



BY FRANCIS H. SISSON, PROMINENT AMERICAN FINANCIER

**T**HE outstanding financial events of the month were the fall of the last two French Cabinets; the decline of the franc to the lowest exchange value in its history, followed by slight appreciation; the granting of dictatorial powers to King Albert of Belgium to save the Belgian franc; and the Franco-British debt settlement, with the ensuing discussion by Winston Churchill, British Chancellor of the Exchequer, and Secretary Mellon regarding the British and American agreements with France and the Anglo-American debt settlement.

The French Government raised the interest rate on annual National Defense bonds from 5 per cent. to 6 per cent. on Aug. 1. Semi-annual bonds will bear interest at the rate of  $5\frac{1}{2}$  per cent., quarterly bonds at the rate of  $5\frac{1}{2}$  per cent., and monthly bonds at the rate of 3.60. This action is designed to reduce the number of bonds being presented for reimbursement. In Government circles, it was also explained, the increase had been made in order to keep pace with fluctuations of the exchange and interest charges. The measure will be only temporary.

The Bank of France on July 31 raised its discount rate from 6 per cent. to  $7\frac{1}{2}$  per cent.

The succession of political and financial crises in France resulted in a renewed downward plunge of the franc. The closing rate at New York on July 1 was  $2.66\frac{1}{4}$ ; a week later it was  $2.56\frac{1}{2}$ . The spectacular drop occurred when it became apparent that a crisis was imminent. On July 17 the market closed at  $2.41\frac{3}{4}$ ; on July 19 at 2.12, and on July 20 the low point was reached at  $1.93\frac{3}{4}$ , or nearly 52 francs to the dollar. The announcement that M. Poincaré was to attempt to form a new Cabinet which, it appeared, would be supported by Parliament and invested with extraordinary powers, was followed by a brisk revival of confidence reflected in an advance to 2.19 on July 21 and to 2.27 on July 22. The closing quotation on the latter date was  $2.22\frac{1}{4}$ . On Aug. 2 the franc reached  $2.63\frac{1}{2}$  cents, a gain of 21 points from the Saturday preceding, and the Belgian franc moved up  $12\frac{1}{2}$  points to  $2.67\frac{1}{2}$  cents, and on the following day the French franc rose to 2.73 cents, and the Belgian franc went to 2.74 cents.

The energetic policy of the Belgian Government has resulted in a measurable restoration of confidence which has served to check the downward trend of Belgian exchange. The franc, which declined in value from  $2.65\frac{1}{4}$  cents on July 5 to  $2.11\frac{1}{2}$  cents a week later, rallied upon the inauguration of the new measures and was quoted at 2.74 cents by Aug. 3.

#### GEORGIA AND FLORIDA BANKS CLOSE

Between July 12 and 21, inclusive, 117 State banks closed their doors in Georgia and Florida. Many of the banks, the officials of the Georgia Banking Department said, probably would reopen, and the belief was expressed that a number of them would be found to be in good shape. Local conditions only constituted the various causes. All the banks involved had small capitalizations and total resources and liabilities ranging, as of December 31, 1925, from \$15,000 capital and \$149,812 resources to \$50,000 capital and \$734,429 resources.

Capital, deposits and total resources of State banks in the Continental United States are larger at present than ever before, it was revealed in a statement made by R. N. Sims, Secretary-Treasurer of the National Association of Supervisors of State Banks, on July 19. The statement embodied a report to the annual convention of the association in Columbus, Ohio. It showed that of the 28,289 banks on April 12, 1926, 20,289 were State banks and 8,000 National banks, having a total capital, surplus and undivided profits of \$7,398,018,903, total deposits of \$54,291,833,973, and total resources of \$63,999,452,890. Deposits increased \$3,794,525,031, and total resources were greater by \$3,487,607,427 than the high record of the preceding year. All banking business in National and State banks has increased 40 per cent. since 1919, the report set forth.

#### SALE OF AMERICAN SHIPS

The Shipping Board on July 13 unanimously adopted the resolution of Commissioner Teller, directing the Emergency Fleet Corporation to advertise the vessels of the United States Lines and the American Merchant Lines for sale to private

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