

Monthly Report on the Economic Situation

Reporting Period: October 1948

Closing Date: Middle of November 1948

(1) Monetary and Credit Matters

During October, the money volume considerably increased. The number of notes in circulation jumped by 527 million DM to 5 885 million DM with the last week of October accounting for the main increase of 441 million DM. The increase of the notes in circulation - which to a small extent also continued during the first week of November - was not accompanied by a decrease of the transfer-money, on the contrary, deposits with the financial institutions continued to increase considerably. Overall figures on this trend are not yet available, however, the increase during October in deposits of non-bank customers with the 112 financial institutions of the sample statistics reporting to the Bank deutscher Länder alone amounted to approximately 300 million DM, and of this amount, public authorities accounted for 150 million DM, i.e. this amount was probably channelled from one financial institution to another. The total deposits of non-bank customers with the 112 financial institutions amounted to approximately 2.5 billion DM which permits - with some caution - the conclusion that the deposits with all banking institutions (excluding inter-bank deposits) amounted to approximately 7.5 billion DM. In October, the central bank system showed a decrease in deposits of non-bank customers by approximately 120 million DM. The diminishing of credit balances of the occupation powers and the Staatskassen accounted chiefly for this decrease.

The increase of the money volume during October partly resulted from the continuing creation of money based on the currency legislation. An estimated amount of approximately 250 million DM accrued from the conversion to free account during October. The impact of credits granted by banks must be

added which during October was lower than during the preceding months but, by no means, came to a stand-still. The total outstanding credits of the 112 financial institutions covered by the sample statistics increased by 147 million DM and reached a total of 1 430 million DM on 30 October. Accordingly, the monthly increase of the total credits granted may be estimated at 300 - 400 million DM during October. Thus, by the end of October, the total of outstanding credits may have amounted to approximately 3.5 billion DM, i.e. not more than one fourth of the total money volume which by the end of October had to be estimated at 13 - 14 billion DM resulted from credits granted, and three fourth from the creation of money enforced by law.

The exceptionally great expansion of notes in circulation, of which only a small percentage was financed directly by the central bank system, i.e. by way of the above mentioned decrease in public deposits with the Bank deutscher Länder, and in connection with the recall of roughly 300 million DM (35 per cent.) of the first supply of new currency to financial institutions - only 2/3 could be taken from the likewise declining minimum reserve - which had been decided upon as of 11 October by the Board of Directors due to Military Government Law No. 65 (decision on blocked account) lead to an additional demand of central bank credits by approximately 500 million DM. During October, the bill of exchange holdings of the central bank system increased by 428 million to 778 million DM, purchased equalization claims by 28 million to 33 million DM and loans against collateral by 49 million to 60 million DM. By the end of October, the total central bank credit amounted to roughly 900 million DM as compared with roughly 400 million on 30 September.

In spite of this development, the liquidity of the financial institutions as a whole was still very high at the end of October. The 112 reporting banking institutions alone showed bills in portfolio of roughly 960 million DM as of 30 October. It may be assumed that these institutions possessed well over fifty per cent. of all banks' bill of exchange holdings. Even if approximately two fifth to one half of the bank's bill of exchange holdings should consist of bankers acceptances which pursuant to the below

mentioned decisions of the Board of Directors can only be rediscounted restrictedly, the financial institutions, therefore, still possess considerable funds which, at any time, render refinancing through the central bank system possible. On 30 September, the cash reserve of the 112 reporting financial institutions amounted to roughly 452 million DM and on the same date, deposits amounted to 3 billion DM (including deposits of financial institutions). The surplus reserves still accounted for a considerable part of said 452 million DM. By the end of October, the central bank credit balances (1008 million DM) of all banks were still at least 200 million DM higher than the minimum reserve required by law. Even if these overall figures do not conceal the fact that in the individual case, the liquidity is varying to a great extent and the withdrawals of savings deposits still continuing during October resulted in liquidity difficulties, particularly in the savings banks and cooperative sectors, said figures do not give rise to the assumption that the expansion of bank credits will cease in the future.

This state of affairs linked with a sharp rise of prices during October initiated the Board of Directors to issue certain restrictive measures. Effective 10 November, bankers acceptances are excluded from discount to a far-reaching extent. The Land Central Banks will purchase bankers acceptances and debtors acceptances exceeding a ten days term only if proof is furnished that these acceptances serve the financing of import and export transactions or the storage ordered by the government of goods subject to control and allocation. The bills of exchange purchased in the average of the last three months by the 112 banking institutions consisted of approximately $\frac{1}{3}$ bankers acceptances whereas in the average of the months August - October, bankers acceptances accounted for roughly $\frac{1}{4}$ of the bills of exchange purchased by the central bank system, however, due consideration must be given to variances in the various Land Central Bank districts. In addition to the restrictions with regard to credits on bills of exchange, the minimum reserves of financial institutions for demand deposits have been increased from 10 per cent. to 15 per cent., effective 1 December, at all places where there are Land Central Banks located. In addition, the financial institutions had been advised to refrain from extending their credit volume beyond the limit

as of 31 October 1948. These decisions will undoubtedly bring about a considerable tightening of credits.

The development of deposits strongly added to the fact that also during October, the differences in the liquidity of the various banking institutions and banking groups became more apparent.

The withdrawals of savings deposits which, in particular, affected the savings banks and cooperatives continued to an even increased extent after the partial cancellation of the blocked account and were thus considerably higher than new savings. During October, deposits on savings accounts with the 112 financial institutions included in the sample statistics amounted to 7.5 million DM, the withdrawals to 42.3 million DM. During the period 21 June - 31 October 1948, the savings banks of the "Sparkassen- und Giroverband Schleswig-Holstein" showed approximately only 8 million DM of new deposits on savings accounts against approximately 25 million DM of withdrawals. The trend with the majority of the savings banks associations was similar. The liquidity equalization has so far been possible by way of deposits on transfer account even if this was not the case with the individual savings banks but within the associations. The understandable desire of the institutions concerned to sell equalization claims to the central bank system was disapproved by the Land Central Banks for currency reasons since this would mean the creation of money. The new credit directives expressly provide that the purchase of equalization claims is, on principle, not to be taken into account. Insofar as the institutions affected by the withdrawal of deposits are unable to procure the required funds by way of bills of exchange or inter-bank balances, they were, for the time being, referred to their competent Zentralkassen or Girozentralen which, even during October, still possessed considerable liquid funds.

A considerable part of all bank deposits, presumably not less than 10 per cent., is concentrated with the Post. By 30 October 1948 the postal cheque credit balances amounted to 712 million DM in the bizonal area and credit balances with the postal savings banks to 28 million DM. Apart from these amounts, the postal

administration currently handles considerable operational funds. In order to ensure that the handling and administration of the postal funds, particularly the postal cheque and postal savings banks funds, be as proper and suitable as possible, the Department for Post and Tele-Communications and the Bank deutscher Länder agreed to invest these funds under mutual agreement. For this purpose, the Director of the Department for Post and Tele-Communications and the President of the Board of Managers of the Bank deutscher Länder and their representatives, respectively will be in constant contact and also invite both the Department for Finance and the Department for Economics to participate in this agreement and constitute a joint committee. The money market, in particular, could thus be regulated in a more proper manner than at the present time.

During October, the money market showed a gradually increasing tightness which of necessity grew stonger towards the end of the month. Even prior to the last day of the month, the private discount rate closely approached the central bank discount and, by the last day of the month, even exceeded this discount by $1/4$ per cent. During the first weeks of November, it again decreased to $4 \frac{7}{8}$ - $4 \frac{15}{16}$. It may be assumed, however, that the temporary increase over the official rate did not exclusively result from the stiffening of the market but, on the contrary, from the fact that the circulation of bankers acceptances is, in general, too high which necessarily bring about a certain disagio of the bankers acceptance. It is to be anticipated that the far-reaching exclusion of the bankers acceptance from re-discount will lead to a restrictive issuing of acceptances by the banks. In the interest of restoring a well functioning money market, the admission to the private discount market should, in addition, be again subjected to certain regulations as was done before.

During October, issuing transactions were again resumed, for the first time since currency reform. A $6 \frac{1}{2}$ per cent. 10 million DM 10 years term loan of the Schlussee-Werke had been taken over by a banking syndical, after the interest originally provided had been increased by $1 \frac{1}{2}$ per cent. The attempts of several mortgage banks, in particular Bavarian mortgage banks, as well as of the Schleswig-Holsteinische Landschaft, to place 5 per cent.

bonds, however, seem to be faced with certain difficulties, likewise the intention of the Main Department for Railways to negotiate 200 million DM of 5 per cent. treasury bills proved to be impracticable due to the fact that in banking circles there was no inclination to take over these bills. In the French Zone, the Land Government of Rhine-Palatinate placed 13 million DM 5 per cent. Land treasury bills, due on 1 February 1949, for partial prolongation of the Land treasury bills having fallen due on 31 October. This transaction reveals the interesting fact that the interest rate was $1 \frac{1}{2}$ per cent. higher than that on a 9.55 million treasury bill of the same Land which had been issued in August for a 6 month term.

The inclination to make purchases on the stock exchanges increased to a slight extent during the latter half of the reporting month. At first, it was limited however to shares which might have been a result of the generally favourable development of industrial production. The quotations for annuities which had, at first, declined considerably - probably due to new issuances - later stabilized. Through the placing of new issuances, transactions in old issuances were still considerably prejudiced.

(2) Public Finances

For the first time since currency reform, no new money media were brought into circulation through public budgets, on the contrary, amounts - even if only small - were temporarily neutralized. For the first time since currency reform, the Länder budgets showed surpluses during a period of four weeks. By 30 October, cash on hand of the eight Länder of the Combined Economic Area amounted to 638 million DM as against only 493 million DM at the beginning of October. In the Länder of the French Zone, too, no new deficits arose. The indebtedness of the Länder with the central bank system mounting to 15.8 million DM on 30 October, even slightly decreased as compared with the debts existing on the same day of the preceding month (16.2 million DM). The continuing increase in the tax revenues is the main reason for the improvement of the situation: during the four weeks period 2 October - 30 October 1948, the revenues of said Länder derived from wages tax were 15 per cent. higher than in the preceding four weeks, in the case of turnover tax, 20 per cent., assessed income tax,

99 per cent., and the corporation tax, 92 per cent. The marked increase in the revenues of the latter two taxes is, however, to a far-reaching extent due to the technique of payment (terms of payment) and the revenues will probably decrease again next month. For this reason alone, not too great an importance should be attached to these surplus amounts obtained during the reporting period. In addition, expenditures are still postponed as long as possible, so that for the last month of the fiscal year considerably higher expenditures are to be expected.

In some cases, the difference in the financial situation of the Länder continued to grow; an increase in cash on hand could be ascertained in North-Rhine/Westphalia, Lower Saxony, Hamburg, Hesse, Bavaria, and Württemberg-Baden, whereas the cash on hand in Bremen and particularly in Schleswig-Holstein decreased, the latter being indebted with 13.1 million DM on 23 October as compared with 2.4 million DM on 25 September. By the end of October, the Ministerpresidents of the Combined Economic Area decided that effective 1 October, such Länder as are in a more favourable financial situation shall grant no interest bearing cash credits to Länder encumbered with particularly high costs as a consequence of the war (Kriegsfolgekosten). As the first Land, Schleswig-Holstein received a 13 million DM credit.

The situation of the other public budgets did at least not take a turn for the worse. The total credits to public authorities as shown in the sample statistics of the Bank deutscher Länder which amounted to roughly 43 million DM on 25 September, remained unchanged on 25 October. Their composition, however, slightly changed. The credits granted chiefly to the social insurances by the Girozentralen decreased from 41 to 32 million DM, whereas the credits to the other public corporations slightly increased.

Within the work for an equalization of burdens, a draft of an immediate-aid program (Sofortprogramm) was submitted to the Executive Committee on 5 November. The program covering the period 1 October 1948 - 30 September 1949 provides on the revenue side a 2 per cent. levy on all real wealth payable in four instalments and a non-recurring special levy on

inventories payable on 1o January 1949 the rate of which is still undetermined at the moment. Originally, however, a 25 per cent. rate had been contemplated. The expenditures are subdivided into an aid in the form of pensions for refugees who are aged and unable to work, for persons having suffered war damages, for persons having suffered losses through the currency reform and for political persecutees. This aid will probably require the major part of the funds. In addition, there are provided a non-recurring aid for the procurement of household utensils, a vocational aid in the form of allowances granted for the purpose of establishing new businesses and new professions and a so-called joint aid (Gemeinschaftshilfe) which is to further joint productions and social production plannings. It is to be expected that the situation of the remaining budgets will be improved by transferring a part of the social burdens to the equalization of burdens. On the other hand however, it must be feared that consumption incomes will increase as a consequence of the payment of pensions and that the formation of capital will decrease on account of the economy being encumbered with capital levies.

An incidental effect of the expenditures connected with the equalization of burdens which from the point of view of finance policy is not intended but for monetary reasons not quite undesired could be that the special levy on inventories be transferred to a special fund pending final utilization which could, however, not be immediately decided upon since this levy will probably be used for productive purposes. If, however, in the meantime the lending out were to be renounced, more or less considerable amounts of purchasing power could thus be sterilized. A pre-requisite for this would be that the funds concerned were paid immediately to the central bank system where they would be blocked pending their final utilization.

(3) Development of Production

Even during October, production continued to develop favourably although the production increase slowed down. The index of production increased from 70.1 (as compared with 1936 = 100) to

73.0 (preliminary figure). It is remarkable that the production of investment goods increased to a somewhat larger extent than that of consumption goods. The production of coal per working day increased from 291 000 tons in September to 302 000 tons in October. This increase is not due to a higher shift performance per miner but due to the fact that the rate of absenteeism decreased. The production of brown coal likewise continued to increase (211 000 tons in October as compared with 203 000 tons in September). When judging these production figures, consideration must be given to the fact that increased production is linked with an increased coal export, so that the increase will not be available in full to the German economy. The Western German situation with regard to coal at the present time is, however, improved by the quantities of coal which due to the blockade cannot be shipped to Berlin and the Eastern Zone and thus benefit the Western German economy.

The production of pig iron, steel ingot and rolling mill production which, to a far-reaching extent, depends upon the coal supply also slightly increased during October. The production per working day of iron and steel ingot during October was by 1/2 - 1 per cent. higher than during the preceding month and in the case of rolling mill production by roughly 10 per cent.

The power supply is regarded as being insufficient as compared with a relatively good allotment of coal. Bipartite Control Office stated that the consumption of power has reached a critical stage, so that during the coming winter, comprehensive cuts in the power allotment are to be reckoned with unless the consumption of power is reduced. The consumption of power increased from roughly 320 000 kwh during the last week in June to roughly 375 000 kwh during the last week of September. A further increase which in itself would have been necessary according to the expansion of production proved to be impossible since the capacity of the steam-power plants is fully utilized but the performances of the hydro-electric plants, however, dropped considerably due to the drought. A further increase in the power production depends upon the extension and modernizing of the plants' capacities which, in turn, is impracticable unless long-term credits will be granted.

The Department for Economics reported of certain stoppages in the flow of goods, particularly in the fields of textiles and shoe production. In these fields which strongly depend upon the import of raw materials from abroad, certain handicaps in the raw material supply have become noticeable. Generally speaking, the assumption seems to be correct that in view of the relatively low imports of raw materials, the raw materials used for the increase of production subsequent to currency reform partly originate from stocks which are now decreasing. According to statements made by the Department for Economics, the bottleneck in the raw material supply, in general, is now starting to become more critical. For this reason, the future development of production will - apart from the power supply and the expert workers becoming scarce - decisively depend upon the expected increase in raw material imports.

(4) Labour Market

Even during October, the rate of employment continued to hold the high level. The number of unemployed further dropped as compared with the September figures (30 September = 756 000, 31 October = 716 000). The fact that this figure is still higher by roughly 274 000 than the June figure although the number of persons employed is only 45 000 lower than the highest post war figure of June 1948, shows how little the strong increase in the number of unemployed during July and August was due to dismissals and how strong, on the other hand, it was due to the fact that large groups of the population were forced to endeavour to earn a regular income for the first time.

During the reporting month, the Länder Bavaria, North-Rhine/Westphalia, and Württemberg-Baden showed the sharpest decrease in the unemployment figure, whereas in Bremen, Lower Saxony, and Schleswig-Holstein, the unemployment slightly increased. Due to the difficulties in including a large number of refugees in the process of production, Land Schleswig-Holstein had five times as many unemployed during October (93 300) than by the end of May.

Dismissals were chiefly reported from agriculture and forestry, the toys and musical instruments industries and the hotel- and entertainment trade. The building trade, the textile- and machine-industries, however, employed new labour.

The number of vacancies slightly increased in October (270 000 on 31 October against 261 000 at the end of September).

There is still a particular need for expert workers.

(5) Foreign Trade

Imports during October considerably decreased as compared with the preceding months. They amounted to 218.2 million DM (category A, category B, and ERP-imports). The agricultural and industrial imports accounted for approximately 50 per cent. each of this amount. In September, however, imports to the Combined Economic Area amounted to 357.9 million DM, of which amount 129.9 million were industrial imports. The October-import was the lowest since April 1948. It is hard to say what accounted for this decrease; it may be linked with the dock worker strike in the United States as well as with the fact that immediately after the harvest, the Combined Economic Area required considerably less food imports than during the preceding months. Insofar as industrial imports account for this decrease, it might be a consequence of the fact that during last spring only a few contracts were made.

The export, however, climbed to 216.4 million DM (10 million DM increase) as compared with the preceding month and is thus only exceeded by the August total amounting to 223.6 million DM. The export of raw materials is still strongly participating in the export results; during September, the export of coal alone amounted to 40 per cent. of the total exports. This figure was, nevertheless, 10 per cent. lower than the average figure of the first six months. The most important export branch of the finished goods industry, i.e. the textile industry, accounted for 11.8 per cent. of the total export during September.

It may be worth while to compare the industrial imports into the Combined Economic Area during the period January - October 1948 with the corresponding import figures of the entire area of the German Reich as existing in 1936. In the year 1948, the industrial imports amounted to 888 million DM, and in the year 1936 to 2 270 million RM. With regard to the value, the 1948 imports reached only a little over one third of the 1936 imports and with regard to quantity approximately one fifth. Due consideration must be given, however, to the fact that as compared with the year 1936 the area is considerably smaller and the number of population less.

The opening of letters of credit for general imports (Global-importe) with foreign banks developed favourably during October. The following letters of credit were issued:

in October	1165	totalling	102 million Dollars.
in September	433	"	25.5 " "

In addition, during October approximately 1900 orders on letters of credit were placed within individual contracts, but for the time being, the amounts are insignificant (4.7 million Dollars in total). It may be assumed that the increased orders will lead to considerable additional imports of raw materials and semi-finished goods approximately by the end of this year.

Export contracts (excluding coal and timber) likewise showed favourable development during October. Pursuant to preliminary figures, these contracts were almost doubled (73 million Dollars against 34 million Dollars in September and 40 million in August).

According to the Department for Economics' report, contracts on scrap covering 17.5 million Dollars and contracts on the delivery of distant gas to the Netherlands covering 8.5 million Dollars are included in this figure. Nevertheless, the development of export contracts is favourable.

(6) Prices and Wages

The increasing domestic production in October did not suffice to meet the pressure of demand - chiefly concentrated in the fields of a few commodities of the most urgent consumption demand, such as textiles and shoes - with ^{cut} difficulties and further slight price increases, particularly since the effective demand was increased by continuous creation of money enforced by law and by bank credits. The black food and meat markets were likewise marked by an increasing demand; the results more and more threaten the bread supply in spring and summer. In spite of the greatly improved supply of consumption goods, the development of prices gives cause to a great unrest among the population since it chiefly affects textiles and shoes and also food outside the black market. Observing a number of retail prices - unfortunately, a price index is not yet available - shows that during October also, the number of increasing prices exceeded that of decreasing prices, so that the price curve still reveals an upward trend.

As may be taken from the retail prices observed by the Bank deutscher Länder, the average price increase since currency reform may be conservatively estimated at roughly 50 per cent. in the case of textiles and at 60 to 80 per cent. in the case of shoes. The official price for 1 Kilogramm of "Weizenmischbrot" (light-dark bread consisting of a mixture of wheat and rye flour), however, was increased from -.38 DM to only -.41 DM, i.e. was increased by 8 per cent. On the black market, food prices climbed considerably higher. Five hundred grams of butter, for instance, now cost approximately 20 DM whereas two to three weeks ago, the normal price was 14 to 16 DM. The beef price increased from approximately 5 DM to 7.5 DM per five hundred grams. The ration points for 1 Kilogramm of white bread, however, still cost 1 DM. With regard to foreign exchange, the present Frankfurt exchange rate for one Dollar (23 November) is approximately 21.50 DM, whereas on 19 November, it was approximately 19 DM.

As compared with the price structures, wages based on tariff were only slightly changed apart from the 15 per cent. increase in wages carried out in some branches. At the present time however, it is difficult to estimate as to what effect the payment of over-hours and other extra payments which had at first been considerably cut after currency reform might now have on the actual payment of wages especially when taking into consideration the shortage of expert workers.

Figures on the economic Development

1. Labour Market of the bizonal area

	unemployed	recipients of unemployment relief
	(in 1000)	
31.5.	436	13
2.7.	500	15
31.7.	676	79
31.8.	779	208
30.9.	756	265
9.10.	746	280
19.10.	727	287
31.10.	716	290

number of vacancies in 1000

31.5.	597
31.7.	246
31.8.	237
30.9.	261
31.10.	270

persons employed

	total	thereof employed in the industry
average 1947	15.522.000	.
March 1948	16.075.000	3.189.000
June	16.424.000	3.152.000
September	16.381.000	.

2. Production

coal production in the British Zone

(per working day in 1000 to)

May	265,8
June	285,1
July	287,4
August	286,8
September	290,8 (preliminary figure.)
4.10. - 9.10.	295,6
11.10. - 16.10.	301,9
18.10. - 23.10.	305,3
25.10. - 30.10.	309,7 (" ")

Iron and Steel Industry
(per working day in 1000 to)

	pig iron	steel ingot	rolling mill production
January to June	9,8	13,6	13,2
July	13,0	16,9	17,1
August	14,0	19,6	18,9
September	15,6	22,0	20,5
27. 9. - 3.10.	15,2	21,1	20,0)prelimin-
4.10. - 10.10.	15,8	21,9	20,9)ary
11.10. - 17.10.	15,9	22,6	23,2)figures
18.10. - 24.10.	16,0	22,9	23,4)
25.10. - 31.10.	16,0	23,4	24,0)

consumption of power in million Kwh

June	July	August	September	October
1.367	1.442	1.503	1.571	1.667

(The consumption of power is determined by the possible amount of production.)

Index figures of industrial production

in the bizonal area

(preliminary figures)

1936 = 100

thereof

	total index	investment goods	general production goods	consumption goods
<u>1947</u>				
August	42,5	32,4	68,9	35,3
September	43,0	33,8	67,5	35,7
October	46,1	36,7	71,6	38,1
November	45,2	34,7	72,4	37,6
December	45,0	33,8	74,5	36,3
<u>1948</u>				
January	46,9	35,2	78,2	39,8
February	47,4	36,7	74,9	42,6
March	51,0	39,4	81,1	44,6
April	53,3	42,5	80,6	47,9
May	47,3	37,6	73,8	40,5
June	51,4	41,1	78,8	44,8
July	62,1	51,6	85,3	61,0
August	66,1	57,8	88,4	62,3
September	70,1	61,4	90,5	66,2
October (preliminary figures)	73,0	65,0	92,0	67,0

3. Rates

D - Mark - Quotations in Zürich free market
Swiss Francs for every 100 DM

7.7.	60,00	18.8.	28,50	4.10.	24,00
14.7.	28,00	25.8.	28,75	6.10.	23,50
21.7.	29,00	1.9.	29,50	14.10.	23,50
28.7.	26,00	8.9.	30,00	20.10.	20,00
4.8.	32,00	15.9.	27,00	27.10.	23,50
11.8.	33,00	22.9.	24,00	30.10.	22,50
		29.9.	23,00		

4. Prices

Development of retail prices
during October 1948
legal market

	number of price series controlled	Price changes, percentage of series controlled			difference between prices increased and prices dropped
		increased	dropped	un-changed	
food and stimulants	20	40 per. cent	35 per cent	25 per cent	+ 5. per cent
textiles and shoes	26	81 "	15 "	4 "	+ 66 "
household utensils	24	33 "	42 "	25 "	- 9 "
furniture (kitchenfurniture)	8	50 "	13 "	37 "	+ 37 "
bicycles and tires	10	60 "	10 "	30 "	+ 50 "
total	88	53 "	26 "	21 "	+ 27 "

Black Market

	number of price series controlled	Price changes, percentage of series controlled			difference between prices increased and prices dropped
		increased	dropped	un-changed	
food and stimulants	28	68 per. cent	7 per. cent	25 per. cent	+ 61 per. cent

R e t a i l p r i c e s
(legal market Düsseldorf)
25.6. = 100

	Shirts (men)	ladies' stockings	shoes (men)	electric bulbs	bicycle without tires	enamel cooking pot	ward- robe
15. 7.	88	154	121	.	.	122	.
30. 7.	86	210	138	102	126	108	83
14. 8.	99	305	133	109	130	110	83
30. 8.	105	329	143	106	128	112	82
14. 9.	109	366	166	109	133	125	84
28. 9.	107	366	171	120	132	110	84
5.10.	118	388	169	119(110.)	125	115	79
8.10.	119	388	174	.	132	107	82
12.10.	120	439	179	.	135	107	82
15.10.	124	375	177	.	135	116	79
22.10.	116	406	179	.	124	114	84
29.10.	130	353	192	.	134	114	84

(Black Market Düsseldorf)
25.6. = 100

	American wheat flour	sugar	butter	coffee	American cigarettes
15. 7.	61	75	75	85	133
30. 7.	64	61	74	72	147
14. 8.	64	53	83	61	122
30. 8.	50	68	75	62	110
15. 9.	63	63	82	63	123
28. 9.	59	.	76	64	113
5.10.	53	65	79	64	110
8.10.	59	69	83	67	110
12.10.	59	69	83	62	117
15.10.	59	69	83	64	117
22.10.	64	73	92	64	110
29.10.	59	70	99	64	117

6.

Frankfurt Stock Exchange Rates

	18.6.	average		Sept.	8.10.	18.10.	29.10.
		July	Aug.				
<u>Industry Shares</u>							
Adlerwerke	137 7/8	20,00	19,00	17,16	18 1/4	21	25,--
B.M.W.	156 1/2	16,85	17,02	16,11	15 1/2	24 1/2	24,75
Contigummi	173 1/3	51,30	47,56	44,79	50	53	58,50
Gutehoffnungs- hütte	530	37,35	31,33	33,92	32	36	36,50
Löwenbräu München	251 1/4	55,00	53,19	55,15	56	56 1/2	58,--
R.W.E.	185 1/2	51,30	44,69	42,68	44	44	47,50
Süd.Zucker	213	53,66	54,27	54,88	54	57	-
<u>Bank-Shares</u>							
Commerzbank	150 3/4	10,44	7,97	8,14	7 1/2	7 5/8	7,75
Deutsche Bank	94 - 3	8,31	6,72	6,63	6 3/4	7	7,125
Dresdner Bank	91-93 1/2	9,09	6,66	6,43	6	5 3/4	6,25
<u>Fixed interest bearing securities</u>							
4% Fft.Hyp.Bk. Pfandbriefe	106,5	9,22	9,12	8,56	7 3/8	7 3/4	7,625
4% Bayr.Hyp.- u.Wechsel Bk.	106,5	9,44	9,51	9,51	8 1/4	8 1/8	7,875
4% Degussa v.43	112	8,76	8,61	8,41	8	8 1/4	8,25

Import and Export of the Combined Economic Area (Special Trade;
Trade in Commodities) by agricultural and industrial imports
and exports; in million RM and DM, respectively.

period 1948	I m p o r t			E x p o r t			Balance +Export -Import surplus
	total	(categories A+B) thereof		total	thereof		
		agricult- ural imports	indust- rial imports		agricult- ural exports	indust- rial exports	
	0	1	2	3	4	5	6
January	112,8	71,6	41,2	43,0	1,9	41,1	- 69,8
February	142,3	94,7	47,6	67,7	10,8	56,9	- 74,6
March	144,7	89,8	54,9	77,4	7,3	70,1	- 67,3
April	200,8	126,3	74,5	97,2	2,9	94,3	-103,6
May	222,5	145,0	77,5	91,8	3,5	88,3	-130,7
June	324,8	219,8	105,0	109,6	1,0	108,6	-215,2
July	286,3	177,8	108,5	172,5	0,5	172,0	-113,8
August	326,7	188,0	138,7	223,6	1,4	222,2	-103,1
September	357,9	228,0	129,9	206,0	0,5	205,5	-151,9
October	218,2	108,0	110,2	216,4	1,1	215,3	- 1,8
Nov.							
Dec.							

Die Entwicklung des Kreditgeschäfts von 112 Geldinstituten der Trizone *)
 Development of Credit Transactions of 112 Financial Institutions of the three Western Zones *)
 Le développement des opérations de crédits de 112 établissements financiers de la Trizone *)
 (in Mill. DM) (In mill. DM) (en mill. de DM)

Stand am As per Valeur	Kredite *) an Credits to Crédits aux			
	Nichtbankenkundschaft Customers other than banks Clientèle autre que bancaire	davon of which dont		Geldinstitute Financial Institutions Etablissements financiers
		Wirtschaftsunternehmen und Private economic enterprises and privat persons Entreprises économi- ques et personnes privées	öffentliche Hand Treasuries Caisses publiques	
1	2	3	4	5
3. 7. 1948	104,5	100,1	4,4	.
10. 7. 1948	207,1	202,1	5,0	.
17. 7. 1948	362,4	333,8	28,6	.
24. 7. 1948	465,0	413,8	51,2	.
31. 7. 1948	574,3	511,9	62,4	.
7. 8. 1948	.	.	59,2	.
14. 8. 1948	621,6	560,0	61,6	.
23. 8. 1948	870,8	816,8	60,0	243,8
31. 8. 1948 2)	915,4	861,1	54,3	346,7
7. 9. 1948	1.009,1	943,1	66,0	385,7
15. 9. 1948	1.138,1	1.067,7	70,4	437,8
23. 9. 1948	1.181,8	1.134,5	47,3	581,3
30. 9. 1948	1.283,0	1.232,2	50,8	642,3
7. 10. 1948	1.289,9	1.239,3	50,6	691,4
15. 10. 1948	1.319,0	1.265,8	53,2	735,3
23. 10. 1948	1.381,4	1.338,6	42,8	810,7
31. 10. 1948	1.429,8	1.376,9	52,9	824,6
7. 11. 1948	1.448,8	1.405,7	43,1	829,6
15. 11. 1948	1.549,7	1.503,0	46,7	806,1

1) Abweichungen gegenüber früher gemeldeten Zahlen sind auf nachträgliche Berichtigungen zurückzuführen
 Deviations in comparison to previously reported figures result from subsequent rectifications
 Les déviations en comparaison aux chiffres rapportés antérieurement résultent de rachifications subséquentes

2) Kontokorrent- und Kassenkredite, Wechselobligo (einschliesslich Rediskonten), sowie sonstige Kredite; Stand der Inanspruchnahme am Wochenende
 Current account and cash credits; obligation to pay letters of exchange (including rediscount), as well as other credits; position as per end of week of use of credits.
 Crédits de compte courant et de caisse, obligation de payer les lettres de change (y compris les réescomptes), aussi que d'autre crédits; situation de fin de semaine de l'utilisation de crédit

3) vom 24.8.1948 an sind in den Meldungen der Nordwestbank, Hannover, Niederdeutsche Bankgesellschaft, Hannover und Merkur-Bank, Hannover die Zahlen deren Filialen nicht mehr enthalten
 From 24 August 1948 on, the figures given by the Nordwestbank, Niederdeutsche Bankgesellschaft and Merkur-Bank, all at Hannover, are not shown anymore in the reports of latter banks
 A partir du 24-8-1948, les chiffres des succursales de la Nordwestbank, de la Niederdeutsche Bankgesellschaft et de la Merkur-Bank, toutes à Hannover ne sont plus compris dans les rapports de ces banques

Die Entwicklung der Reserven, Nostro Guthaben und Deposits maintained with the following institutions of the Nordwestbank, Hannover, and Merkurbank, Hannover, is shown in the following table. (in million DM.)

Le développement des réserves liquides, soldes créditeurs "nostro" et dépôts entretenus auprès des 112 établissements financiers de la Trizone (en mill. de DM.)

Stand am As per Valeur	Barreserve Cash Reserve Réserves liquides		Nostro Guthaben Nostro credit Soldes créditeurs "nostro"		Deposits Einlagen auf Festkonto Deposits on blocked account Dépôts en compte bloqué		Einlagen der öffentlich. Hand Treasury -Deposits Dépôts des caisses publiques				Einlagen von Geldinstituten, Financial institutions deposits Dépôts d'établissements financiers		Aufgenommene Gelder Loans Emprunts
	Insgesamt Total	d a v o n of which dont		4	5	6	7	8	d a v o n of which dont		10	11	
		K a s s e Cash Encaisse	L Z B Guthaben Credit balances of L Z B Avoirs des L Z B						Einlagen der öffentlich. Hand Treasury -Deposits Dépôts des caisses publiques	Sonstige Gläubiger Other Creditors Autres créanciers			
3. 7. 1948	866,6	80,9	785,7	.	86,7	682,9	498,6	180,5	9	3,8	230,3	12	
10. 7. 1948	964,3	76,9	827,4	.	236,7	976,1	563,7	378,1	9	34,3	341,4	.	
17. 7. 1948	967,5	69,1	898,4	.	339,0	1.377,3	542,4	597,4	9	37,5	491,8	.	
24. 7. 1948	1.038,4	69,1	969,3	.	335,6	1.346,4	601,9	717,1	9	27,4	574,2	.	
31. 7. 1948	938,1	62,7	875,4	.	486,5	1.429,6	510,5	880,2	9	38,9	645,3	.	
7. 8. 1948	874,4	70,2	804,2	.	545,0	1.519,9	476,2	992,4	9	50,4	701,6	.	
14. 8. 1948	824,1	65,3	758,8	.	587,8	1.724,3	510,2	1.158,4	9	55,7	700,6	.	
23. 8. 1948	763,5	78,4	685,1	.	651,1	1.849,2	542,6	1.233,7	9	72,9	762,8	.	
31. 8. 1948 (1)	805,8	76,8	729,0	.	660,3	1.879,7	548,8	1.241,8	9	88,1	796,9	.	
7. 9. 1948	793,0	96,9	696,1	480,7	686,5	1.878,8	548,0	1.236,4	9	94,4	775,4	48,0	
15. 9. 1948	674,5	83,2	591,3	508,2	712,3	1.958,5	579,8	1.271,0	9	107,7	752,4	75,5	
23. 9. 1948	805,9	83,5	722,4	538,9	741,8	2.250,6	747,1	1.383,8	9	119,7	734,1	95,4	
30. 9. 1948	544,9	73,0	471,9	502,2	767,4	2.195,7	667,2	1.401,1	9	127,4	712,2	75,1	
7. 10. 1948	534,5	77,3	457,2	481,6	776,6	2.217,1	614,1	1.472,7	9	130,3	651,0	75,0	
15. 10. 1948	448,6	77,0	371,6	459,4	497,1 (2)	2.295,1	683,9	1.476,3	9	134,9	571,1	84,9	
23. 10. 1948	570,5	85,2	485,3	522,8	471,2	2.496,8	833,0	1.517,9	9	145,9	637,4	98,8	
31. 10. 1948	452,4	74,3	378,1	468,4	424,6	2.501,1	825,0	1.522,2	9	153,9	581,5	102,6	
7. 11. 1948	491,0	76,4	414,6	501,7	408,2	2.589,2	865,1	1.563,5	9	160,6	594,6	107,5	
15. 11. 1948	535,9	85,0	450,9	546,7	351,5	2.691,5	954,0	1.569,0	9	168,5	622,7	130,8	

*) Von 24. 8. 1948 an sind in den Meldungen der Nordwestbank, Hannover, Niederdeutsche Bankgesellschaft, Hannover und Merkurbank, Hannover die Zahlen deren Filialen nicht mehr enthalten.
 From 24 August 1948 on, the figures given by the Nordwestbank, Hannover, Niederdeutsche Bankgesellschaft and Merkurbank, Hannover are not shown anymore in the reports of latter banks.
 À partir du 24. 8. 1948, les chiffres de succursales de la Nordwestbank, de la Niederdeutsche Bankgesellschaft et de la Merkurbank, toutes à Hannover ne sont plus compris dans les rapports de ces banques.

+) Abweichungen gegenüber früher gemeldeten Zahlen sind auf nachträgliche Berichtigungen zurückzuführen.
 Deviations in comparison to previously reported figures result from subsequent rectifications.
 Die Abnahme der Festkonten nach dem 7. 10. ist auf die Auswirkung des Festkontengesetzes zurückzuführen.
 The decline of blocked accounts after Oct. 7 derives from the application of the Law concerning Blocked Accounts.
 La diminution des comptes bloqués après le 7-10 résulte de l'application de la Loi concernant les comptes bloqués.

BANK DEUTSCHER LANDE

Frankfurt(Main), 25 November 1948
Taunusanlage 4/5
T. 3 00 11

Subject:- Monthly Report

Due to technical difficulties, the submittal of the September 1948 report has not been possible at an earlier date. However, the main tendencies of the entire economic situation described herein still apply to the present moment. Within the next few days, this material will be supplemented by a shorter report for October 1948.

BANK DEUTSCHER LANDE
s/d VOCKE s/d WREDE