve:													
Jan. 28	19,520	175,386	21,643	22,897	16,063	9,666	46,973	9,057	7,777	12,439	13,870	10,066	365,357
Feb. 4	19,297	169,233	21,737	23,408	17,269	9,430	44,635	7,156	7,373	13,048	13,555	10,500	356,641
Feb. 11	18,097	166,915	21,495	23,646	17,718	11,362	46,040	6,932	7,377	13,067	14,301	8,640	355,590
Feb. 18	17,651	173,684	18,538	23,375	16,083	12,268	43,725	6,373	7,332	13,168	13,940	10,454	356,591
Feb. 25	16,739	174,610	18,027	23,748	15,697	11,851	45,842	8,207	7,730	11,081	14,603	9,981	358,116
Bills discounted—Members:													
Jan. 28	191	209	223	359	6,748	6,081	3,033	1,067	1,079	2,869	4,592	450	26,901
Feb. 4	170	203	219	336	6,696	5,400	2,456	938	967	2,609	4,639	411	25,044
Feb. 11	211	174	223	296	6,934	5,103	2,270	898	946	2,485	4,696	418	24,654
Feb. 18	217	169	221	260	6,755	4,737	2,105	871	932	2,360	4,624	427	23,678
Feb. 25	183	167	199	217	6,646	4,482	1,984	802	915	2,070	4,741	421	22,827
Bills bought in open market:													
Jan. 28	7,420	10,454	2,073	932	150	409	2,278	829	490	497	...	782	26,314
Feb. 4	7,713	11,183	1,721	809	150	364	1,918	774	476	455	...	716	26,279
Feb. 11	8,583	12,217	1,832	812	165	364	1,583	794	489	468	50	717	28,074
Feb. 18	9,030	12,823	1,585	946	165	296	1,819	824	475	423	50	700	29,136
Feb. 25	8,654	12,556	1,544	1,009	175	360	1,955	725	539	527	50	960	29,054
United States bonds:													
Jan. 28	986	...	2,991	2,882	...	25	4,830	1,666	1,474	2,188	1,295	3,035	21,372
Feb. 4	986	...	3,215	3,138	...	25	6,122	2,794	1,510	2,221	1,295	3,035	24,341
Feb. 11	986	...	3,215	3,351	...	43	6,202	3,309	1,647	2,221	1,295	3,035	25,304
Feb. 18	986	...	3,365	3,411	536	43	6,252	3,339	1,797	2,363	1,295	3,035	26,422
Feb. 25	986	...	3,465	3,621	1,286	43	6,252	3,339	1,797	4,513	1,295	3,035	29,632
Municipal warrants:													
Jan. 28	3,305	7,060	2,977	2,789	160	331	1,482	441	1,174	349	76	458	20,602
Feb. 4	3,453	7,698	2,688	2,421	78	...	1,348	737	1,067	189	...	1,177	20,856
Feb. 11	3,424	9,713	3,188	2,947	78	...	2,380	755	1,407	478	...	1,207	25,577
Feb. 18	3,359	9,629	2,987	2,933	82	...	2,347	743	1,192	470	...	1,222	24,964
Feb. 25	3,461	9,629	2,989	3,115	83	...	2,587	698	902	470	...	1,469	25,403
Federal Reserve notes, net assets:													
Jan. 28	1,025	25,185	658	894	...	...	1,747	941	610	...	...	5,409	36,469
Feb. 4	1,115	22,235	374	908	...	...	1,767	1,076	807	...	...	5,428	33,710
Feb. 11	1,182	16,898	317	713	...	...	1,747	1,133	968	...	...	5,386	28,344
Feb. 18	1,263	16,991	163	757	...	...	1,799	1,318	866	...	...	5,419	28,576
Feb. 25	1,124	13,230	135	563	...	...	1,806	386	976	...	...	5,573	23,793
Due from other Federal Reserve Banks, net:													
Jan. 28	1,108	...	1,368	562	2,259	1,006	2,540	643	4,720	1,369	73	1,865	[1] 10,761
Feb. 4	...	...	1,449	990	1,354	2,165	4,729	1,117	4,899	1,264	211	1,243	[1] 15,223
Feb. 11	1,184	...	213	598	1,429	991	3,610	1,241	4,535	1,135	...	3,207	[1] 12,964
Feb. 18	1,627	...	5,222	804	1,638	539	5,182	1,518	4,425	1,264	...	1,130	[1] 12,255
Feb. 25	2,977	...	5,143	684	1,923	571	4,394	1,529	4,445	1,370	...	1,290	[1] 13,274

[1] Items in transit, i. e., total amounts due from less total amounts due to other Federal Reserve Banks.

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Jan. 28, to Feb. 25, 1916—Continued.

RESOURCES—Continued.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
All other resources:													
Jan. 28	504	614	372	701	104	1,072	244	4,212	113	1,171	711	176	9,994
Feb. 4	344	3,750	279	329	33	1,093	381	3,824	105	1,132	515	118	11,903
Feb. 11	305	4,569	162	390	25	839	558	4,465	115	1,055	274	132	12,889
Feb. 18	331	395	300	478	35	783	410	3,962	119	683	286	147	7,929
Feb. 25	169	3,941	169	340	59	1,094	546	4,258	119	258	289	159	11,401
Total resources:													
Jan. 28	34,059	218,908	32,305	32,016	25,484	18,590	63,127	18,856	17,437	20,882	20,617	22,241	517,770
Feb. 4	33,078	214,302	31,682	32,339	25,580	18,477	63,356	18,416	17,204	20,918	20,215	22,628	513,997
Feb. 11	33,972	210,486	30,645	32,753	26,349	18,702	64,390	19,527	17,484	20,909	20,616	22,742	513,396
Feb. 18	34,464	213,691	32,381	32,964	25,294	18,666	63,639	18,948	17,138	20,731	20,195	22,534	509,551
Feb. 25	34,293	214,133	31,671	33,297	25,869	18,401	65,366	19,944	17,423	20,289	20,978	22,888	513,500

LIABILITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Capital paid in:													
Jan. 28	5,158	11,058	5,270	5,938	3,356	2,423	6,646	2,783	2,549	3,014	2,756	3,941	54,892
Feb. 4	5,158	11,058	5,283	5,938	3,356	2,423	6,646	2,784	2,551	3,014	2,755	3,941	54,907
Feb. 11	5,162	11,057	5,257	5,951	3,356	2,423	6,646	2,784	2,551	3,014	2,748	3,941	54,890
Feb. 18	5,162	11,092	5,257	5,945	3,354	2,416	6,643	2,783	2,554	2,996	2,743	3,941	54,886
Feb. 25	5,158	11,092	5,257	5,945	3,341	3,416	6,652	2,786	2,555	2,999	2,752	3,944	54,897
Government deposits:													
Jan. 28	723	5,507	597	336	5,897	6,151	893	1,041	170	501	5,162	782	27,760
Feb. 4	808	6,826	509	444	6,025	5,956	758	1,490	267	641	5,183	943	29,850
Feb. 11	837	4,474	190	515	6,404	5,964	[1] −26	1,685	375	172	5,169	1,122	26,881
Feb. 18	895	6,120	317	588	6,237	5,874	382	2,007	325	206	5,176	819	28,946
Feb. 25	977	7,936	302	674	6,500	6,164	700	2,282	412	306	5,180	1,068	32,501
Reserve deposits, net:													
Jan. 28	28,178	195,591	26,438	25,742	11,301	8,175	55,588	15,032	14,718	16,247	10,136	17,518	424,664
Feb. 4	26,237	193,095	25,890	25,957	11,393	8,185	55,952	14,142	14,386	16,186	9,970	17,744	419,137
Feb. 11	27,973	190,200	25,198	26,287	11,773	8,627	57,770	15,058	14,558	16,665	10,139	17,679	421,927
Feb. 18	28,407	185,445	26,807	26,431	10,981	8,880	56,614	14,158	14,259	16,516	10,218	17,774	416,490
Feb. 25	28,158	184,817	26,112	26,678	11,330	8,358	58,014	14,876	14,456	15,867	10,024	17,876	416,566
Federal Reserve notes, net liability:													
Jan. 28					4,895	1,735				1,120	2,563		10,313
Feb. 4					4,771	1,811				1,077	2,307		9,966
Feb. 11					4,778	1,585				1,058	2,136		9,557
Feb. 18					4,682	1,396				1,013	1,998		9,089
Feb. 25					4,653	1,358				1,117	2,258		9,386
Due to other Federal Reserve Banks, net:													
Jan. 28		6,752											
Feb. 4	875	3,323											
Feb. 11		4,755								424			
Feb. 18		11,034								60			
Feb. 25		10,288									764		
All other liabilities:													
Jan. 28					35	106							141
Feb. 4					35	102							137
Feb. 11					38	103							141
Feb. 18					40	100							140
Feb. 25					45	105							150
Total liabilities:													
Jan. 28	34,059	218,908	32,305	32,016	25,484	18,590	63,127	18,856	17,437	20,882	20,617	22,241	517,770
Feb. 4	33,078	214,302	31,682	32,339	25,580	18,477	63,356	18,416	17,204	20,918	20,215	22,628	513,997
Feb. 11	33,972	210,486	30,645	32,753	26,349	18,702	64,390	19,527	17,484	20,909	20,616	22,742	513,396
Feb. 18	34,464	213,691	32,381	32,964	25,294	18,666	63,639	18,948	17,138	20,731	20,195	22,534	509,551
Feb. 25	34,293	214,133	31,671	33,297	25,869	18,401	65,366	19,944	17,423	20,289	20,978	22,888	513,500

[1] Overdraft.

Circulation of Federal Reserve notes at close of business on Fridays, Jan. 28 to Feb. 25, 1916.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes issued to bank:													
Jan. 28	10,020	94,240	8,660	11,200	14,430	17,790	4,380	8,950	13,000	11,000	14,145	11,130	218,945
Feb. 4	10,017	94,240	8,256	11,200	14,430	17,330	4,380	8,949	13,200	10,725	13,980	11,070	217,777
Feb. 11	10,006	89,240	8,145	11,200	14,200	16,954	4,380	8,948	13,200	10,645	13,673	11,070	211,661
Feb. 18	9,995	85,065	8,134	11,200	14,194	16,838	4,379	8,938	13,200	10,345	13,620	11,070	206,978
Feb. 25	9,592	77,635	8,097	11,200	14,200	15,696	4,379	7,838	13,200	10,205	13,880	11,070	196,992
Federal Reserve notes in hands of bank:													
Jan. 28	1,025	25,185	658	894	375	1,855	1,747	941	610	880	142	5,409	39,721
Feb. 4	1,115	22,235	374	908	499	1,319	1,767	1,076	807	648	233	5,428	36,409
Feb. 11	1,182	16,898	317	713	262	1,165	1,747	1,133	968	587	101	5,386	30,459
Feb. 18	1,263	16,991	163	757	388	1,274	1,799	1,318	866	332	190	5,419	30,760
Feb. 25	1,124	13,230	135	563	417	1,137	1,806	386	976	88	189	5,573	25,624
Federal Reserve notes in circulation:													
Jan. 28	8,995	69,055	8,002	10,306	14,055	15,935	2,633	8,009	12,390	10,120	14,003	5,721	179,224
Feb. 4	8,902	72,005	7,882	10,292	13,931	16,011	2,613	7,873	12,393	10,077	13,747	5,642	181,368
Feb. 11	9,824	72,342	7,828	10,487	13,938	15,789	2,633	7,815	12,232	10,058	13,572	5,684	181,202
Feb. 18	8,732	68,074	7,971	10,443	13,806	15,564	2,580	7,620	12,334	10,013	13,430	5,651	176,218
Feb. 25	8,468	64,405	7,962	10,637	13,783	14,557	2,573	7,452	12,224	10,117	13,691	5,497	171,368
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
Jan. 28	10,020	94,240	8,660	11,200	9,160	14,200	4,380	8,950	13,000	9,000	11,440	11,130	205,380
Feb. 4	10,017	94,240	8,256	11,200	9,160	14,200	4,380	8,949	13,200	9,000	11,440	11,070	205,112
Feb. 11	10,006	89,240	8,145	11,200	9,160	14,204	4,380	8,948	13,200	9,000	11,436	11,070	199,989
Feb. 18	9,995	85,065	8,134	11,200	9,124	14,168	4,379	8,938	13,200	9,000	11,432	11,070	195,705
Feb. 25	9,592	77,635	8,077	11,200	9,130	13,201	4,379	7,838	13,200	9,000	11,433	11,070	185,775
Carried to net liablities:													
Jan. 28	....	....	....	....	4,895	1,735	....	....	....	1,120	2,563	....	10,313
Feb. 4	....	....	....	....	4,771	1,811	....	....	....	1,077	2,307	....	9,966
Feb. 11	....	....	....	....	4,778	1,585	....	....	....	1,058	2,136	....	9,557
Feb. 18	....	....	....	....	4,682	1,396	....	....	....	1,013	1,998	....	9,089
Feb. 25	....	....	....	....	4,653	1,358	....	....	....	1,117	2,258	....	9,386
Carried to net assets:													
Jan. 28	1,025	25,185	658	894	....	....	1,747	941	610	....	....	5,409	36,469
Feb. 4	1,115	22,235	374	908	....	....	1,767	1,076	807	....	....	5,428	33,710
Feb. 11	1,182	16,898	317	713	....	....	1,747	1,133	968	....	....	5,386	28,344
Feb. 18	1,263	16,991	163	757	....	....	1,799	1,318	866	....	....	5,419	28,576
Feb. 25	1,124	13,230	135	563	....	....	1,806	386	976	....	....	5,573	23,793

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Jan. 28 to Feb. 25, 1916.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes:													
Received from Comptroller—													
Jan. 28	19,380	108,240	15,480	13,000	17,000	20,400	9,380	9,600	19,000	13,000	19,580	11,360	275,420
Feb. 4	19,380	108,240	15,480	13,000	17,000	20,400	9,380	9,600	19,000	13,000	19,580	11,360	275,420
Feb. 11	19,380	108,240	15,480	13,000	17,000	20,400	9,380	9,600	19,000	13,000	19,580	11,360	275,420
Feb. 18	19,380	108,240	15,480	13,000	17,000	20,400	9,380	9,600	19,000	13,000	19,580	11,360	275,420
Feb. 25	19,380	108,240	15,480	13,000	17,000	20,400	9,380	9,600	19,000	13,000	19,580	11,360	275,420
Returned to Comptroller—													
Jan. 28	500	....	640	120	....	....	120	....	....	....	146	230	1,756
Feb. 4	500	....	1,040	120	....	....	120	....	....	....	176	290	2,246
Feb. 11	640	5,000	1,140	120	....	....	120	....	....	....	216	290	7,526
Feb. 18	640	9,175	1,140	200	....	....	120	....	....	....	286	290	11,851
Feb. 25	1,043	16,605	1,290	240	....	1,102	120	....	....	....	286	290	20,976
Chargeable to Federal Reserve Agent—													
Jan. 28	18,880	108,240	14,840	12,880	17,000	20,400	9,260	9,600	19,000	13,000	19,434	11,130	273,664
Feb. 4	18,880	108,240	14,440	12,880	17,000	20,400	9,260	9,600	19,000	13,000	19,404	11,070	273,174
Feb. 11	18,740	103,240	14,340	12,880	17,000	20,400	9,260	9,600	19,000	13,000	19,364	11,070	267,894
Feb. 18	18,740	99,065	14,340	12,800	17,000	20,400	9,260	9,600	19,000	13,000	19,294	11,070	263,569
Feb. 25	18,337	91,635	14,190	12,760	17,000	19,298	9,260	9,600	19,000	13,000	19,294	11,070	254,444
In hands of Federal Reserve Agent—													
Jan. 28	8,860	14,000	6,180	1,680	2,570	2,610	4,880	650	6,000	2,000	5,289	....	54,719
Feb. 4	8,863	14,000	6,184	1,680	2,570	3,070	4,880	651	5,800	2,275	5,424	....	55,397
Feb. 11	8,734	14,000	6,195	1,680	2,800	3,446	4,880	652	5,800	2,355	5,691	....	56,233
Feb. 18	8,745	14,000	6,206	1,600	2,806	3,562	4,881	662	5,800	2,655	5,674	....	56,591
Feb. 25	8,745	14,000	6,093	1,560	2,800	3,602	4,881	1,762	5,800	2,795	5,414	....	57,452

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Jan. 28 to Feb. 25, 1916—Continued.

[In thousands of dollars.

	Boston.	New York.	Phila-delphia.	Cleve-land.	Rich-mond.	At-lanta.	Chicago.	St. Louis.	Minne-apolis.	Kansas City.	Dallas.	San Fran-cisco.	Total for system.
Federal Reserve notes—Continued.													
Issued to Federal Reserve Bank, net—													
Jan. 28	10,020	94,240	8,660	11,200	14,430	17,790	4,380	8,950	13,000	11,000	14,145	11,130	218,945
Feb. 4	10,017	94,240	8,256	11,200	14,430	17,330	4,380	8,949	13,200	10,725	13,980	11,070	217,777
Feb. 11	10,006	89,240	8,145	11,200	14,200	16,954	4,380	8,948	13,200	10,645	13,673	11,070	211,661
Feb. 18	9,995	85,065	8,134	11,200	14,194	16,838	4,379	8,938	13,200	10,345	13,620	11,070	206,978
Feb. 25	9,592	77,635	8,097	11,200	14,200	15,696	4,379	7,838	13,200	10,205	13,880	11,070	196,992
Amounts held by Federal Reserve Agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates on hand—													
Jan. 28	9,510	94,240	3,660	10,640	....	500	....	3,950	10,000	2,000	9,540	....	144,040
Feb. 4	9,510	82,900	3,660	10,640	....	500	....	3,950	10,200	2,000	9,540	....	132,900
Feb. 11	9,410	77,900	3,560	10,640	....	500	....	3,950	10,200	2,000	9,540	....	127,700
Feb. 18	9,410	73,958	3,560	10,640	....	....	....	3,950	10,200	2,000	9,540	....	123,258
Feb. 25	8,910	73,958	3,530	10,640	....	....	....	2,850	10,200	2,000	9,540	....	121,628
Credit balances in gold redemption fund—													
Jan. 28	510	....	500	560	500	....	120	....	650	....	....	....	2,840
Feb. 4	507	11,340	496	560	500	710	120	439	650	500	710	....	16,532
Feb. 11	596	11,340	485	560	500	734	120	438	650	500	706	290	16,919
Feb. 18	585	11,107	474	560	464	718	619	428	650	500	702	290	17,097
Feb. 25	682	3,677	467	560	500	751	619	448	650	500	703	290	9,847
Credit balances with Federal Reserve Board—													
Jan. 28	....	....	4,500	....	8,660	13,700	4,260	5,000	2,350	7,000	1,900	11,130	58,500
Feb. 4	....	....	4,100	....	8,660	12,990	4,260	4,560	2,350	6,500	1,190	11,070	55,680
Feb. 11	....	....	4,100	....	8,660	12,970	4,260	4,560	2,350	6,500	1,190	10,780	55,370
Feb. 18	....	....	4,100	....	8,660	13,450	3,760	4,560	2,350	6,500	1,190	10,780	55,350
Feb. 25	....	....	4,100	....	8,630	12,450	3,760	4,540	2,350	6,500	1,190	10,780	54,300
As security for outstanding notes—													
Commercial paper—													
Jan. 28	....	....	....	....	5,270	3,590	....	....	....	2,000	2,705	....	13,565
Feb. 4	....	....	....	....	5,270	3,130	....	....	....	1,725	2,540	....	12,665
Feb. 11	....	....	....	....	5,040	2,750	....	....	....	1,645	2,237	....	11,672
Feb. 18	....	....	....	....	5,070	2,670	....	....	....	1,345	2,188	....	11,273
Feb. 25	....	....	....	....	5,070	2,495	....	....	....	1,205	2,447	....	11,217
Total—													
Jan. 28	10,020	94,240	8,660	11,200	14,430	17,790	4,380	8,950	13,000	11,000	14,145	11,130	218,945
Feb. 4	10,017	94,240	8,256	11,200	14,430	17,330	4,380	8,949	13,200	10,725	13,980	11,070	217,777
Feb. 11	10,006	89,240	8,145	11,200	14,200	16,954	4,380	8,948	13,200	10,645	13,673	11,070	211,661
Feb. 18	9,995	85,065	8,134	11,200	14,194	16,838	4,379	8,938	13,200	10,345	13,620	11,070	206,978
Feb. 25	9,592	77,635	8,097	11,200	14,200	15,696	4,379	7,838	13,200	10,205	13,880	11,070	196,992
Memorandum:													
Total amount of commercial paper delivered to Federal Reserve Agent—													
Jan. 28	....	....	....	....	5,406	3,590	....	....	....	2,000	3,794	....	14,790
Feb. 4	....	....	....	....	5,768	3,131	....	....	....	1,774	4,224	....	14,897
Feb. 11	....	....	....	....	5,187	2,771	....	....	....	1,688	4,173	....	13,819
Feb. 18	....	....	....	....	5,701	2,670	....	....	....	1,381	4,253	....	14,005
Feb. 25	....	....	....	....	5,256	2,498	....	....	....	1,215	4,171	....	13,140

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Jan. 1 to Feb. 18, 1916.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Florida.	New Orleans.	Arizona.	El Paso.	Laredo.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	St. Lawrence.	Total.
Week ending Jan. 28, 1916.														
Ore and base bullion				5	31	1			36		5	7		85
Bullion, refined		289				8		712		2				1,011
United States coin													1	1
Foreign coin		1,956												1,956
Total		2,245		5	31	9		712	36	2	5	7	1	3,053
Week ending Feb. 4, 1916.														
Ore and base bullion				1	7	10			62			80		160
United States mint or assay office bars										115				115
Bullion, refined		211						232		26				469
Foreign coin		2,094												2,094
Total		2,305		1	7	10		232	62	141		80		2,838
Week ending Feb. 11, 1916.														
Ore and base bullion	1	15		16	5		8		121		5	7		178
United States mint or assay office bars										115				115
Bullion, refined		198			4			22		36				260
Foreign coin		445											10	455
Total	1	658		16	9		8	22	121	151	5	7	10	1,008
Week ending Feb. 18, 1916.														
Ore and base bullion		9		15	13	2	3	133	30		12	21		238
United States mint or assay office bars										99				99
Bullion, refined		360			2			2	103	74				541
United States coin		1	1											2
Foreign coin		2,106												2,106
Total		2,476	1	15	15	2	3	135	133	173	12	21		2,986
Jan. 1 to Feb. 18, 1916.														
Ore and base bullion	1	58		64	62	15	14	133	455	37	34	193		1,066
United States mint or assay office bars										359				359
Bullion, refined		2,497			9	25		1,222	195	250				4,198
United States coin		2	32	5									6	45
Foreign coin		17,003											11	17,014
Total	1	19,560	32	69	71	40	14	1,355	650	646	34	193	17	22,682

Exports of gold, by customs districts, Jan. 1 to Feb. 18, 1916.

[In thousands of dollars.]

	New York.	Porto Rico.	Hawaii.	San Francisco.	Washington.	Buffalo.	Dakota.	St. Lawrence.	Vermont.	Total.
Week ending Jan. 28, 1916.										
Ore and base bullion						2				2
United States mint or assay office bars						20				20
Bullion, refined, domestic				500		1				501
United States coin	1,034			10	1			250	750	2,045
Foreign coin	500							11		511
Total	1,534			510	1	23		261	750	3,079
Week ending Feb. 4, 1916.										
Ore and base bullion				31						31
United States mint or assay office bars	249					5				254
Bullion, refined, domestic						1				1
United States coin	1,611		2							1,613
Foreign coin	316							59		375
Total	2,176		2	31		6		59		2,274
Week ending Feb. 11, 1916.										
United States mint or assay office bars						5				5
Bullion, refined, domestic				100			1			101
United States coin	10		10	1			2			23
Foreign coin	1,802							136		1,938
Total	1,812		10	101		5	3	136		2,067
Week ending Feb. 18, 1916.										
Ore and base bullion										
United States mint or assay office bars						5				5
Bullion, refined, domestic	1							5		6
United States coin	1,027									1,027
Foreign coin	1,000									1,000
Total	2,028					5		5		2,038
Jan. 1 to Feb. 18, 1916.										
Ore and base bullion					31	26				57
United States mint or assay office bars	758					41		504		1,303
Bullion, refined, domestic	1			701	1	2	1	5	3	714
United States coin	4,872	15	20	73	3		2	1,000	750	6,735
Foreign coin	4,814							1,316		6,130
Total	10,445	15	20	774	35	69	3	2,825	753	14,939

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amounts of earning assets held by each Federal Reserve Bank during January, 1916, earnings from each class of earning assets and annual rates of earnings on the basis of January, 1916, returns.

	Average balances for the month of the several classes of earning assets.					Earnings from—					Calculated annual rate of earnings from—				
	Bills rediscounted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	Total.	Bills rediscounted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	Total.	Bills rediscounted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	All investment operations.
											P. ct.	P. ct.	P. ct.	P. ct.	P. ct.
Boston	$207,000	$7,245,000	$3,265,000	$986,000	$11,703,000	$694.99	$12,582.65	$6,375.48	$1,703.05	$21,356.17	4.03	2.08	2.34	2.03	2.19
New York	210,000	10,126,000	6,366,000	....	16,702,000	740.79	17,647.67	11,983.37	....	30,371.83	4.23	2.09	2.26	.....	2.18
Philadelphia	184,000	2,367,000	2,361,000	2,810,000	7,722,000	628.57	4,179.39	4,896.91	4,806.87	14,511.74	4.03	2.08	2.44	2.01	2.21
Cleveland	415,000	981,000	2,816,000	2,501,000	6,713,000	1,617.60	1,615.86	7,121.94	5,359.74	15,715.14	4.59	1.94	2.97	2.57	2.76
Richmond	7,050,000	150,000	149,000	....	7,349,000	22,852.71	387.50	398.98	....	23,639.19	3.89	3.00	3.21	.....	3.86
Atlanta	6,971,000	233,000	330,000	25,000	7,559,000	20,826.75	524.16	867.44	42.53	22,260.88	3.46	2.60	3.05	2.00	3.53
Chicago	3,749,000	2,354,000	1,337,000	4,406,000	11,846,000	14,696.52	3,976.34	2,988.91	8,034.15	29,695.92	4.70	2.03	2.68	2.19	3.01
St. Louis	1,172,000	849,000	396,000	1,251,000	3,668,000	4,236.52	1,427.75	821.60	2,121.74	8,607.61	4.26	2.00	2.44	2.00	2.76
Minneapolis	1,130,000	545,000	960,000	1,408,000	4,043,000	4,673.31	964.73	2,705.16	2,645.39	10,988.59	4.87	2.05	3.27	2.11	3.15
Kansas City	3,183,000	503,000	311,000	2,164,000	6,161,000	12,178.92	885.41	123.67	3,743.62	17,531.62	4.59	2.11	2.79	2.08	3.41
Dallas	4,387,000	....	76,000	1,131,000	5,594,000	16,328.34	....	189.01	1,589.21	18,106.56	4.46	.....	3.00	1.69	3.88
San Francisco	420,000	802,000	398,000	1,822,000	3,442,000	1,806.12	1,433.65	895.73	3,027.24	7,162.74	5.16	2.15	2.72	2.00	2.47
Total	29,078,000	26,155,000	18,765,000	18,504,000	92,502,000	101,281.14	45,625.11	39,968.20	33,073.54	219,947.99	4.18	2.09	2.56	2.14	2.85

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