

BANCA D'ITALIA.

ANNUAL REPORT

OF THE

GOVERNOR

TO THE

GENERAL MEETING OF SHAREHOLDERS

HELD IN ROME ON MARCH 31st, 1930.

Year 1929

LONDON :

E. COUCHMAN & CO., LTD.

1930

ANNUAL REPORT
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GOVERNOR OF THE BANCA D'ITALIA
TO THE

Shareholders of the Bank at the Ordinary General Meeting
held in Rome on the 31st March, 1930 (*).

General Remarks.

Gentlemen,

We feel justified in saying that the features of the international market throughout 1929 arose mainly from the conditions and events referred to at our last Meeting. We may recall the abnormal conditions of credit and speculation already prevailing in the United States of America, the recollection of which is present in our minds by reason of the ensuing events. These conditions had induced the Central Banks of Europe, starting with the Bank of England, to protect their gold. Subsequently, general attention was more closely drawn upon the New York market, when the steady flow of foreign capital seeking high remuneration on temporary investments, pressed to ever higher records the North American financial boom, which was also contributed to by the large supply of local capital outside the control and irrespective of the warnings given by the leaders of the Federal Reserve System. When, in spring, the seasonal difficulties of the German market culminated in the increase of the discount rate of the Reichsbank to $7\frac{1}{2}$ per cent., the already large efflux of gold from London to North America was supplemented by gold shipments to Berlin. Later, in the summer, partly owing to the increased needs of industry and trade in France and, partly, to the fiscal restrictions on foreign investments in that country, large

(*) Abridged translation of the Italian text.

capital movements took place from London to Paris (1), and the heavy loss of gold induced the Bank of England to adopt, in September, the drastic remedy of raising the Bank Rate to $6\frac{1}{2}$ per cent. (2). Meanwhile, in New York the speculative excesses were followed by a slump in autumn, which, in addition to its widespread effects in other directions, caused the monetary tension in Europe to be relieved, making possible a return to easier money rates and to calmer and more normal conditions of the foreign exchange market.

We also mentioned a year ago the Paris Experts' Meeting, which was called with the object of definitely solving the problem of

(1) Addressing the General Meeting of Shareholders on the 30th January ultimo, the Governor of the Bank of France made the following remarks on the subject :—

“ L'afflux des voyageurs étrangers a procuré à la balance nationale des comptes son élément créditeur habituel. Les besoins du commerce et de l'industrie ont obligé les banques à rapatrier, pour alimenter leur trésorerie, une partie de leurs avoirs extérieurs. Dans les derniers mois de l'année enfin, la crise qui à éprouvé le marché de New York, le fléchissement du loyer de l'argent à court terme sur la plupart des places européennes, ont contribué à ramener vers Paris un important courant de disponibilités antérieurement exportées dans un intérêt de spéculation ou de placement.

“ Tous ces larges mouvements de capitaux ont entretenu, sur le marché des changes, pendant les six derniers mois de l'exercice, des demandes importantes et quasi-permanentes de francs. La valeur de notre monnaie s'est élevée, sur les principales places du monde ; elle y a atteint et dépassé, à diverses reprises, le point de sortie de l'or, et c'est, comme il est normal, par des envois de métal qu'a été soldée, durant presque tout le semestre, la balance créditrice des comptes de notre Pays.

“ L'or que les banques françaises ont été ainsi conduites à importer, en raison du cours élevé de notre monnaie, nous a naturellement été offert par elles, en échange des francs qui leur étaient nécessaires. Nous avons dû agréer toutes ces offres, en exécution de la loi monétaire du 25 Juin, 1928, qui oblige la Banque à acheter, à un prix fixe, tous les contingents d'or dont la cession lui est proposée.”

(2) The amount of gold held by the Bank of England moved from 154.1 million £ to 146 million £ in the course of the year, after having reached a maximum of 164.2 million £ on the 12th June and a minimum of 130.3 million £ on the 2nd October. Below are the figures of the Bank's gold on the dates on which the Bank Rate was changed in London :—

1929	February	7	£149.9	millions	($5\frac{1}{2}$ %)
	„	September	26	...	£133.2	„	($6\frac{1}{2}$ %)
	„	October	31	...	£132.1	„	(6%)
	„	November	21	...	£132.8	„	($5\frac{1}{2}$ %)
	„	December	12	...	£137.4	„	(5%)

It is easily realised that the Bank of England had to apply the $6\frac{1}{2}$ per cent. rate after having seen a decline in its gold holding, in little more than three months, by not less than 31 million £: but, having regard to the interests of the market, in spite of the fact that the actual gold reserve had not yet substantially risen, it proceeded to reduce the rate as soon as the tendency of the international gold movements became more favourable to London.

war reparations. That Meeting and the following Conferences assembled at The Hague in August, 1929, and January, 1930, produced a new Plan which, as in the previous case, took its name from the Chairman of the Experts' Committee, Mr. Owen D. Young.

After long discussions, which did not fail to affect the tendency of the financial markets, a considerable improvement of the relations between the countries involved in the war was achieved. Germany's reparation debt was reduced to little more than one-third and the payments to be made were equitably distributed, while the bearing of the transfer clause was mitigated. Moreover, the amount of reparations in kind was allowed to be gradually reduced, finally contemplating, as soon as the conditions of the international market would make it possible, the mobilisation of a part of the German annuities, which are no longer secured by the transfer clause: this to be achieved by an issue of bonds guaranteed by the debtor State (3).

It is unnecessary to dwell on the great importance of the settlement of the reciprocal positions of the nations interested in reparations, and on the unquestionable progress marked in its whole by the Plan which has succeeded the Dawes Plan, since it eliminates the political guarantees imposed upon Germany and fixes conditions of useful co-operation, especially through the new body

(3) At a Cabinet Meeting held on the 12th February, 1930, the Finance Minister, Signor Mosconi, resumed in the following terms the advantages to be expected for our country by the adoption of the Young Plan:—

"Italy may consider itself satisfied with the results which have been obtained. With regard to Germany, the full cover of our war debts to the United States and Great Britain has been secured, and, in addition, Italy has obtained the free disposal of a yearly amount of 42 million gold marks until the financial year 1965-66, and this annuity can be freely commercialised by the issue of bonds. Thus Italy's participation in German reparations has been actually increased from 10 to 12½ per cent.

"Eastern reparations have also been equitably settled, thus eliminating one of the causes of constant trouble in the Danubian States, and to this settlement Italy has substantially contributed. In this connection, the settlement of reparations due by Hungary was particularly important, Italy having taken a leading part in the solution of the complex problems concerning that country. With regard to Czecho-Slovakia, we have obtained the full cover in respect of the engagement entered into last August with Great Britain to transfer to the latter our liberation credits to the extent of 9 million gold marks per annum. Other questions have also been finally settled, including the winding up of the offices for the verification and clearing of German property, leaving at our disposal the considerable balances held by the latter; an agreement in principle with Austria for the recovery of our large special credits and, lastly, the suppression of the German-Italian Mixed Arbitration Tribunal."

which is called to supervise this imposing administration. We refer to the functions assigned to the Bank for International Settlements, which recently stipulated its Constitutive Act in this building. In addition to administrative and distributive functions in respect of the settlement of assets and liabilities among the debtor and creditor nations, to be performed outside of any political sphere, the Bank is required to transact international banking operations. The composition of the Board, which is to preside over the new Bank, not only guarantees the harmonious fusion of individual with general interests, but also, by making closer the personal relations between the chiefs of the various Central Banks, will bring about an ever closer co-operation among the latter. Moreover, considering the tendency of the nations to base their respective currencies on gold, thereby enlarging and strengthening the interdependence of the various markets, the clearing functions which the new body is expected to perform should not be without beneficial effects.

While efforts are being steadily made to conform the monetary use of gold in the various countries to the existing supplies of the metal, it can be observed that, in spite of the doubts which had been raised in some quarters, the world output of gold in 1929 has been almost the same as in the previous year, and experts are of opinion that, for some years to come, no substantial fall in the gold production is to be feared (1).

Considering the auspices under which the new year has started, we may look forward with confidence to carrying out the work of reconstruction which is being pursued by the world; a hard and, in some respects, increasingly complicated task. Doubtless, progress towards a better equilibrium will be enhanced by that wider feeling of international solidarity by which interests, at times conflicting or divergent, can be reconciled.

The Home Market.

For our country, the past year has actually involved a fresh step on the difficult path of economic restoration, although the extent of the progress was affected by the conditions of foreign markets

(1) The world output of gold for the past year is estimated at £83,500,000, which is about equal to the previous year's output. In addition, the international market of precious metals was marked in 1929 by a steady and substantial fall in the price of silver (on average by about 15½ per cent.), this having affected the general trend of wholesale prices of commodities, owing to the reduced purchasing power resulting in the Far Eastern markets.

and by the handling of the international problems from the solution of which benefits are expected for all the nations which were tried by the war.

Considering the various obstacles in the way of a speedy revival in countries better provided than our own, it is no small satisfaction to record in the latter the steady development of the process of adjustment required by the currency reform which was introduced two years ago.

Beginning with the Budget, we find that the secured equilibrium has been well maintained(1). The financial year ending on the 30th June, 1929, closed with actual receipts totalling 20,200.8 million lire against an expenditure of 19,645.7 million lire, or a surplus of 555.1 million lire (2). The estimates for the present financial

(1) Addressing the Chamber of Deputies on the 18th June, 1929, the Finance Minister, referring to the fundamental points set forth by the Prime Minister in the previous year concerning the Budget, said "that these points can be resumed in the essential principle of checking expenditure and not pressing too hardly on the taxpayers, who (apart from evaders) bear their heavy burdens with a spirit of sacrifice and a sense of duty which are highly laudable." Signor Mosconi added "it has been my aim to pursue this policy, which is for me an order, like a faithful soldier, and I have made every effort to do as much as possible, within the limits of the available means, to meet the most urgent needs in matters of public interest."

"Every country in Europe which has been involved in the War is still feeling the effects of the crisis which was inevitable, going through the various stages, from the unhappy currency inflation to the more irksome deflation and stabilisation. It can be claimed, in our case, that these problems have been faced and solved without all the damaging consequences which had been feared, and that we are well on the way of our final adjustment, as may be confirmed by the numerous indices of our economic life. But the process of convalescence—although already at an advanced stage—cannot be considered as yet complete, and it would be unpardonable to compromise, by hurried or not sufficiently considered steps, the full recovery which appears to our eyes sure and close at hand."

(2) The following are the results of the Budget account for the last financial years (in million lire):—

Financial Year	Revenue	Expenditure	Surplus or Deficit + or —
1924-25	20,440	20,023	+ 417
1925-26	21,044	18,775	+ 2,269
1926-27	21,450	21,014	+ 436
1927-28	20,072	19,574	+ 498
1928-29	20,201	19,646	+ 555

It should be noted that since the creation of separate administrations for the postal, telegraph, and telephone services (1925), and for the State monopolies (1928), the receipts and expenditure of the latter are not included in the above-mentioned totals; but the results of the balance-sheets of these concerns appear nevertheless in the final Budget figures, since the net profits or losses are

year 1929-30 originally contemplated actual receipts of 18,571 million lire against expenditure of 18,313 million lire, with a surplus of 258 million lire. But owing to the changes brought about by supplementary estimates in the course of the first eight months of the year, it is estimated that for the full year the receipts shall be reduced to 18,347 million lire and expenditure increased to 19,396.4 million lire, thus anticipating a deficit of 1,049.4 million lire. The actual results for the first eight months, however, show receipts at 12,638.7 million lire and expenditure at 12,925.6 million lire, or a deficit of only 286.9 million lire (1).

With reference to the Budget results, consideration must be given to the influence on revenue of the reduced imports of wheat, which have been caused by the favourable results of the home harvest (2).

For the year 1930-31, it is estimated that revenue will total 19,348.8 million lire and expenditure 19,085.9 million lire, leaving a surplus of 262.9 million lire (3).

* * * *

included in the final revenue and expenditure returns. In the case of State monopolies, a portion of the receipts is entered as Budget revenue under excise duties ; on the other hand, the item "railway constructions" has been included, as from the year 1926, in the Budget revenue and expenditure account.

Moreover, attention must be drawn to the fact that the surplus for the year 1925-26 was actually reduced to 469 million lire owing to the appropriation of a sum of 1,800 million lire for economic reconstruction and national defence.

(1) The following table shows the Budget results from the beginning of the present financial year (in lire, 00,000 omitted) :—

Financial Year 1929-30	Revenue	Expenditure	Surplus or Deficit + or —
July	1,607.8	1,562.7	+ 45.1
July-August	3,164.7	3,149.7	+ 15.0
July-September	4,579.6	4,748.3	- 168.7
July-October	6,192.0	6,364.8	- 172.8
July-November	7,766.6	7,994.9	- 228.3
July-December	9,367.8	9,585.7	- 217.9
July-January	11,036.1	11,228.6	- 192.5
July-February	12,638.7	12,925.6	- 286.9

Since the first deficit was recorded in the Budget account, there appears generally a tendency for revenue to progress more appreciably than expenditure.

(2) In the first eight months of the present financial year, the imports of wheat amounted to 437,800 metric tons and the customs duty thereon yielded 221.7 million lire, as against imports of 1,452,300 tons and a yield of 523.1 million lire in respect of duty in the corresponding period of the financial year 1928-29, which compares with estimates for the full current year of wheat imports totalling 1,700,000 tons and a yield of 686.3 million lire from the import duties thereon.

(3) For the next financial year, the wheat customs duty is expected to yield 565.2 million lire, estimating the wheat imports at 1,100,000 metric tons, the duty being at the rate of 140 old gold lire per ton (about L.514 per ton).

The public debt during the year 1929 was increased altogether by 683 million lire, which is less than 8 per mille, owing to an increase of 828 million lire in the floating debt against a reduction of 145 million lire in the funded and redeemable debt (1). From one year to the other, the proportion of the floating debt to the total debt has moved from 2.7 to 3.6 per cent. It is scarcely necessary to recall that an amount of 80 million lire is included in the floating debt in respect of the old currency notes which are actually written off, and that the debtor current accounts—by which the floating debt is mainly constituted—replace that source of necessary funds required by the Treasury which, in other countries, is represented by treasury bills, the issue of which has been discontinued for a considerable time in our country. It may be added that in this way the Italian State has refrained from availing itself of its authority to obtain temporary advances from the Central Bank to meet the temporary

(1) In the following table the composition of the internal public debt is compared at the end of the year 1928, on the 30th June and the 31st December, 1929 :—

	1928 31st December		1929 30th June		1929 31st December	
Funded Debt.....	71,498	82.1%	71,449	82.0%	71,411	81.4%
Redeemable Debt	13,221	15.2%	13,175	15.1%	13,163	15.0%
Floating Debt (a).....	2,287	2.7%	2,500	2.9%	3,115	3.6%
	<u>87,006</u>	<u>100.0%</u>	<u>87,124</u>	<u>100.0%</u>	<u>87,689</u>	<u>100.0%</u>

(a) The Floating Debt consists of the following :—

	1928 31st December	1929 30th June	1929 31st December
Currency Notes.....	161	96	80
Liabilities in respect of interest bearing current accounts :—			
to Cassa depositi e Prestiti.....	1,360	1,618	2,043
to latter's affiliations	410	420	616
to Banco di Napoli	356	366	376

(See " Official Gazette " Supplements of 20th January, 1929, and 20th January, 1930).

cash requirements, thus conforming to the policy governing the circulation of notes, which has been strictly adhered to (1).

* * * *

Considering the price of Government securities, it will be noted that in 1929 the trend was less fluctuating and more regular than in the preceding year, although, on the whole, somewhat weaker. This was due to the comparatively higher money rates prevailing in Italy, and the more attractive rates of interest offered during the year in foreign markets for funds seeking investment.

The average quotation for the 5 per cent. Consols (inclusive of accrued interest) rose from 81.17 per cent. in December, 1928, to 83.24 per cent. in the following February, subsequently declining more or less regularly down to 76.35 per cent. in October, then recovering to 79.70 per cent. in December and finally closing the year at 78.82 per cent.

In the same way, the $3\frac{1}{2}$ per cent. Rentes improved from 70.12 to 72 per cent. as from December, 1928, to February, 1929, then relapsed to 65.19 per cent. in October, recovering to 67.06 per cent. in November, the year's closing price being 66.45 per cent. (2).

The tendency of the Consolidated Loans was, generally, consistent with the trend of the market for variable dividend securities, upon which the often abnormal conditions of the foreign

(1) The table appearing in the preceding note shows that at the end of 1929 the redeemable debt, which was in the proportion of 15 per cent. to the total debt, amounted to 13,163 million lire. This amount includes 6,725 million lire of 5 per cent. nine-year Treasury bonds and 915 million lire of $4\frac{3}{4}$ per cent. nine-year Treasury bonds, or altogether 7,640 million lire of such bonds, of which 3,810 million lire fall due in November, 1931, 915 million lire in November, 1932, 1,920 million lire in May, 1934, and 995 million lire in November, 1934. In order to allay discreditable and unfounded doubts that these bonds, although exempt from the compulsory conversion at the time of the issue of the "Littorio" loan, may at their maturity be the object of compulsory measures, the Finance Minister in a speech delivered to the Chamber of Deputies on the 18th June ultimo, thought proper to deny most emphatically that any such measure was contemplated, and at a Cabinet Council held on of the 12th November, he said "that at the opportune moment the holders would, naturally, have the free choice between the full reimbursement of the bonds at maturity and their conversion into other redeemable bonds, the conditions of which would be fixed in due course."

(2) The index number of the prices of the funded Government securities, calculated by Prof. Bachi (average 1913=100), moved from 59.3 per cent. in December, 1928, to 60.9 per cent. in the following February, falling back to 56.1 per cent. in October, recovering to 57.9 per cent. in November, and closing at 57.7 per cent. in December.

markets did not fail to have effect. Thus the quotations of such securities were not at all times a true index of the actual economic situation of Italy, whereas, also during the past year, the country's savings have continued to increase (1).

* * * *

As regards the exchange movements for the year, only some slight diversion from the lira gold points was exceptionally recorded. The tendency resulted in higher maximums of depreciation and lesser levels of appreciation as compared with the previous year.

The U.S. dollar rate, from the lowest average of 19.07 lire touched in February and April, reached its highest level of 19.11 in the period from July to September, recovering to 19.08 in the following two months and ending at 19.09 in December, the same as for December, 1928. In the case of the £ sterling, from an average of 92.65 lire in December, 1928, a minimum of 92.54 was reached last April, rising subsequently with some fluctuations to a maximum of 93.27 in December, while the average for that month was 93.23 (2). Equally, the rate of the Swiss francs varied from an average of 368.05 in December, 1928, to a minimum between 367.03 and 367.15 between February and April, fluctuating subsequently from a maximum of 371.78 to a minimum of 370.90 in the month of December. The quotation of the French francs from one year to the other has moved from a monthly average of 74.67 in December, 1928, to 75.25 in December, 1929, the lowest rate touched having been 74.53 in February and April, and the highest 75.30 in December.

(1) With regard to the indices of variable dividend securities, it will be observed that the index number compiled by Prof. Bachi (December, 1913=100) moved from 141.34 per cent. in December, 1928, to 143.53 per cent. in February, 1929, falling subsequently to 127.35 per cent. in April, and after recovering to 132.80 per cent. in August, concluded at 123.16 per cent. in December.

Considering the figures of the national savings, it will be seen that the deposits with the ordinary Savings banks, which in 1928 had risen from 13,973.1 million lire to 15,626.2 million lire, reached 16,361.6 million lire at the end of the year 1929. The deposits with the Post Office Savings Bank have also risen from 10,826.1 million lire to 11,376.7 million lire in the year 1929, as against an amount of 10,138.6 million lire appearing at the end of the year 1927. Therefore, the yearly increase of deposits in the case of the former has been at the rate of 4.7 per cent., and 5.1 per cent. in the case of the latter.

(2) The position of the exchange rate on London was affected by the tendency of the sterling rate against dollars, which after having fluctuated between $4.85\frac{5}{16}$ and $4.84\frac{13}{16}$ during the first nine months of the year, moved in the last three months of the year to $4.86\frac{31}{32}$, $4.87\frac{3}{4}$ and $4.86\frac{3}{16}$ respectively.

Considering the events affecting the foreign money markets and the influence which they could not fail to have on our rates of exchange, it must be admitted that the lira during the past year gave evidence of satisfactory stability and resistance. There is no doubt that this was partly due to the improvement in the position of our trade balance, which, in its turn, influenced the balance of international payments and the demand for foreign currencies to meet payments abroad. Consideration must also be given to the position of the note issue, which will be dealt with more extensively later on. For, in spite of an increase in the Bank's normal transactions, the note circulation has been further reduced during the past year from 17,300 to 16,800 million lire (1).

* * * *

With reference to our foreign trade, the figures for 1929 were considerably better than for 1928. Against imports amounting altogether to 21,300 million lire, exports totalled 14,888.8 million lire, involving a visible trade deficit of 6,411.2 million lire, which compares with an excess of imports of 7,361.4 million lire in 1928 : a

(1) Comparing the amount of bank notes and currency notes—the latter have been gradually replaced by silver coin—the following table records the changes in the total circulation for the last five years (00,000 omitted) :—

(in lire, 00,000 omitted)

	NOTES		SILVER COIN	TOTAL
	Bank Notes	Currency Notes		
31st December, 1925.....	19,349.7	2,100.0	—	21,449.7
„ „ 1926.....	18,340.1	1,793.0	—	20,133.1
„ „ 1927.....	17,992.2	782.7	1,027.3	19,802.2
„ „ 1928.....	17,295.4	161.0	1,263.8	18,720.2
„ „ 1929.....	16,774.3	80.0	1,493.3	18,347.6

It will be seen that while the circulation of bank notes shows a progressive decline, also the circulation of currency issued by the State has been reduced between 1925 and 1929 as follows : the former by 2,575.4 million lire (13.4 per cent.) and the latter by 526.7 million lire (25.1 per cent.). The amount of 1,493.3 million lire of silver coin outstanding on the 31st December, 1929, is 231.7 million lire below the authorised limit.

reduction of about 13 per cent. (1). The tendency towards an improvement in our trade balance, which had been recorded during the second half of the year 1928, has steadily grown, resulting in a reduction of 2.83 per cent. in the value of imports, and an expansion of exports by 2.26 per cent., from 1928 to 1929. These changes are more significant considering the downward trend of prices for imported as well as exported goods, which affected especially the latter. The good crops caused a considerable reduction of imported foodstuffs: in the case of wheat, the value of imports was reduced by 40% in 1929 as compared with 1928. The effect of this favourable item on the total imports was, however, partly offset by the increase in the amount of imported raw materials and manufactures (2). On the other hand, the higher value of exports may be regarded as principally due to the larger exports of foodstuffs and manufactures (3). The latter feature is a valuable

(1) The following figures show the values of imports and exports compared for the last three years (00,000 omitted) :—

	First Half-year	Second Half-year	Full Year
1927			
Imports	11,826.5	8,548.3	20,374.8
Exports	7,990.0	7,742.0	15,732.0
Deficit	3,836.5	806.3	4,642.8
1928			
Imports	11,044.3	10,876.1	21,920.4
Exports	6,997.5	7,561.5	14,559.0
Deficit	4,046.8	3,314.6	7,361.4
1929			
Imports	11,777.0	9,523.0	21,300.0
Exports	7,417.4	7,471.4	14,888.8
Deficit	4,359.6	2,051.6	6,411.2

(2) It should be noted that, from one year to the other, the value of imported grain has fallen from about 2,956 million lire to 1,718 million lire, or an improvement of 1,238 million lire, by which the deficit of the trade balance on foodstuffs has been reduced to little more than 1,000 million lire from about 2,700 million lire in 1928. During the year, however, the imports of raw materials increased by about 500 million lire, especially owing to coal, and the imports of manufactured goods have also risen by over 350 million lire, of which nearly one-half relates to machinery and parts thereof. These data are not devoid of encouraging significance, but nevertheless they lead to the conclusion that the exceptional drop of wheat imports is the main cause of the reduction in the visible trade deficit which occurred in 1929.

(3) As regards the expansion in the exports of manufactures the increase in value for 1929 was 220 million lire which, accounting for the fall in prices, is of notable significance.

index of the conditions under which the productive activity of the country is proceeding along the difficult path of its adjustment, which gives cause for further and more detailed consideration.

Industrial Results.

During the year, Italian industry forged further ahead in the heavy task of its final adjustment, overcoming not inconsiderable obstacles from the outside world. The development and results of the Italian manufacturing cycle were more particularly affected by the following causes : (a) the reduced power of absorption of some of the largest importing markets ; (b) the competition which became more active owing to the depressed conditions of similar industries abroad ; (c) the conditions of uncertainty of the North American market, following the slump in the securities' market of that country ; (d) the considerable and continuous fall in the price of certain raw materials of primary importance for international interchange (1) ;

(1) In the following table, the index numbers of wholesale commodity prices are compared, as usual, for the United States (Labor Bureau), Great Britain (Board of Trade), and Italy (Milan Provincial Economic Council), the latter being calculated in paper currency and in gold, and finally these figures are compared with the index of the cost of living in our country, as calculated by the Central Statistical Institute :—

	Wholesale Prices (1913=100)					COST OF LIVING ITALY
	United States (Labor Bureau)	Great Britain (Board of Trade)	ITALY			(1913=100)
			Milan Provincial Economic Council	Official Price of Gold %	Gold index	Average for 84 Cities (Central Statistical Institute,)
December, 1928	138.5	138	496.6	368.33	134.8	564
January, 1929	139.3	138	496.4	368.39	134.7	565
February „	138.5	138	498.2	368.28	135.3	565
March „	139.7	140	498.9	368.32	135.4	571
April „	138.7	139	492.7	368.27	133.8	566
May „	137.2	136	484.6	368.38	131.6	563
June „	138.1	136	480.4	368.52	130.3	564
July „	140.4	137	477.3	368.58	129.5	558
August „	140.0	136	474.5	368.61	128.6	553
September „	139.7	136	472.3	368.61	128.1	547
October „	138.0	136	470.2	368.46	127.6	546
November „	135.2	134	464.2	368.40	126.0	551
December „	135.0	133	459.2	368.43	124.6	554
January, 1930	133.8	131	453.2	368.44	123.9	548

The fall in world wholesale commodity prices was more notable in the last two months of 1929, showing, in the case of Italy, a difference of 8 per cent. as compared with the figures for the corresponding months of the previous year.

As regards retail prices, the trend during the year kept pace to a limited extent with the course of wholesale prices. The index number of the cost of living in 84 cities,

and, finally (*e*) the soaring, as a rule, of customs protection raised to safeguard industry where our manufactures are sold.

To these adverse external elements others of an internal nature were added : (*a*) the reduced power of consumption ; (*b*) the falling-off, and, at times, the complete absence of profits, following the difficulties of adapting the selling prices to manufacturing costs (1) ; (*c*) the higher money rates and restriction of credits and long-term financing ; (*d*) the effect of commercial failures ; (*e*) the burden of taxation in spite of the lower rates of duties ; and, finally (*f*) the high cost of transports.

However, considering the position on the whole, there are many and clear signs of revival in the manufacturing activity, although retarded from wider development by the difficulties and impediments mentioned above. Thus the following features can be recorded : (*a*) higher returns from the utilisation of plants (2) ; (*b*) greater consumption of electric power and fuel ; (*c*) increased traffic on land and sea transports ; (*d*) larger imports of raw materials ; and (*e*) some expansion in the export of home manufactures (3).

In spite of the adverse circumstances, the efforts intended to speed up and complete the adjustment of the industrial fabric by

according to the calculations of the Central Statistical Institute, showed a reduction of only about 2 per cent. last December, as compared with December, 1928. However, this is not a feature peculiar to Italy, but it can be equally observed in other countries, where the statistical data show more or less strong divergencies between the falling trend of wholesale prices and the trend of retail prices and of the cost of living.

(1) Efforts have been made to minimise the effect of such a state of affairs by forming associations and syndicates with the object of regulating the production and rationing the sales, in order that the industries may obtain a more reasonable remuneration on their output.

(2) In many branches of industry the activity of the factories and the amount of labour employed have almost reached, and even surpassed, the normal limit.

(3) The home industries have struggled with tenacity and courage in the foreign markets—also by heavy sacrifices of their profits—in order to face the growing competition and to maintain the positions which had been previously gained. The extent of the struggle can be realised by examining the changes of the index numbers of wholesale prices, as compiled by the Milan Provincial Economic Council, in relation to the distribution and direction of the commodities considered. It is shown that, whereas the index number of the value of merchandise intended for home consumption and of imported goods has fallen between December, 1928, and 1929, at the rate of 7.91 per cent. and 7.45 per cent. respectively, the index number of the value of commodities for export has fallen in the same period by 13.97 per cent.

association, concentration and amalgamation of undertakings ; by the elimination and clearance of super-structures created by unhealthy initiatives ; by the renewal of plant and machinery, the reduction and simplification of types of production ; by perfecting the technical and scientific processes, developing and improving commercial organisation both at home and abroad ; and by the co-ordination of the latter with the respective producing industries ; proceeded unabated.

It should be added that the adoption of more rational methods of work, aiming at a better return of the single productive units—both manual and mechanical—was extended. All this with the object of reducing as much as possible manufacturing costs and improving thereby the returns from industrial production.

Also in the past year work was carried out with order and discipline. The corporative organisation has concluded a number of important agreements for the introduction and adoption of joint labour contracts on a national basis. All questions arising from the contrast of conflicting interests have been, in every case, settled in a spirit of equity. Therefore, it can be claimed that, in spite of the many and serious difficulties and hardships which have confronted and still confront and retard the desired general revival, the year 1929 has marked for the bulk of the leading industries a further step towards their full recovery.

* * * *

Silk.

Notwithstanding the more favourable conditions at which cocoons could be secured in the past season (1), the spinning mills had on the whole a difficult year. The price of yarns, which had considerably improved in the first months of the year, following purchases from the United States (2), relapsed later owing to the reduced European demand and to the financial crisis in America, touching levels which were inadequate compared with the cost of

(1) The 1929 crop of cocoons amounted to 53,348,835 kilograms, showing a slight increase over the 1928 crop which resulted in 52,488,430 kilograms. The price of cocoons fluctuated between 14 and 16 lire per kilogram.

(2) It is reckoned that the United States alone absorb about three-quarters of the silk world exportable production.

the raw material (1). Stocks, which are rather high, have also contributed to increase the difficulties of the spinning mills, which made even more felt the Japanese competition (2).

The production of artificial silk progressed further in 1929 (3) owing to the increased demand by the textile industry, which makes an increasingly large use of artificial silk for mixing with pure silk. The selling price, which slightly improved on the home market following the price agreement between the largest producers in Italy, has been less remunerative than in the previous year in the foreign markets by reason of the keener competition among the principal international manufacturing groups. On the other hand, Italian manufactures, thanks to the more perfected methods employed, have gained considerable ground in Central and Western Europe and in the markets of the East and of the Argentine Republic.

Wool.

The wool industry was faced with considerable difficulties during the past year, which are especially due to the remarkable and almost continuous fall in the price of the raw material, which was only checked in the last weeks of the year. This fall, while making less costly the supply of the raw material for the manufacturers, has induced the wholesalers to curtail their orders to the indispensable minimum. Moreover, the increased competition on the part of foreign manufacturers resulted in a part of their excess production over the needs of other consuming countries being dumped on the Italian market. On the other hand, the customs

(1) The price of "exquis" raw silk, which in January, 1929, was L.235 per kilogram, was reduced to L.215 at the gathering period, and after recovering to L.225 at the end of September, fell further to L.190 at the end of the year.

(2) With the object of supporting the silk industry in its present delicate situation and to avoid further depreciation in the prices of silk, a Decree Law of the 30th December, 1929, provides for the creation of a "Syndicate for the Defence of the Silk Industry." This syndicate, which has been formed with the concurrence of the National Silk Institute, the National Social Insurance Office and the National Institute for the Insurance of Spinning Industries, intends to afford—over and above the usual limits—advances against silk deposited in special warehouses, and to exceptionally purchase lots of silk in cases of recognised necessity.

(3) According to the present estimates, the production of artificial silk in Italy exceeded 32 million kilograms in the past year as against 26 million kilograms in 1928. The world output of artificial silk, for which Italy still holds the second place, after the United States of America, (whereas it leads all other countries in respect of exports) has risen from 175 million kilograms in 1928 to 216 million kilograms in 1929.

barriers impeded the placing of Italian manufactures outside the Kingdom. However, the activity of the industry was almost normal as regards spinning and combing, whereas it was considerably below normal as regards weaving, especially in the sections manufacturing fabrics for women's wear which are less favoured by the present day fashions.

Cotton.

The cotton industry, likewise, had to face unfavourable circumstances, especially in the second half of the year, owing to the reduced demand of the home market and the greater difficulty of placing our manufactures abroad. The spinners were obliged to sell almost for the whole year with very small margins of profit and, at times, even under cost, in order to dispose of the surplus output and avoid a large accumulation of stocks (1). The factories concerned with the weaving of pure cotton piece-goods had to remain particularly inactive, whereas the factories producing printed fabrics and fabrics mixed with artificial silk or other fibres were more busy. As a whole, however, the industry during the past year increased its capacity and there were larger consignments of cotton goods both for the home market and for export.

Hemp, Flax and Jute.

The hemp industry did not have a good year. The slow but steady fall in price for the season's crop of hemp—which was of average quantity and mediocre quality—following a reduced demand both at home and abroad (2), did not certainly stimulate the work of the factories, which was also affected by the dumping of the commodity from France and Belgium (3) and by the competition of other vegetal textile fibres.

As regards flax, in spite of the larger world crop and the reduced cost of the supplies, the condition of the spinning and weaving mills, which was affected by the increased use of artificial silk

(1) Last November, at the initiative of the Italian Cotton Association, a syndicate was formed, including almost all the Italian spinners, with the object—among others—of regulating the home sales of raw yarns, simple and twisted.

(2) Certain foreign markets have found it more convenient to supply themselves with Russian and Jugo-Slavian fibres.

(3) With the object of reducing the pressure of the competitive industries abroad, the Government has increased the import duties on hemp yarns and twine.

and cotton in the production of many articles, did not improve during the past year.

The jute industry found considerable difficulty in placing its manufactures on the North American market owing to the supplies offered at more favourable terms by the Indian factories.

Iron, Steel and Engineering.

The iron and steel production was on the whole satisfactory in the past year. Although the activity was somewhat reduced in the last months, these industries have reached new records, having been assisted by a certain revival in the building trade and by the demand connected with the execution of public works and land reclamations. However, the keener competition among the principal producers and the dumping from abroad, especially from France, prevented in many cases the placing of the output at remunerative prices. (1).

Further progress was made by concentration and amalgamation of undertakings, with the object of dividing up the work among the various factories, in order to specialise and reduce costs, having consideration for the limited power of absorption of our iron and steel markets (2).

Among the engineering industries, the auxiliaries to naval construction have generally been considerably active, whereas the factories concerned with railway construction were not so busy, except in the last part of the year, when larger orders were received from the State Railways. The factories producing machinery for agriculture have been considerably affected by foreign competition. Other factories of medium importance, specialising in particular lines, realised limited profits.

(1) The output of pig-iron increased from 507,611 metric tons in 1928 to 678,491 tons in 1929 ; the steel output rose from 1,963,127 tons in 1928 to 2,148,567 tons in 1929, and the output of steel sheets from 1,822,308 to 1,951,764 tons.

(2) Towards the end of 1929, an Italian Metallurgic Consortium and a Metallurgic Union were formed, with the concurrence of the largest factories, for the purpose of obtaining a more rational re-organisation of the iron and steel output, and of regulating the sale of manufactures. These new bodies have superseded the late consortiums of steel factories and foundries created in September 1928. The consortium aims at distributing the output among the associates and at centralising the purchases of raw materials, etc. The Union is entrusted with the exclusive sales of the steel plates and sheets produced by the associated factories, except in cases where particular selling organisations are in existence.

Motor car manufacturers found some difficulty in placing their output on foreign markets, both on account of the less favourable conditions of some of the most important outlets and the renewed competition of foreign makes—particularly American—as well as owing to the higher customs duties raised in other countries. However, the absorption of the home market which, owing to the steady reduction of prices has considerably expanded, is a compensation for the falling exports of motor cars (1).

Naval Construction and Shipping.

Notwithstanding the growing competition from abroad and the critical condition of some important undertakings, the shipping trade produced in 1929 satisfactory results as regards passenger traffic. The smaller return from Italian emigrants found compensation in the larger contribution from other emigrants and class passengers on the transatlantic liners (2). Good results have been reaped from the agreements which were concluded among the most important shipping companies to avoid damaging competition between them. On the other hand, during the year, conditions for cargo traffic were trying, especially for the boats serving regular lines, owing to the constant drop in freights (3).

(1) The number of motor cars sold in Italy by the leading home factory increased in 1929 by about 28 per cent. as compared with the sales recorded for 1928.

(2) It is estimated that emigration from Eastern European countries has replaced from 40 to 50 per cent. of the emigration formerly contributed by Italy. Moreover, Italian class passenger traffic—either for trade or tourist purposes—has somewhat increased on the most important lines.

(3) Cargo freights on the principal trans-oceanic lines show the following changes for 1929 and the first two months of 1930, according to “The Economist’s” freight index numbers (basis 1913 rate=100):—

1929 January	109.6	1929 August.....	96.1
„ February	106.7	„ September	95.3
„ March	102.6	„ October	93.3
„ April.....	99.1	„ November	88.3
„ May	97.3	„ December	86.2
„ June	92.1	1930 January	81.2
„ July	94.8	„ February.....	76.5

Apart from a small recovery during the summer months, the falling tendency has continued throughout the year 1929 and still continues in the present year. The average index number has again declined below the pre-war level as from last April.

The average monthly index numbers of freights for coal shipments from the United Kingdom to Italy, according to the figures compiled by the Genoa Provincial Economic Council, for the year 1929 and the first two months of 1930, (basis 1922-25=100) are as follows:—

The disproportion existing between the available world tonnage and the volume of marine traffic has become greater owing to the smaller demand for cargoes, especially on account of the remarkable decline of wheat exports from the largest producing countries, thus making the crisis of marine transport more seriously felt (1).

During the past year new ships were laid in the ship-building yards, while orders were also received on behalf of the Italian and foreign navies (2).

Chemical Industry.

For the most important branches of the chemical industry the year 1929 resulted in a larger output of super-phosphates and nitrous potassic manures owing to the larger demand for agriculture. On the other hand, the output of acids and by-products temporarily slowed down owing to the reduced demand of the consuming industries. Considerable progress was made in the production of aluminium using the large supplies of the national raw material (bauxite and leucite).

Normal activity prevailed in the soap and glycerine factories. Better results were obtained from the working of vegetable oils and fats and of lubricating oils, while a considerable revival was recorded in the production of dye-stuffs and varnishes.

1929 January	95.45	1929 August.....	87.79
„ February	94.98	„ September	85.62
„ March	92.02	„ October	85.03
„ April.....	88.76	„ November	77.90
„ May	95.88	„ December	72.45
„ June	91.37	1930 January	68.01
„ July	95.83	„ February.....	66.61

It will be seen that the fall in freights for coal shipments from British ports has been heavier in the last months of 1929 and still continues in the present year.

(1) The Government, in pursuance of the keen interest which it has always displayed towards the progress of the mercantile marine and supporting its efforts for a steady development, have enacted provisions for encouraging the creation of new regular lines and for the renewal and improvement of the vessels.

Favourable results are expected from the special agreements which are being concluded between Italian and foreign shipping companies, such as, among others, those concluded with the North American companies relating to the traffic between Mexican and Mediterranean ports.

(2) The Italian merchant fleet, with a gross tonnage of 3,215,000 tons, occupies at present the sixth place in the world scale, after Great Britain, the United States, Japan, Germany and France. As compared with the pre-war position, there has been not only a large increase in tonnage, but also a proportionate advancement on the scale of world tonnage. On the 30th June, 1929, the Italian flag covered 4.8 per cent. of the world tonnage as against 3.1 per cent. in 1914.

At the beginning of the present year, two of the largest shipping companies decided to lay two large liners of dimensions and speed largely exceeding those of the liners previously constructed.

Electric Industries.

Also in 1929 the production and distribution of electric power has further progressed, especially in Central and Southern Italy, with good profits (1). New power stations have been harnessed and new high tension lines for transmitting the power to the largest consuming centres have been placed (2).

The telephone industry has contributed to the development of the plants and distributing lines, joining up new districts which hitherto had not been provided with this means of communication. The telephone companies (3) have actively proceeded to turn into automatic the town services and with the extension of the new underground lines, linking up the largest towns in Northern Italy and the international lines (4).

Building.

During the past year the building trade was active, especially as the result of a larger demand for housing, particularly in the largest cities. Consequently, the demand for cement and other building material has been considerable throughout the year (5). However, towards the end of the year, the activity was somewhat slacker owing, probably, to the falling tendency of building costs.

(1) According to the statistics of the National Fascist Union of Electric Industries, controlling about 86 per cent. of the electric power produced in the country, the electric power (hydraulic and thermic) produced in 1929 was 9,096,194 kilowatt-hours as against 8,442,216 in 1928.

The installed power (hydraulic and thermic), which at the end of 1928 was 3,299,000 kilowatt-hours, had risen by the end of 1929 to 3,639,000 kilowatt-hours.

(2) During the past year, Italian capital participated in foreign electric enterprises. In June, 1929, the "Compagnie Européenne pour entreprises d'électricité et d'utilité publique" was formed in Brussels with a capital of 500 million Belgian francs, in the constitution of which Italian financial groups participated.

(3) As is known, since July, 1925, the Government have transferred the town and inter-urban telephone services in each of the five areas in which the country has been divided to Companies formed for that purpose, reserving to the State office the inter-regional long-distance traffic and almost all the international services. As from the 1st July, 1929, the inter-urban lines given in concession in the five above areas covered 76,300 kilometres, as against 45,000 kilometres existing on the 1st July, 1925.

(4) The State telephone office is constructing the great national line which will join Naples with Milan, Turin and Genoa, through Rome, Florence and Bologna, branching off from the latter city to Venice and Tarvisio.

(5) According to the statistics of the Ministry of Corporations, the 1929 cement output of 139 factories was 3,497,400 metric tons, as against 3,069,900 metric tons in 1928.

Paper.

The paper industry on the whole had a less satisfactory year than the previous one, especially in the case of the less technically up-to-date factories, owing to the higher cost of certain raw materials as against a decline in the price of paper. This also affected exports, although the latter do not have much importance for this particular industry.

Tanning.

Also the tanning industry was confronted with a difficult time, both on account of the falling price of raw hides (1), and the restriction in the demand for tanned goods, which prevented the industry from placing its output at remunerative prices. The position, however, is now improving since import duties have been imposed, in order to minimise the effect of foreign competition (2).

Some revival was recorded in the last months of the year in the boot manufacture, although some of the factories have had to curtail their output. Also the manufacture of bags and other fancy goods did not show any increased activity.

Milling and Rice.

During the past year the largest mills were very active, in spite of the constant competition of the smaller ones. The heavy fluctuations in the price of wheat on the principal markets abroad (3) has affected the purchases of foreign wheat, which were greatly reduced owing to the large home harvest (4).

(1) It is estimated that the prices of raw hides have fallen in 1929 by 40 per cent. as compared with the second half of 1928.

(2) The Royal Decree Law, No. 2038 of the 3rd December, 1929, which alters the general customs tariff, has increased the duty on tanned hairless hides.

(3) At the time of the harvest, last July, the world price of wheat recorded a sudden and substantial rise, due especially to the news of a less abundant harvest in the United States and of a very scarce production in Canada. In the following months, after ascertaining more carefully the existing stocks, prices have gradually fallen until November; subsequently, prices recovered somewhat, partly in view of the credit facilities afforded to the farmers by the United States Government.

(4) In order to counteract the fall in the world price of grain, which compromised the efforts for furthering the home production of wheat and discouraged the farmers, the Government, by an enactment of the 24th May, 1929, again increased the customs duty on imported wheat from 110 to 140 gold lire per metric ton.

The rice industry did not undergo further development owing to the competition of the Egyptian and Spanish rice which was offered on foreign markets at lower prices (1).

Sugar.

The sugar industry benefited in 1929, as in the previous year, by the large crop and the high sugar contents of the beet (2), so that the output was considerably more than required by the increased home demand (3). The price of sugar—protected against foreign competition by the new tariff (4)—was unchanged at the level ruling at the end of 1928 (5).

Wine.

The crop of grapes was smaller last year and the wine industry did not flourish. The price of wines, which was fairly steady soon after the vintage, declined gradually afterwards (6). The export of ordinary table wines has somewhat revived owing to the fall in prices, but the keen competition of Spanish, Greek, Hungarian and French wines is still felt. The export of Vermouth has further progressed.

(1) The National Council of rice growers has again confirmed the desirability of reducing the costs of production by introducing improved technical machinery on the rice fields.

(2) On an area under beet cultivation of 114,330 hectares 2,861,800 metric tons of sugar beet were produced, or an average of 25.03 metric tons per hectare, as against an average of 24.83 tons per hectare produced in 1928 over an almost identical area.

(3) The total output of refined sugar in the past season, according to the statistics of the Consortium of Sugar Manufacturers, reached 391,800 metric tons which, added to the 13,500 tons remaining from the previous season, leaves a surplus of 43,500 tons over the yearly home consumption which is estimated at about 360,000 tons. This surplus may be regarded as desirable in order to meet the possible fluctuations between the last season's and the future season's production.

(4) It may be recalled that by a Royal Decree Law, issued on the 2nd January, 1929, the import duty on sugar was raised from 247.50 to 360 gold lire per metric ton.

(5) The joint contract for beet cultivation, which refers to the sugar contents and to the price of the commodity, has been already in force for several years and proves to be a factor of equilibrium and co-ordination between the interests of the industry and those of agriculture. The contract for the present year between the Federation of Beet Growers and the Consortium of Sugar Manufacturers has reduced the area to be devoted to beet cultivation to 110,000 hectares.

(6) In order to relieve the wine market of a part of the unsold stocks, the Government have recently enacted certain provisions whereby the immediate distillation of damaged or inferior wines of such stocks is encouraged.

Agriculture.

In 1929, crops were almost in every case very abundant, so that in some instances even over-production was noticeable, especially in the slowing down of the demand for produce marketed abroad.

The production of wheat amounted last year to 7,094,370 metric tons as against 6,221,480 metric tons for 1928, thus exceeding all previous records, also in respect of the average production per hectare, which was 1.48 tons per hectare against 1.25 tons in the previous year. The notable increase is unquestionably due to the adoption of new and improved technical processes, following the provisions enacted under the so-called "battle of the wheat" promoted by the Prime Minister. It is sufficient to mention that the consumption of chemical fertilizers has risen to 1,417,300 metric tons for phosphatic, 277,800 for nitrogenous and 58,400 for potassic manures.

The statistics show, moreover, that the largest contribution to the 1929 results was given by the increased production in the southern provinces. The north, although upholding its superiority, contributed with comparatively less noticeable progress.

Other cereals, including rye, barley and oats, yielded altogether 1,142,883 metric tons, with an increase of 34,000 metric tons over 1928. Maize yielded 2,523,720 metric tons as against 1,650,840 metric tons in 1928, but it must be remembered that in the previous year the crop was seriously affected by the drought. The rice production was 673,350 metric tons, showing an increase of only 41,500 metric tons as compared with 1928, this being due to heavy rains and hail-storms, especially at the time of gathering, which caused considerable damage. The increase is, in fact, negligible considering that the area under rice cultivation had been enlarged by about 2,500 hectares.

The potato crop was 2,011,150 metric tons as against 1,495,300 metric tons in 1928; and equally increased were the crops of other vegetables including, especially, tomatoes which yielded 1,175,700 metric tons against about 550,300 metric tons in 1928.

Fruit, excluding chestnuts, was more abundant, the total crop being over 1,100,000 tons against about 800,000 tons in 1928; equally, the production of chestnuts was by about 650,000 tons greater than in the previous year while exports remained very active.

The production of hemp for 1929 totalled 87,303 metric tons as against 85,740 metric tons in 1928. On the other hand, the production of flax was smaller, especially owing to a reduction of the area under flax cultivation by about 5,500 hectares.

The crop of grapes was fairly good, although less than in the previous year, at about 6,400,000 tons as against about 7,500,000 tons for 1928. The reduction was due to the exceptionally low temperatures in the winter which damaged the vines especially in the hilly districts, to the dampness in the summer which caused a certain amount of disease and, finally, to excessive rains during the ripening period.

The area sowed with winter wheat for 1930 is provisionally estimated at 4,775,700 hectares, to which the area sowed with spring wheat must be added, so that altogether the area under wheat cultivation is about the same as last year.

The new season, especially as regards wheat, is promising. In every district work is being carried out actively, in order to improve still further the technical and economic returns of our agriculture ; and efforts are being concentrated on attaining the objects strongly advocated by the Prime Minister.

No substantial change has taken place in the condition of cattle as compared with the previous years. The advantages, which were reaped through the better fodder crops of the year were counter-balanced by the effects of falling prices in all departments.

As compared with 1926, the prices of live-stock, meat, milk, butter and cheese, of hides and of wool were from 30 to 40 per cent. lower. For some produce, such as industrial milk, the reduction in price has reached towards the end of the year 45 per cent. It is, however, satisfactory that, in spite of the difficulties caused by the unceasing drop in prices, the numbers of the national live-stock have been well maintained.

The farmers have been especially active, aiming at obtaining a higher yield and an improvement in the quality of the cattle, while reducing substantially and permanently costs, in order to attain a larger production and sustain successfully the competition of foreign produce.

The Government has assisted and encouraged the efforts of the breeders, by introducing a new law concerning the upkeep and breeding of live-stock. New pasture stations have been created and new breeding centres for sheep have been established, while provision has been made to develop the activity of zoo-technical institutes.

The Prime Minister takes a personal interest in the matter and has called forth, for the first time, a three-yearly national competition among the breeders.

The progress of agriculture in its various branches is the object of particular care and the greatest keenness on the part of all concerned is being displayed towards its furtherance.

Safeguarding of Savings.

The credit institutions which were subject to the existing law for the safeguarding of savings on the 28th February, 1930, may be grouped as follows :—

1,411 Joint Stock Banks and Bankers ;

239 Savings Banks, Pawnbroking Establishments, Communal Agricultural Banks, etc. ;

2,429 Rural Banks and other Co-operative and unlimited Liability Institutions ;

altogether 4,079, as against 4,197 which on the 1st January, 1929, were inscribed or in course of inscription in the register at the Finance Ministry.

During the year, 121 of such institutions were traced and reported to the above Ministry and 4 new ones were established (1). But in the meantime, 180 gave up voluntarily the collection of deposits and 63 ceased to function ; hence the reduction during the year of 118 in the number of existing credit institutions.

The stoppage of the above-mentioned concerns was due in the case of 27 to liquidation, and in the case of 36 to absorption by others or amalgamation into new concerns.

On the other hand, it must be added that, out of the 4,079 existing concerns, 24 have demanded a settlement with their creditors,

(1) Applications submitted to the Banca d'Italia up to the 28th February, 1930, for the creation of new banks were 13 : of these, 3 have been granted and 7 refused, while 3 remain under consideration.

20 have failed, and 54 have gone into voluntary liquidation. Altogether, there are thus 98 banks to be added to the other 337 which, for the same reasons, had to go out of business as from the enactment of the laws for the safeguarding of savings.

As regards the demands for opening new branches, the restrictions which were introduced as from September, 1928, to the following January, were confirmed by the competent Ministries in March last year and are still in force ; thus the scope of the Banca d'Italia was limited to examining the applications submitted in the interval between the two periods and other applications of special emergency. Out of 84 applications made by 49 banking institutions up to the 28th February, 1930, concerning 171 places, 63 were granted for an equal number of localities. The insistence of the joint stock banks to obtain an enlargement of their respective fields of activity by opening new branches was continuous, and resulted in the refusal of many demands which were not based on strictly technical grounds.

It is obviously necessary to avoid inopportune expenses which are injurious to the economic interests of the country. Moreover, as a result of the restrictions—of which mention has been made—a tendency is noticeable on the part of medium and large banks to seek authority to take over failed concerns, or to be interested and assist in their liquidation. As, in this way, it is often intended to attain by other means the object of establishing offices in centres which are already sufficiently provided with banking accommodation, the Banca d'Italia has always regarded such applications as falling under the same heading as applications for opening new branches. By agreement with the competent Ministries, it has also been thought proper that the concerns subject to the rules contained in the laws for the safeguarding of savings may not take over the liquidation of other concerns, whatever the latter may be, guarantee any settlement with their creditors or, in any case, carry on their business except by special authority, to be applied for as prescribed by the the Decree Law of the 6th November, 1926 (Art. 6).

In this way an effective check has been placed upon the increasing practice intended to contravene the law, thus ensuring the extension of control to any institution taking over the liquidation of other concerns.

The demands for absorption and amalgamation—on which the Banca d'Italia is competent to decide—were 34, as against 47 in

the previous year, and of these 27 were granted. Following ministerial sanctions, 11 of which concerned Savings Banks, in 1929 36 banking institutions ceased to operate. In this respect, it should be remembered that the Banca d'Italia, in consideration of the excessive number of existing credit institutions, has thought proper to encourage amalgamations whenever the position of the institutions concerned gave evidence of creating thereby a stronger and more vital organisation. This not only in order to favour a reduction in the general expenses, but also to check competition in attracting deposits whereby interest rates are affected.

The applications by deposit banks for authority to grant agricultural credits—either directly or as intermediaries—were 81. Of these 60 were granted, 7 refused and the remainder are still under consideration.

The applications with regard to the granting of credits over and above the limits assigned under the terms of Article 16 of the Royal Decree No. 1830 of the 6th November, 1926, amounted to 146, involving a total amount of L.305,056,350 which referred to 97 banks. Of these only 84, for a total of L.203,520,982, were regarded as answering the principles established by the Banca d'Italia mentioned in previous reports. The above, compared with the year 1928, show a smaller number of operations, but for a considerably larger amount. This is due especially to the financing of public works and land reclamations by the Savings Banks. Out of 51 banks which benefited under the said 84 grants, 15 were Savings Banks, the amount involved being L.94,606,069.

As is known, according to the first paragraph of the above-mentioned Article 16, the individual credits which on the date of enactment of the decree exceeded the limit of one-fifth of the capital of the lending bank, had to be reported to the Central Bank and regularised within three years. Out of 1,567 reports made at the time to the Banca d'Italia, 482 were discharged, and the balance referred to 11,041 credits for a total of L.6,259,340,544 of which 4,989 million lire were for direct operations and 1,270 million lire for indirect operations.

An enquiry which was ordered at the completion of the first three-year period (17th December, 1929), will only be possible when the figures concerning the credits granted by the Savings Banks will be known, since, under the terms of Article 33 of the Royal Decree

Law, No. 967 of the 25th April, 1929, the latter have been allowed until the 11th April, 1930, to regularise the excess credits outstanding which were reported in March, 1927. As the above term is drawing closer, at the initiative of the Fascist General Banking Confederation, the opportunity for a further postponement of at least one year has been submitted. The Finance Ministry and the Banca d'Italia have been approached on the subject, and, although considering that it would not be desirable to alter the provisions of the decree by new legislation, admitted that, in view of the not easy moment for the credit institutions and their debtors, a certain respite might be granted from time to time and in special cases, for a period not exceeding one year; insisting, however, that in the meantime the reduction of the credits should regularly continue. Up to the 28th February ultimo, 102 institutions benefited under these facilities for specially justified reasons, in respect of 209 credits involving a total of 587 million lire.

During the past year 472 inspections were made, of which 271 were at joint stock and kindred banks, 42 at private bankers and 159 at rural banks. Therefore, during the three years, the number of banks belonging to the three groups which were inspected were 544, 131 and 465 respectively, namely 1,140 in all.

The collection of statistical data, of which mention was made in last year's report, was completed also for the year 1928. Therefore, in spite of the difficulties arising from the different basis on which the various returns are compiled, it is possible to-day to compare the principal items of the balance-sheets of the Italian credit institutions receiving deposits for the three years following the introduction of legislation for the safeguarding of savings. A report on the subject appears on pages 57—60. For the year 1929, the enquiry will be made easier by the use of the new standard returns of which mention was made in last year's report.

Syndicate for Advances against Industrial Securities.

In the year 1929, the Syndicate for Advances against Industrial Securities granted fresh transactions for an amount of 297 million lire, which brings the total transactions of the Syndicate to 3,859 million lire for the fifteen years since its activities started.

It has been possible to afford considerable assistance to the home industries during the past year, both in view of the large paying off of bills discounted by the Syndicate, which amounted to

270 million lire, and of the satisfactory demand for the Syndicate's interest-bearing bonds, the outstanding amount of which on the 31st December, 1929, was about L.187,250,000.

With the funds which have been placed at its disposal out of private savings, the Syndicate has been able to reduce by further 50 million lire its re-discounts with the Central Bank, which on the 31st December, 1929, amounted to 449 million lire, as against 499 million lire at the end of the previous year.

It may be expected that also in the future the proceeds of the issue of bonds will be equal to the capital requirements of the Syndicate, thus causing the further reduction of re-discounts required by law, by which the bank note circulation is affected. (1).

The outstanding transactions of the Syndicate at the end of 1929 totalled 662.4 million lire, as against 635.5 million lire on the 31st December, 1928.

The following table shows the changes from one year to the other :—

(in thousands of lire.)

	1928	1929	Increase or decrease in 1929
Advances against securities.....	83,400	180,200	+ 96,800
Industrial Bills	441,200	377,400	— 63,800
Advances against merchandise....	7,400	8,900	+ 1,500
Shipping Credits.....	103,500	95,900	— 7,600
Total....	635,500	662,400	+ 26,900

The increase in the transactions refers almost entirely to the category of advances against securities, in which are now incorporated many important loans secured by industrial securities, which previously were recorded among industrial bills.

(1) Under the terms of Art. 2 of the Royal Decree Law No. 2103 of the 30th December, 1924, it is required that at the end of the present year the re-discounts of the Syndicate shall not exceed 400 million lire.

For the past year a further amount of L.5,500,000 has been added to the "Securities' Depreciation Fund," which is intended to meet the differences in the book values of the Government securities in which part of the Syndicate's capital is invested.

The net profits for the year amounted to L.11,190,946, which were allocated as follows:—

L.2,750,247 to the Guarantee Fund, and

L.8,440,699 to the Shareholders.

The Guarantee Fund, which at the end of 1928 amounted to 83.7 million lire, was increased during the past year by a further amount of L.8,750,000 on account of the above contribution, of the accrued interest on the securities in which the Fund is invested, and of the contribution of the Banca d'Italia in respect of its profits on the Syndicate's re-discounts. Therefore, the Fund was increased at the end of 1929 to L.92,500,000, which is equal to 74 per cent. of the Syndicate's paid-up capital. The Banca d'Italia's share in the capital of the Syndicate, namely L.18,850,000, implies a share in the Guarantee Fund of L.14,314,528.

Istituto di Liquidazioni.

The credit of the Banca d'Italia with the Istituto di Liquidazioni, which at the end of 1928 was 1,160 million lire, has been reduced on the 31st December, 1929, to 851 million lire.

The reduction of 309 million lire is due, as to 89 million lire, to payments made by the Istituto in respect of realised assets, and as to 220 million lire, to the transfer of reserves to the Bank, viz.: 41 million lire on account of liquid reserve and 179 million lire on account of invested reserve.

During the first months of the present year a further reduction of 73 million lire was recorded, of which 55 million lire were in respect of further realised assets, and 18 million lire in respect of reserves. A further reduction will take place on the payment of 20.9 million lire, as its share in the net profits of the Banca d'Italia for the year 1929. Summing up, the credit of the Banca d'Italia with the Istituto di Liquidazioni is now reduced to about 757 million lire.

Italian National Institute of Exchange.

A Royal Decree of the 12th instant has provided to restore full freedom of the foreign exchange market, by repealing the

provisions contained in the Royal Decree of the 10th June, 1926, and the ministerial orders which were subsequently issued for its application (1). Thus the last restrictions in this field, the origin of which lay in the decree-law No. 1508 of the 29th August, 1925, empowering the Government to issue rules having force of law with regard to foreign exchange transactions, have come to an end. The repeal which has been enacted by the above-mentioned decree is evidence that, under the present monetary conditions, the temporary restrictions, which contingencies had induced to preserve even after the legal stabilisation of the lira, have become superfluous, although the application of such restrictions had been gradually relaxed in preparation for a return to normality in that delicate matter. The above provision is completed by two further decrees, issued on the following day, the first of which repeals the embargo on the export of coin and of Italian securities payable abroad in gold or gold currencies, the second postponing until the end of the year 1933 the term for floating loans or placing bonds abroad on which exemption from fiscal duties may be granted.

By virtue of the above provisions, the Italian economy joins up more fully and freely in the stream of international monetary movements.

As regards the normal activities of the Institute, also last year the necessary foreign currencies for Treasury payments outside Italy, for the normal requirements of Government Departments, for the service of the war debts to Great Britain and the United States of America and of the Morgan Loan, were duly provided. (2).

Moreover, the Institute, in accordance with the terms of the Convention made with the Finance Ministry on the 31st January, 1927 (3), provided also in the year 1929—although on a comparatively small scale—the foreign currencies required by certain public bodies for the service of loans concluded by the latter abroad, the proceeds of which had been originally transferred to the Treasury against the guarantee of the rate of exchange.

(1) See the Report for 1926, p. 43.

(2) As in the previous year, the Banca d'Italia has assisted the Institute in its task, by supplying the foreign currencies required when the moments were less opportune for purchases on the open market.

(3) See the Reports for 1926, pp. 41-43, 1927, pp. 34-36, and 1928, p. 39.

Branches in the Colonies.

The activity of the Bank's branches in the Colonies in the past year developed along similar lines as previously reported, which may be summed up as follows: (a) a progressive adjustment of the economic position in Tripolitania; (b) in Cirenaica, more normal conditions were experienced following the brilliant success attained by the military Government of the colony; (c) a promising development of economic conditions in Somaliland; (d) a persistence of the adverse conditions of agriculture in Erythræa and, consequently, commercial difficulties which have been recurrent in the post-war period.

The trade position in Erythræa was further hindered in the past year by the considerable fall in the price of silver which affected the local currency, the Maria Theresa dollar. An expansion by about 4 million lire in the operations of our branches in that country as compared with the previous year, shows that the Banca d'Italia, although carefully regulating the distribution of credit on the basis of a strict and impartial consideration of individual merits, did its utmost for the general economic progress of the colony by supporting and stimulating the productive activity of the latter.

As regards Somaliland, the year 1929 has been devoted to better organising the rational exploitation of the large natural resources of that country. The Chisimaio branch started in 1929.

Considerable improvements have been brought about by the Government in the harbour of Mogadiscio and throughout the colony, and the Bank has been asked to take over the construction and service of the warehouses and superintend the port services, which it has accepted, considering that the latter do not involve excessive risks. The construction during the first year calls for a comparatively small outlay of capital, and the buildings are to be erected on a large site along the quay which has been placed, free of charge, at the disposal of the Bank, so that extensions can be made insomuch as the trade and traffic of the leading centre of the colony will develop. However, the Bank is free to withdraw from its engagement to build and conduct the warehouses and the port services, should agreement not be reached with the Government on the conditions for carrying out the business and on the local tariffs. One condition already stipulated is that the concession of these

services should be exclusive. The experience of this business which has been gained in conducting similar services in Tripoli, is a guarantee that the Banca d'Italia will be able to satisfactorily perform its duties in the interests of the colony.

Also as regards agricultural credit, the Banca d'Italia has thought fit to assist the Government's policy, consenting to extend that form of credit in Somaliland as soon as the agricultural consortium, which has been formed there, shall have started to function regularly.

The Banca d'Italia, while giving its hearty support to the development of production and of trade in Somaliland, is pleased to record the yearly progress of the plantations and industries of the "Società Agricola Italo-Somala," under the leadership of His Royal Highness the Duke of Abruzzi.

Since in every case the Bank is not out to obtain larger or lesser profits, but to further the general interests of the colony, its action must be prudent and always consistent with the results which may be expected.

In Tripolitania, an agreement has been concluded between the Banca d'Italia, the Banco di Napoli, the Banco di Sicilia and the Savings Bank of Tripolitania, to grant jointly, in equal shares, mortgage loans for building purposes up to an aggregate of 20 million lire. The activity of the Tripoli Savings Bank regarding agricultural credits to assist land owners with funds placed at its disposal by the Italian banking consortium, which was created in 1928 under the auspices of the Banca d'Italia, is proceeding regularly and is furthering colonisation.

Considerable progress has been made in the service of the warehouses which is being performed in conjunction with the Banco di Napoli and the Banco di Sicilia.

As regards Cirenaica, no outstanding features can be recorded for the past year, except the building of new offices at Benghazi, on a site where later a warehouse may be constructed, so as to assist local trade as soon as conditions will permit.

A new branch was established in April, 1929, in Rhodes, which was initially conducted as one of our branches in the Kingdom. This course was considered to be desirable in the first instance, when

starting our activity in the Aegean Isles. But at the end of the year, in order to give the branch a greater latitude for its activity, it has been granted the same freedom which is enjoyed by our colonial branches.

The following figures resume the Bank's operations in the Italian Colonies oversea.

		<i>Lire 00,000 omitted.</i>
Cash displacements.....		L. 6,761.3
Bills discounted		220.8
Advances	{ against securities....	62.5
	{ against merchandise	6.4
Interest-bearing current accounts	{ receipts	326.5
	{ payments	336.1
	{ balance	19.5
Savings deposits	{ receipts	16.9
	{ payments	17.0
	{ balance	17.8
Foreign currencies		69.4
Telegraphic payment orders.....	{ issued	215.7
	{ executed	21.4
Demand drafts.....	{ issued	443.4
	{ paid	280.5
Net profits		1.7

The Banca d'Italia follows its policy of protecting Italian economic interests in the Colonies, and with this object it conducts the colonial branches, maintaining the closest relations with the Government. Its aim is always to progress and to improve, but with order and measure, so as to avoid dangerous set-backs.

Clearing Houses.

The total clearings for the year 1929 amounted to 741,946 million lire, with a decrease of 38,563 million lire as compared with 1928.

The following table shows the monthly changes in the figures of clearings for the last three years, and it will be seen that, whereas for the first four months of 1929, the figures were comparatively

higher than in 1928, in the following months the amounts were always lower, consistently with the conditions of the securities' market :—

(in million lire)

	1927	1928	1929
January	71,150	59,919	67,466
February	71,118	57,423	64,938
March	73,903	60,830	67,038
April.....	70,440	67,203	68,488
May	65,947	74,289	57,165
June.....	66,881	68,610	57,419
July	60,027	64,392	65,479
August.....	56,101	58,063	57,135
September	53,213	53,538	50,250
October.....	59,245	74,729	66,565
November.....	58,026	71,094	57,227
December.....	63,535	70,419	62,776

During the year 1929, the net clearings were 727,477 million lire, and the cash paid on balance was 14,469 million lire, or 1.90 per cent. of the total clearings (1).

Shares and Shareholders.

At the end of 1929, the shares of the Bank were inscribed in the names of 10,558 shareholders, of which 10,403 owning 495,594 shares were domiciled in the Kingdom, and 155 holding 4,406 shares resided abroad.

(1) The following are the returns for the last five years of the Bologna, Florence, Genoa, Leghorn, Milan, Naples, Padua, Rome, Turin, Trieste and Venice Clearing Houses :—

(in million lire)

Year	Total Returns	Sums Cleared	Cash used	Ratio of cash to clearings %
1925	1,089,344	1,051,002	38,342	3.52
1926	1,297,636	1,252,550	45,086	3.47
1927	769,586	747,197	22,389	2.90
1928	780,509	762,243	18,266	2.34
1929	741,946	727,477	14,469	1.90

Only daily clearings are effected at Padua and Leghorn, while monthly clearings were started at Venice in May, 1927.

During the year, 8,683 transfers for altogether 551,004 shares were registered, as against 6,145 transfers for 793,358 shares in 1928.

Cash Displacements and Reserve.

The cash turnover in 1929 aggregated 481,000 million lire as against 511,000 million lire in the previous year, of which :—

Receipts	L.241,001,519,597
And Payments	L.239,510,158,006

The reserve held against the notes outstanding and the other sight liabilities of the Bank (demand drafts, interest-bearing current accounts, and Treasury current account) included the following items on 31st December, 1929 :—

Gold in hand	5,190.1	50.18%
Other gold assets :		
Balances abroad ...	3,614.2	
Foreign Treasury Bills	1,537.0	
	<hr/> 5,151.2	<hr/> 49.82%
Total Reserve	<hr/> 10,341.3	<hr/> 100.00%

As compared with the 31st December, 1928, the ratio of the reserve in gold to the total reserve has increased by 4.55 per cent.

The sight liabilities amounted at the end of 1929 to 18,759.2 million lire, and the ratio of reserve to same was 55.13 per cent., while the ratio of the gold holdings was 27.67 per cent., the corresponding ratios on the same date a year ago being 55.81 and 25.47 per cent. respectively.

The proportion required by law being at the rate of 40 per cent., the legal minimum of reserve required was thus 7,503.7 million lire, and, therefore, there was a surplus of reserve available, equal to 2,837.6 million lire.

The following table shows the changes in the reserve at the end of each month :—

(in lire 00,000 omitted)

	Gold in hand	Other Gold assets		Total Reserve	Total Sight Liabilities to be covered	Ratio of Reserve to Liabilities	Legal Ratio of Reserve (40 %)	Surplus Reserve
		Balances Abroad	Foreign Treasury Bills					
1928								
31 December.....	5,051.9	4,383.2	1,635.7	11,070.8	19,836.7	55.81 %	7,934.7	3,136.1
1929								
31 January	5,052.1	4,107.6	1,635.7	10,795.4	19,339.0	55.82 %	7,735.6	3,059.8
28 February	5,058.6	3,696.4	1,820.2	10,575.2	18,837.1	56.14 %	7,534.8	3,040.4
31 March	5,125.8	3,797.5	1,536.9	10,460.2	18,821.4	55.58 %	7,528.6	2,931.6
30 April.....	5,125.4	3,342.5	1,537.0	10,004.9	18,418.4	54.32 %	7,367.4	2,637.5
31 May	5,125.9	3,373.5	1,537.1	10,036.5	18,303.9	54.83 %	7,321.6	2,714.9
30 June	5,158.6	3,382.1	1,537.5	10,078.2	18,581.8	54.24 %	7,432.7	2,645.5
31 July	5,158.9	3,397.8	1,537.7	10,094.4	18,959.1	53.24 %	7,583.6	2,510.8
31 August	5,159.9	3,432.7	1,538.0	10,130.6	18,633.2	54.37 %	7,453.3	2,677.3
30 September	5,176.3	3,526.7	1,537.0	10,240.0	18,760.1	54.58 %	7,504.0	2,736.0
31 October	5,180.1	3,659.5	1,537.0	10,376.6	18,784.1	55.24 %	7,513.6	2,863.0
30 November	5,189.4	3,630.1	1,537.0	10,356.5	18,550.2	55.83 %	7,420.1	2,936.4
31 December.....	5,190.1	3,614.2	1,537.0	10,341.3	18,759.2	55.13 %	7,503.7	2,837.6

Considering separately the reserve required to provide the legal 40 per cent. cover to customers and Treasury current accounts and demand drafts, and the balance which remains to cover the notes in circulation, including the total gold holdings, the results appearing in the following table will be obtained :—

(in lire 00,000 omitted)

	Notes Outstanding	Reserve against notes			Ratio of Cover %	
		Balances Abroad	Gold in hand	Total	Altogether	Gold alone
1928—31 December....	17,295.4	5,002.4	5,051.9	10,054.3	58.13	29.21
1929—31 January	16,589.5	4,643.5	5,052.1	9,695.6	58.44	30.45
„ 28 February	16,197.3	4,460.6	5,058.6	9,519.2	58.77	31.23
„ 31 March	16,396.0	4,364.3	5,125.8	9,490.1	57.88	31.26
„ 30 April	16,274.2	4,021.8	5,125.4	9,147.2	56.21	31.49
„ 31 May	16,250.9	4,089.5	5,125.9	9,215.4	56.71	31.54
„ 30 June	16,753.2	4,188.2	5,158.6	9,346.8	55.79	30.79
„ 31 July	16,887.3	4,106.8	5,158.9	9,265.7	54.87	30.55
„ 31 August	16,701.1	4,197.9	5,159.9	9,357.8	56.03	30.89
„ 30 September	16,916.3	4,326.1	5,176.3	9,502.4	56.17	30.60
„ 31 October.....	16,977.5	4,473.8	5,180.1	9,653.9	56.86	30.51
„ 30 November....	16,828.2	4,478.3	5,189.4	9,667.7	57.46	30.84
„ 31 December	16,774.3	4,357.2	5,190.1	9,547.3	56.92	30.94

It will be seen from the above figures that the ratio of gold held as security against the notes outstanding has risen from 29.21 to 30.94 per cent., while the cover in foreign currencies has moved from 28.29 to 25.98 per cent.: altogether the ratio of the reserve to notes has fallen from 58.13 to 56.92 per cent.

During the year 1929, the reserve was reduced by 729.5 million lire, including an increase of the gold in hand by 138.2 million lire and a reduction of foreign currencies by 867.7 million lire.

The increase of the gold is due, as to 115.1 million lire to the conversion into gold of foreign balances, while 23.1 million lire are in respect of two half-yearly instalments of £125,000 each, repaid in the course of the year by the British Treasury to the Italian Treasury, and refunded by the latter to the Bank as part of the gold which was deposited in London when the war debts were originally concluded. Thus the amount of gold deposited abroad, due by the State to the Bank, has been reduced from L.1,836,187,265 to L.1,813,136,661.

The above-mentioned reduction of the reserve by a net amount of 729.5 million lire, recorded during the past year, compares with a fall of 1,035.1 million lire in the year 1928: thus a considerable improvement in the relative position. Moreover, while the reduction of the reserve was considerably less than in the previous year, its bearing on the ratio of the reserve to sight liabilities was scarcely noticeable, since, throughout the year, the ratio was maintained between 55.81 and 55.13 per cent., as against the legal minimum of 40 per cent. (1).

(1) The position of the Bank's reserve since the beginning of the present year is shown below:—

	<i>(in lire 00,000 omitted.)</i>		
	31st January	28th February	10th March
Gold in Hand	5,189.5	5,189.9	5,190.3
Balances abroad	3,373.7	3,318.4	3,392.2
Foreign Treasury Bills	1,536.8	1,536.8	1,536.8
Total Reserve	<u>10,100.0</u>	<u>10,045.1</u>	<u>10,119.3</u>
Ratio of Reserve to Sight Liabilities	55.07%	55.63%	56.81%
Ratio of Gold to same	28.30%	28.68%	29.13%

Deposits.

The turnover of current accounts, namely the debit and credit entries passed in the accounts of our customers during the year, was reduced from 91,379 million lire in 1928, to 80,834 million lire in 1929.

The average balance of deposits for 1929 was L.1,363,627 323, as against L.2,524,532,609 in 1928, the highest having been 2,103.6 million lire on the 20th February, and the lowest 1,002.7 million lire on the 30th June. The balance of deposits at the end of the year was L.1,082,087,965, or about 443.1 million lire less than on the 31st December, 1928 (1).

Discounts.

The average value of the bills discounted in 1929 was 3,741.0 million lire, as against 3,161.6 million lire in 1928; the maximum was reached on the 31st December with 4,318.7 million lire, and the minimum on the 20th February with 3,421.0 million lire (2).

The above figures include, as usual, the bills re-discounted to the Syndicate for Advances against Industrial Securities which, during the past year, were reduced from 499 million lire to 449.1 million lire.

During 1929, the number of bills discounted was 2,035,923 for an aggregate sum of L.15,264,393,857, showing an increase of 778,428 in the number and L.2,865,810,885 in the amount of the bills, as compared with the previous year.

The above total includes 1,644.9 million lire in respect of bills re-discounted to the Syndicate for Advances against Industrial Securities. Outside that figure, bonds and coupons discounted amounted to L.1,084,000.

(1) The following are the figures for the present year :—

31st January, 1930.....	L.1,259.9 millions
28th February „	L.1,199.6 „
10th March „	L.1,200.2 „

As from the 15th instant, the interest allowed by the Banca d'Italia on deposits in current account is at the rate of 1 per cent. for private customers, 1½ per cent. for public bodies, and 2 per cent. for banks. The rates previously in force as from the 11th May, 1929, were 1½, 2 and 2½ per cent. respectively.

(2) The following are the figures of the discounts from the beginning of the new year :—

31st January, 1930.....	L.3,592.7 millions
29th February „	L.3,246.2 „
10th March „	L.3,070.5 „

Bills discounted below the Bank Rate were in the proportion of 13.83 per cent. of total discounts, as against a ratio of 20.89 per cent. for the year 1928.

The average discount rate for 1929 was 6.55 per cent., as against 5.59 per cent. in 1928, and 6.78 per cent. in 1927.

The year's discounts can be classified as follows, according to the rate of interest which was charged :—

Discounts at nor-

mal rate.....L.12,937,274,707 or 84.74 per cent.of total discounts
Discounts below

normal rate..... L. 2,112,071,691 or 13.83 „ „ „

(1)

Colonies.....L. 216,131,873 or 1.43 „ „ „

TotalL.15,265,478,271 100.00

During the past year, the Bank Rate was at 5.50 per cent. until the 6th January, 1929 ; the following day it was increased to 6 per cent., and on the 14th March to 7 per cent. As from the 3rd March, 1930, the rate has been reduced to 6½ per cent. (2).

Advances.

In 1929, the total advances against securities granted by the Bank amounted altogether to L.21,453,821,059, an increase of L.4,885,744,942 over the figure for 1928.

The above total includes, in addition to 2 million lire loaned to the Real Estate Mortgage Office of the late National Bank, special advances to the Banco di Napoli and the Banco di Sicilia, in accordance with the provisions of the Royal Decree of the 6th May, 1926, for 358 million lire, as against an authorised maximum of 550 million lire.

The advances against securities which figure as deferred payments at the Clearing Houses are entered separately and are not, therefore, included in the above figure.

(1) The sum of 2,112.1 million lire includes the bills discounted to the Syndicate for Advances against Industrial Securities, for the already mentioned amount of 1,644.9 million lire, the rate for such discounts being 1½ per cent. below the official rate.

(2) The following table shows the changes in the official rates for discounts on the leading markets since the end of 1928 :—

The average advances outstanding in 1929 were L.1,429,507,829, as against L.1,208,170,771 in 1928 ; the highest level was reached on the 30th June with 1,994.3 million lire, and the lowest on the 20th February with 1,082.4 million lire. The amount outstanding at the end of the year was 1,802.2 million lire, exceeding by 40.3 million lire the figure on the 31st December, 1928. (1)

RATES PER CENT.

	Amsterdam	Berlin	Berne	Brussels	Copenhagen	London	New York	Oslo	Paris	Rome	Stockholm	Vienna
31 December, 1928.....	4.5	7	3.5	4	5	4.5	5	5.5	3.5	5.5	4.5	6.5
7 January 1929.....	—	—	—	—	—	—	—	—	—	6	—	—
11 " "	—	6.5	—	—	—	—	—	—	—	—	—	—
7 February "	—	—	—	—	—	5.5	—	—	—	—	—	—
13 March "	—	—	—	—	—	—	—	—	—	7	—	—
23 " "	5.5	—	—	—	—	—	—	—	—	—	—	—
23 April "	—	—	—	—	—	—	—	—	—	—	—	7.5
25 " "	—	7.5	—	—	—	—	—	—	—	—	—	—
31 July "	—	—	—	5	—	—	—	—	—	—	—	—
8 August "	—	—	—	—	—	—	6	—	—	—	—	—
26 September "	—	—	—	—	—	6.5	—	—	—	—	5.5	—
27 " "	—	—	—	—	5.5	—	—	6	—	—	—	8.5
31 October "	5	—	—	—	—	6	5	—	—	—	—	—
2 November "	—	7	—	—	—	—	—	—	—	—	—	—
13 " "	—	—	—	4.5	—	—	—	—	—	—	—	—
14 " "	—	—	—	—	—	—	4.5	—	—	—	—	—
15 " "	4.5	—	—	—	—	—	—	—	—	—	—	—
21 " "	—	—	—	—	—	5.5	—	—	—	—	—	—
22 " "	—	—	—	—	—	—	—	5.5	—	—	—	8
7 December "	—	—	—	—	—	—	—	—	—	—	—	7.5
12 " "	—	—	—	—	—	5	—	—	—	—	5	—
24 " "	—	—	—	—	5	—	—	—	—	—	—	—
28 " "	—	—	—	—	—	—	—	5	—	—	—	—
31 " "	—	—	—	3.5	—	—	—	—	—	—	4.5	—
13 January 1930.....	4	6.5	—	—	—	—	—	—	—	—	—	—
30 " "	—	—	—	—	—	—	—	—	3	—	—	7
5 February "	—	—	—	—	—	4.5	—	—	—	—	—	—
6 " "	—	—	—	—	—	—	4	—	—	—	—	—
10 " "	—	—	—	—	—	—	—	—	—	—	—	6.5
3 March "	—	—	—	—	—	—	—	—	—	6.5	—	—
6 " "	3.5	5.5	—	—	4.5	4	—	—	—	—	4	—
13 " "	—	—	—	—	—	—	3.5	—	—	—	—	—
20 " "	—	—	—	—	—	3.5	—	—	—	—	—	—
25 " "	3	5	—	—	—	—	—	—	—	—	—	—

(1) The following are the figures of advances for the present year :—

31st January, 1930.....	L.1,120.2 millions
28th February "	L.1,368.0 "
10th March "	L.1,345.1 "

Summary of the Bank's Credit Operations.

The following table shows the average discounts, advances, deferred payments at the Clearing Houses and balances owing to the Bank by the Istituto di Liquidazioni for the last decade :—

(in lire, 00,000 omitted.)

YEARS	Inland Bills	Advances	Deferred Payments at Clearing Houses	Total	Credit with Istituto di Liquidazioni formerly Sp. Ind. Sec. of Synd. for Ad. ag. Ind. Sec.	Grand Total
1920	2,423.6	2,079.4	244.0	4,747.0	—	4,747.0
1921	3,189.3	2,401.1	261.3	5,851.7	—	5,851.7
1922	4,440.7	2,841.3	201.7	7,483.7	—	7,483.7
1923	4,954.4	2,162.2	300.4	7,417.0	—	7,417.0
1924	3,254.1	2,056.6	262.4	5,573.1	3,049.4	8,622.5
1925	4,390.3	2,699.0	313.2	7,402.5	2,854.3	10,256.8
1926	5,325.0	2,897.9	324.0	8,546.9	2,614.1	11,161.0
1927	4,929.1	1,581.5	130.6	6,641.2	2,484.9	9,126.1
1928	3,161.6	1,208.2	98.7	4,468.5	1,256.7	5,725.2
1929	3,741.0	1,429.5	102.5	5,273.0	990.2	6,263.2

It will be useful to recapitulate the figures of the above transactions at the end of each month for 1929 :—

(in lire, 00,000 omitted)

	Inland Bills			Advances	Deferred Payments at Clearing Houses	Total	Credit with Istituto di Liquidazioni	Grand Total
	Bills Discounted	Bills Re-discounted to Syndicate for advances against Industrial Securities	Total Bills					
1928								
31 December	3,221.3	499.0	3,720.3	1,761.9	173.7	5,655.9	1,160.0	6,815.9
1929								
31 January	3,082.8	498.2	3,581.0	1,228.6	77.9	4,887.5	1,102.8	5,990.3
28 February	2,982.0	493.1	3,475.1	1,730.2	146.9	5,352.2	1,077.3	6,429.5
31 March ...	3,225.8	473.3	3,699.1	1,514.5	85.5	5,299.1	1,057.3	6,356.4
30 April	3,235.4	495.1	3,730.5	1,792.9	177.9	5,701.3	1,047.0	6,748.3
31 May	3,182.3	498.8	3,681.1	1,428.4	90.2	5,199.7	1,045.0	6,244.7
30 June	3,514.5	495.7	4,010.2	1,994.3	128.1	6,132.6	1,034.0	7,166.6
31 July	3,399.3	493.2	3,892.5	1,327.0	109.6	5,329.1	1,017.7	6,346.8
31 August ...	3,361.1	482.2	3,843.3	1,558.7	81.7	5,483.7	897.5	6,381.2
30 September	3,290.1	475.8	3,765.9	1,667.1	138.9	5,571.9	897.5	6,469.4
31 October...	3,368.7	469.3	3,838.0	1,597.8	119.1	5,554.9	897.5	6,452.4
30 November	3,428.9	458.3	3,887.2	1,307.1	92.7	5,287.0	896.9	6,183.9
31 December	3,869.6	449.1	4,318.7	1,802.2	113.0	6,233.9	851.4	7,085.3

The above table shows that the normal assets of the Bank, including discounts, advances and deferred payments at the Clearing Houses, increased in the course of the year by 578 million lire, from a total of 5,655.9 million lire to 6,233.9 million lire. The monthly figures for 1929 were consistently—although in varying degrees—higher than the corresponding figures for the previous year, the increase reaching its maximum at the end of the first and second half-year, in relation to the seasonal market requirements.

Circulation.

The circulation of notes averaged in 1929 L.16,496,081,300, as against an average for the previous year of L.17,154,051,600, showing a reduction of 658 million lire.

The average notes outstanding for the two halves of the year were below the 1928 figure by 886.5 million lire in the first half and by 429.5 million lire in the second half of the year.

The highest level of the note circulation was reached on the 31st October with a total of 16,977.5 million lire, and the lowest on the 20th March with 15,894.4 million lire.

On the 31st December, 1929, the total amount of notes outstanding was 16,774.3 million lire, as against 17,295.4 million lire on the 31st December, 1928.

The following table shows the average monthly amount of notes in circulation for the last eight years :— (1)

(in lire, 00,000 omitted)

Months	1922	1923	1924	1925	1926	1927	1928	1929
January	14,609.1	13,537.0	12,485.3	13,667.2	14,761.9	14,206.4	17,469.5	16,645.3
February ...	14,173.0	13,158.6	12,307.7	13,407.9	14,247.5	13,929.0	17,145.6	16,173.5
March	13,955.1	12,971.7	12,382.0	13,477.9	14,207.4	13,795.1	17,129.7	16,116.8
April	13,709.6	12,720.1	12,610.0	13,634.5	14,166.8	13,714.8	17,074.6	16,225.5
May	13,328.3	12,236.5	12,366.1	13,648.7	13,783.3	13,525.5	16,977.1	16,148.1
June	13,599.5	12,509.5	12,831.9	14,288.1	13,965.4	13,633.0	17,103.6	16,272.4
July	14,056.8	13,115.7	13,234.6	15,102.8	14,295.2	13,947.4	17,372.5	16,715.2
August	13,844.3	12,920.7	13,211.1	15,257.7	14,319.4	13,921.6	17,145.1	16,691.6
September ...	13,799.8	12,835.0	13,310.9	15,226.8	14,278.8	14,045.1	17,228.1	16,693.7
October	14,070.8	12,950.9	13,788.9	15,353.1	14,482.5	14,174.4	17,138.7	16,829.5
November ...	14,042.5	12,736.8	13,842.7	15,187.0	14,420.1	14,181.4	17,019.2	16,793.3
December ...	13,769.9	12,645.1	13,762.8	15,023.1	14,337.6	14,070.7	17,044.5	16,648.3

(1) The table shows—also for the period as from July, 1926, to December, 1927—only the notes issued by the Banca d'Italia, in spite of the fact that the notes issued by the Banco di Napoli and the Banco di Sicilia had been taken over as from the 1st July, 1926. It will be remembered that the notes taken over as above amounted to L.3,782,044,500.

and below are shown the figures of the total notes outstanding at the end of each month from the 31st December, 1928, to the 31st December, 1929 :— (00,000 omitted)

1928—31 December	L.17,295.4
1929—31 January	„ 16,589.5
„ —28 February	„ 16,197.3
„ —31 March	„ 16,396.0
„ —30 April	„ 16,274.2
„ —31 May	„ 16,250.9
„ —30 June	„ 16,753.2
„ —31 July	„ 16,887.3
„ —31 August	„ 16,701.1
„ —30 September	„ 16,916.3
„ —31 October	„ 16,977.5
„ —30 November	„ 16,828.2
„ —31 December	„ 16,774.3 (1)

As regards the resources at the disposal of the Bank in addition to the note issue, namely the demand drafts issued and the deposits in current account received by customers and by the Treasury, the following table will show the changes of the relative amounts at the end of each month of the past year :—

(in lire 00,000 omitted.)

	Demand Drafts	Deposits	Treasury Balances				TOTAL
			Current Account	Fixed Deposit Account	Deposit Account in respect of interest due to Istituto di Liquidazioni	Postal orders for collection	
1928—31 December	716.1	1,525.2	300.0	824.8	60.0	2.4	3,428.5
1929—31 January	534.6	1,914.9	300.0	423.5	80.0	1.4	3,254.4
„ 28 February	599.4	1,740.5	300.0	1,130.3	100.0	1.8	3,872.0
„ 31 March	463.1	1,662.3	300.0	941.5	120.0	1.3	3,488.2
„ 30 April	530.6	1,313.5	300.0	1,661.1	140.0	1.1	3,946.3
„ 31 May	503.2	1,249.8	300.0	1,622.6	160.0	0.7	3,836.3
„ 30 June	525.9	1,002.7	300.0	1,647.1	180.0	1.7	3,657.4
„ 31 July	543.0	1,228.8	300.0	279.2	200.0	1.3	2,552.3
„ 31 August	405.8	1,226.3	300.0	1,004.5	220.0	1.6	3,158.2
„ 30 September	513.2	1,030.7	300.0	922.7	240.0	0.5	3,007.1
„ 31 October....	447.3	1,059.3	300.0	1,452.5	260.0	2.3	3,521.4
„ 30 November	416.1	1,005.9	300.0	1,245.0	280.0	0.6	3,247.6
„ 31 December	602.8	1,082.1	300.0	1,488.6	300.0	1.6	3,775.1

(1) The following are the figures of the notes outstanding in the present year :—

31st January, 1930.....	L.16,329.2 millions
28th February „	L.16,094.8 „
10th March „	L.15,924.9 „

It will be seen that, from one year to the other, the above resources were increased by 346.6 million lire as the result of an increase in the Treasury accounts by 903.3 million lire, against a fall of 443.1 million lire in other accounts and of 113.3 million lire in the amount of the Bank's demand drafts outstanding.

Foreign Business.

On the 31st December, 1929, the Bank's credit in respect of bills and balances abroad was L.5,223,017,535, of which :—

(a) in respect of bills and balances abroad not included in the reserve.....	L. 71,877,886
(b) in respect of balances abroad and foreign Treasury bills included in the reserve.....	L.5,151,139,649

The usual tables follow showing: (a) the monthly highest, lowest and average exchange rates on London, New York, Switzerland, Paris and gold lire; and (b) the quotations of the leading European currencies in New York at the end of each month for 1929 and up to the most recent date of March, 1930 :—

Lira exchange rates on London, New York, Switzerland, Paris and Gold (a)

(Lire to £1, to \$1, to 100 Swiss Francs, to 100 French Francs and to 100 old Gold Lire.)

MONTH	LONDON			NEW YORK			SWITZERLAND			PARIS			GOLD		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
December ...1926	114.23	106.12	109.19	23.50	21.81	22.52	453.50	420.64	434.88	91.53	85.70	88.85	453.38	424.77	434.45
„ ...1927	92.60	89.88	90.83	18.99	18.42	18.60	367.05	355.18	359.34	74.66	72.49	73.26	366.40	355.38	358.98
January ...1928	92.38	92.05	92.18	18.93	18.89	18.91	365.45	363.35	364.33	74.50	74.23	74.35	365.22	364.49	364.82
February ... „	92.21	91.95	92.08	18.91	18.87	18.89	363.90	363.04	363.40	74.36	74.15	74.25	364.97	364.18	364.48
March „	92.45	92.23	92.38	18.97	18.90	18.93	364.72	363.95	364.56	74.55	74.37	74.50	365.70	364.64	365.28
April „	92.68	92.41	92.53	18.99	18.92	18.95	366.00	364.71	365.28	74.75	74.52	74.62	366.51	365.14	365.72
May „	92.71	92.61	92.67	18.99	18.97	18.98	366.10	365.76	365.90	74.77	74.70	74.73	366.49	366.13	366.30
June „	92.91	92.68	92.78	19.04	18.98	19.01	367.09	365.90	366.48	74.85	74.63	74.75	367.42	366.22	366.80
July „	92.90	92.76	92.83	19.11	19.03	19.08	368.10	366.82	367.62	74.83	74.70	74.75	368.73	367.29	368.19
August „	92.84	92.53	92.71	19.12	19.07	19.10	368.18	367.41	367.88	74.84	74.48	74.66	368.98	368.37	368.62
September ... „	92.81	92.68	92.75	19.14	19.10	19.12	368.42	367.81	368.11	74.81	74.57	74.69	369.27	368.48	368.94
October „	92.80	92.51	92.62	19.14	19.08	19.10	368.40	367.23	367.60	74.84	74.54	74.62	369.35	368.08	368.44
November ... „	92.60	92.53	92.57	19.09	19.08	19.09	367.73	367.41	367.52	74.62	74.55	74.59	368.29	368.21	368.28
December ... „	92.73	92.59	92.65	19.09	19.09	19.09	368.75	367.79	368.05	74.78	74.60	74.67	368.39	368.29	368.32
January.....1929	92.70	92.62	92.66	19.10	19.08	19.09	367.92	367.42	367.69	74.72	74.65	74.68	368.48	368.25	368.39
February ... „	92.82	92.60	92.70	19.09	19.07	19.09	367.81	367.03	367.49	74.67	74.53	74.63	368.39	367.96	368.28
March..... „	92.73	92.60	92.66	19.09	19.08	19.09	367.57	367.13	367.37	74.66	74.57	74.60	368.35	368.16	368.32
April „	92.84	92.54	92.68	19.09	19.07	19.09	368.20	367.15	367.65	74.75	74.53	74.63	368.44	368.00	368.27
May „	92.68	92.58	92.64	19.09	19.08	19.09	368.05	367.57	367.85	74.70	74.57	74.63	368.44	368.15	368.38
June „	92.68	92.65	92.67	19.10	19.09	19.10	367.97	367.58	367.84	74.79	74.70	74.73	368.62	368.44	368.52
July „	92.82	92.65	92.74	19.11	19.10	19.10	368.06	367.55	367.80	75.02	74.76	74.86	368.73	368.54	368.58
August „	92.79	92.67	92.73	19.11	19.10	19.10	368.17	367.89	368.01	74.97	74.81	74.87	368.66	368.54	368.61
September ... „	92.74	92.63	92.68	19.11	19.10	19.10	368.53	367.96	368.31	74.90	74.80	74.83	368.77	368.54	368.61
October „	93.14	92.80	92.98	19.10	19.08	19.10	369.98	368.58	369.40	75.21	74.89	75.06	368.58	368.10	368.46
November ... „	93.19	93.12	93.15	19.10	19.08	19.09	370.87	370.00	370.46	75.27	75.18	75.22	368.48	368.25	368.40
December ... „	93.27	93.18	93.23	19.10	19.09	19.09	371.78	370.90	371.39	75.30	75.22	75.25	368.46	368.39	368.43

(a) From the average rates published in the "Official Gazette."

New York Cheque Rates on :

Date	Italy	Paris	Belgium	Switzerland	Spain	Amsterdam	London	Berlin
	Dollars to 100 Lire	Dollars to 100 Francs	Dollars to 100 Belga	Dollars to 100 Francs	Dollars to 100 Pesetas	Dollars to 100 Guilders	Dollars to the £	Dollars to 100 Reichsmarks
<i>Par of exchange</i>	<i>19.30</i> 21st Dec. 1927 <i>5.26</i>	<i>19.30</i> 25th June 1928 <i>3.92</i>	<i>13.90</i>	<i>19.30</i>	<i>19.30</i>	<i>40.20</i>	<i>4.86</i> $\frac{2}{3}$	<i>23.82</i>
1926								
31 December....	4.49 $\frac{1}{2}$	3.94 $\frac{1}{2}$	13.93	19.38	15.31	40.02	4.85 $\frac{5}{16}$	23.83
1927								
31 December....	5.28 $\frac{1}{2}$	3.93 $\frac{5}{8}$	13.99	19.31	16.93	40.43 $\frac{1}{2}$	4.88 $\frac{1}{4}$	23.88
1928								
31 December....	5.24	3.91 $\frac{1}{4}$	13.91 $\frac{1}{2}$	19.27	16.32	40.17 $\frac{1}{2}$	4.85 $\frac{5}{16}$	23.81 $\frac{1}{2}$
1929								
31 January.....	5.23 $\frac{1}{2}$	3.90 $\frac{3}{4}$	13.90	19.23 $\frac{1}{2}$	16.02	40.05	4.84 $\frac{27}{32}$	23.72 $\frac{1}{2}$
28 February	5.23 $\frac{3}{4}$	3.90 $\frac{1}{2}$	13.89	19.23 $\frac{1}{8}$	15.30	40.05	4.85 $\frac{1}{4}$	23.73
31 March.....	5.23 $\frac{1}{4}$	3.90 $\frac{1}{2}$	13.89	19.23 $\frac{1}{4}$	15.09	40.04	4.85 $\frac{3}{4}$	23.70
30 April	5.23 $\frac{5}{8}$	3.90 $\frac{5}{8}$	13.88 $\frac{1}{2}$	19.24 $\frac{1}{4}$	14.54	40.13 $\frac{1}{2}$	4.84 $\frac{15}{16}$	23.69 $\frac{1}{2}$
31 May	5.23 $\frac{1}{4}$	3.91	13.88 $\frac{1}{2}$	19.24	14.10	40.15 $\frac{1}{2}$	4.84 $\frac{1}{2}$	23.84
30 June	5.22 $\frac{7}{8}$	3.90 $\frac{15}{16}$	13.88 $\frac{1}{2}$	19.23 $\frac{1}{2}$	14.14 $\frac{1}{2}$	40.12	4.84 $\frac{5}{16}$	23.81 $\frac{1}{2}$
31 July	5.22 $\frac{3}{4}$	3.91 $\frac{3}{4}$	13.89	19.23 $\frac{1}{4}$	14.57 $\frac{1}{2}$	40.09 $\frac{1}{2}$	4.84 $\frac{3}{4}$	23.82 $\frac{1}{2}$
31 August	5.22 $\frac{3}{4}$	3.91 $\frac{1}{8}$	13.90	19.24 $\frac{1}{2}$	14.71	40.02	4.84 $\frac{1}{2}$	23.79 $\frac{1}{2}$
30 September....	5.23 $\frac{1}{8}$	3.91 $\frac{7}{16}$	13.90	19.27 $\frac{1}{4}$	14.78 $\frac{1}{2}$	40.09	4.84 $\frac{1}{2}$	23.82 $\frac{3}{4}$
31 October	5.23 $\frac{1}{4}$	3.93 $\frac{3}{8}$	13.99	19.37 $\frac{1}{4}$	14.24	40.31	4.87	23.90
30 November	5.23 $\frac{1}{4}$	3.93 $\frac{3}{4}$	13.98	19.40 $\frac{1}{2}$	13.87	40.31	4.87 $\frac{3}{16}$	23.95
31 December	5.23 $\frac{5}{8}$	3.94 $\frac{1}{4}$	14.00 $\frac{1}{2}$	19.46	13.61	40.37 $\frac{1}{2}$	4.87 $\frac{1}{2}$	23.96
1930								
31 January.....	5.22 $\frac{3}{4}$	3.92 $\frac{7}{16}$	13.92	19.29 $\frac{3}{4}$	13.13	40.12	4.86 $\frac{3}{16}$	23.87
28 February	5.23 $\frac{5}{8}$	3.91	13.92 $\frac{3}{4}$	19.28 $\frac{1}{2}$	12.35	40.06	4.85 $\frac{11}{16}$	23.84 $\frac{1}{2}$
19 March.....	5.23 $\frac{1}{4}$	3.91	13.92 $\frac{1}{2}$	19.34 $\frac{1}{2}$	12.50	40.07 $\frac{1}{2}$	4.86 $\frac{1}{16}$	23.83 $\frac{1}{2}$

Considering the exchange movements in New York, it will be noticed that the leading European currencies remained up to last September around the gold export point, appreciating subsequently to considerably over par, and maintaining their strength in the new year. Such a movement, which was common to almost every currency on a gold basis, was connected, to a greater extent than in the previous years, with the conditions of the North American market. Up to the autumn, the monetary influx from Europe to

New York continued (1), pressing upon the exchange rates, until the sudden slump overcame the New York Stock Exchange, causing the position to be inverted almost immediately.

The lira did not benefit to the same extent by the general recovery ; however, it was able, as already mentioned, to maintain and ultimately strengthen the stability of its rate.

The peseta, which has been often affected by speculation, was subject to wide fluctuations during the past year and has considerably depreciated from its old mint parity.

Securities owned by the Bank.

The securities owned by the Bank on the 31st December, 1929, amounted to L.1,053,025,710
consisting of the following :—

(a) Free Fund	L.231,122,910
(b) Securities formerly in the guarantee fund for Treasury services, as yet not entirely released	L. 82,910,860
(c) Statutory Reserve Investment Fund	L. 57,552,740
(d) Other Funds.....	L. 4,471,200
(e) Securities transferred to the Bank from the reserve of the Istituto di Liquidazioni in settlement of the latter's liability, under Art. 3 of the Royal Decree No. 1832 of 6th November, 1926 (2)	L.676,968,000

The above total includes Consolidated loans in the proportion of 59 per cent., nine-year Treasury bonds in the proportion of 33 per cent., railway certificates in the proportion of 4 per cent., and the balance of 4 per cent. in other Government securities.

(1) We compare below the average monthly rates for " call money " in New York in 1929 with the two previous years :—

	1929	1928	1927		1929	1928	1927
January	6.73	4.17	4.26	July.....	9.15	5.90	3.925
February	7.71	4.33	4.05	August	8.00	6.895	3.65
March	9.50	4.47	4.15	September	8.395	7.45	3.83
April	9.33	5.04	4.225	October	5.92	7.14	3.86
May	8.46	5.70	4.26	November.	5.36	6.81	3.60
June.....	7.80	6.48	4.25	December .	4.92	8.825	4.43

(2) The interest on these securities is not included among the profits of the Bank, but is applied to further reduction of the Bank's credit with the Istituto di Liquidazioni.

Moreover, at the end of the year, the Bank held the following securities :—

(i) Investment of Extraordinary Reserve.....	L. 28,705,000
(ii) Investment of Shareholders' Special Reserve	L. 24,292,170
(iii) Investment of Employees' Pension Fund	L. 148,111,880

Profits.

For the year 1929, the gross profits earned by the Branches amounted to L. 343,407,410 showing an increase of L. 77,263,433 over the figure of the previous year, while the profits of the Head Office were L. 184,729,274 showing a reduction of L. 11,162,030, as compared to 1928. Thus the total gross profits for the year aggregated L. 528,136,684 which is L. 66,101,403 more than for 1928.

The gross profit from discounts was L. 243,096,964, with an increase of 68.2 million lire over the figure for 1928, owing both to the higher interest rate and to the larger amount of bills discounted.

The amount of bills brought forward from last year's balance sheet is L. 36,619,804, as against L. 29,297,979 carried forward in the previous year.

The gross interest on advances amounted to L. 98,926,583, showing an increase of 27.3 million lire over the figure for 1928.

The interest from deferred payments at the Clearing Houses has risen from L. 5,597,560 to L. 7,135,265.

The profits from foreign business were reduced from L. 97,070,978 in 1928 to L. 90,005,015 in 1929. The said total includes L. 10,382,543 earned on the reserves originally held by the Bank, and L. 79,622,472 as the Bank's participation in the earnings of that part of the foreign currencies' reserve which was handed over by the State upon the stabilisation of the lira.

Other services, including commissions, accounted for L. 31,935,248, with a reduction of 5.4 million lire, as compared with 1928. This amount includes the supplementary contribution of the State towards expenditure in respect of the Treasury services performed by the Bank.

The interest on investments amounted altogether to L.43,404,708, of which L.32,806,315 was in respect of Government securities, the previous year's figures being 38.9 million lire and 29.5 million lire respectively. (1)

The profits for the year 1929 include, moreover, a sum of L.2,500,755 as reimbursement of the circulation tax paid for the year on the notes outstanding on behalf of the Istituto di Liquidazioni.

Expenditure and Taxes.

The total expenditure for the year 1929 was L.454,341,952, which is L.49,673,108 more than the 1928 total.

Administration expenses, including the Treasury services, accounted for L.105,692,680, exceeding by 2.1 million lire the previous year's amount. The Treasury services alone cost L.26,452,181, or about one million more than in 1928.

The inclusive salaries of the staff have risen from 78.5 million lire in 1928 to 81 million lire in 1929 (2).

The printing of notes cost L.6,417,061, or 2.7 million lire more than in 1928. But, considering that the Treasury is liable for one-half of the cost of notes covered by interest-bearing reserves, the earnings of which it shares with the Bank, the actual expenditure in respect of the note printing department was L.3,680,600.

(1) The interest on securities does not include the interest on the Government securities which have been handed over to the Bank, by reason of the Royal Decree Law No. 1832 of the 6th November, 1926, to reduce its credit with the Istituto di Liquidazioni. These securities, totalling 677 million lire, are obviously owned by the Bank, but the accrued interest thereon must be employed to further reducing the outstanding credit.

(2) The salaries in respect of the Real Estate Mortgage Office of the late National Bank in liquidation, amounting to L.394,000, are not included in the above figure of 81 million lire.

The outlay for taxes was L.27,107,490, or 11.6 million lire less than in 1928 (1), including the circulation tax on notes which amounted to 4.8 million lire, as against 17.1 million lire in 1928. (2)

Interest on other deposits amounted to L.33,120,202, or 59.3 million lire less than for 1928. The considerable reduction is due both to the falling amount of deposits and to the lower interest paid on same during the past year.

Interest on public deposits accounted for L.23,839,690, while the interest on the balances of the National Institute of Exchange was L.4,242,395.

The amount written off on various amortisations is L.118,963,680, or 22.5 million lire more than last year's allocation.

Dividend.

Summing up, against gross profits totalling.....	L.528,136,684
gross expenditure aggregated.....	L.454,341,952
<hr/>	
leaving a net profit for the year of.....	L. 73,794,732
which exceeds by L.16,428,295 the net profit for 1928.	

The Board of Directors of the Banca d'Italia, having considered the report of its Auditors, in accordance with the terms of the Decree of the 27th September, 1923, propose that the above net profit be distributed as follows :—

(1) The above total of L.27,107,000 is made up as follows (000 omitted) :—

Circulation tax on Notes	L. 4,833
Circulation tax on Drafts.....	L. 412
Income tax	L.13,640
Real Estate tax.....	L. 1,072
Other taxes, including transfer tax on the Bank's shares.....	L. 7,150

(2) The considerable reduction from 1928 in the circulation tax on notes is due to the fact that, in the past year, the amount included a sum of 13.4 million lire in settlement of tax payable in respect of the years 1925, 1926 and 1927.

- L.13,874,116 to the State, as participation in equal measure as for the years 1922 to 1928 ;
- L.30,000,000 to the shareholders as dividend, equal to the one distributed for the years 1922 to 1928, at the rate of 60 lire on each of the 500,000 shares ;
- L. 8,655,094 to the Shareholders' Special Reserve, accounting for the two-thirds increase in the number of shares as from the year 1929 ;
- L. 281,060 to the Credito Fondiario (Real Estate Mortgage Institute), of the late National Bank, being interest at the rate of 4 per cent. in respect of the reserve transferred to the Banca d'Italia in the year 1913 ;
- L.20,984,462 balance payable to the Reserve set against the credit of the Banca d'Italia with the Istituto di Liquidazioni, in accordance with Art. 3 of the Decree of the 6th November, 1926.

L.73,794,732

As will be seen, comparing with last year's balance-sheet, there is an allocation of 12 million lire more to the shareholders as dividend on the new shares issued in 1928, and the amount attributed to the Shareholders' Special Reserve is proportionately increased by L.3,462,037. Moreover, the extra profit available to meet the Bank's credit with the Istituto di Liquidazioni exceeds by L.966,000 the amount for 1928, while the amounts assigned to various amortisations have also been considerably increased.

Conclusion.

Gentlemen,

We are well able to say that last year's balance-sheet has been satisfactory.

Certainly, the favourable results were partly due to the high level of the official discount rate during the greater part of the year ; but, nevertheless, in spite of the numerous obstacles which still remain to be overcome before full economic adjustment can be attained, we are entitled to look forward to the future with much confidence.

After the heavy sacrifices which it has spontaneously made, by giving an active contribution for the country's recovery from the credit difficulties of a not distant past, the Banca d'Italia is now able to view with satisfaction the approaching of a time when the burdens on its balance-sheet will be curtailed and disappear altogether, thus enabling it to advance with undiminished fervour and greater speed on the path marked by its historic traditions. It will then contribute with all its forces to the achievement of the high objects aimed at by the Government in favour of the national economic development.

The settlements and liquidations requiring support in the banking field, which called for the closest contact and a concentrated action on the part of the officers of the Bank and of its administrative councils, are now concluded. At the present time, it may be opportune that our officers should enjoy greater freedom of movement and that appointments should be made accounting for the present needs of the Bank and the qualifications required by the responsible councils. This it will be possible to achieve by degrees in future years, since in the natural course of events certain traditional ties relax and new relations are formed, in response to the changes of times and of circumstances. Moreover, due consideration must be given to the fact that to-day the ordinary Savings Banks supply the Bank with a large proportion of its resources.

It must be borne in mind that the monetary outlook leads to the belief that a new period of easy rates for banking investments has started. Bearing in mind the clear tendency of prices to fall, it is well possible that this change should substantially alter the credit position, and it calls for the closest attention both in the supreme interest of the leaders of banking and of the customers dependent on their services. It is not desirable for the latter to rely on artificial means for improving their position, but they should rather aim at speedily recovering by normal means the elasticity of their individual functions.

Information concerning the Banking Institutions receiving deposits in Italy.

The following tables refer to 3,783 banking concerns for 1926, 3,779 for 1927, and 3,728 for 1928. As compared with the total number of banking concerns recorded at the end of 1927 (4,405), the number of concerns referred to are 622 less than the total recorded for 1926 and 626 less for 1927; whereas for 1928, the total being 4,197, the difference is 459. (See what is said on the subject on pp. 33 and 36 of the 1928 Report.)

The institutions which have been omitted are on the whole of practically no importance, and in most cases they are actually in liquidation. However, they may be grouped as follows :—

	1926	1927	1928
Second Group (Joint Stock Banks).....	79	75	66
Third Group (Limited Liability Co-operative Societies).....	77	76	48
Fourth Group (Unlimited Liability Co-operative Societies).....	282	295	215
Fifth Group (Agricultural Banks).....	47	58	78
Sixth Group (Savings Banks and Pawnbroking Establishments).....	56	43	15
Seventh Group (Banking Firms).....	81	79	37
TOTAL.....	622	626	459

The present analysis does not include :—

- (1) the workmen's funds, the approved Societies for mutual assistance or credit, which collect deposits only from members ;
- (2) the industrial and commercial undertakings, which receive deposits as an accessory function to their respective activities ;
- (3) the agricultural Consortiums and the communal agricultural banks which do not collect deposits, or where such function is not contemplated in the statutes ; and
- (4) the concerns which, being expressly prevented from collecting deposits, have been struck off the register at the Finance Ministry.

Items of Balance-Sheet <i>in lire (00,000 omitted)</i>	1ST GROUP Public Bodies			2ND GROUP Joint Stock Banks			3RD GROUP Limited Liability Co-operative Societies		
	1926(1)	1927	1928	1926	1927	1928	1926	1927	1928
Authorised Capital.....	—	—	—	3,399.6	3,563.9	3,601.8	356.5	391.5	379.3
Paid-up Capital	250.0	756.3	896.3	3,223.6	3,385.7	3,428.4	352.3	383.7	373.3
Ordinary Reserve	17.9	661.1	421.1	376.9	466.6	673.7	171.9	196.0	216.8
Other Reserves.....	3.0	425.2	551.6	557.0	562.7	462.4	95.9	103.5	122.3
Total Capital	270.9	1,842.6	1,869.0	4,157.5	4,415.0	4,564.5	620.1	683.2	712.4
Advances from the State or other Public Bodies	52.0	113.0	66.1	—	—	—	—	—	—
Savings Deposits.....	26.1	591.1	1,251.2	4,847.2	5,120.9	5,304.6	3,078.9	3,075.3	2,775.8
Deposits in Current Account	13.1	570.4	612.3	1,976.4	1,863.0	2,085.2	745.3	837.1	1,335.2
Term Deposits.....	322.9	687.8	976.6	1,809.1	1,991.6	2,197.8	1,165.5	1,348.6	1,211.3
Securities deposited.....	—	—	—	1,122.1	1,513.2	1,989.5	175.6	191.5	232.9
(2) Total Deposits	362.1	1,849.3	2,840.1	9,754.8	10,488.7	11,577.1	5,165.3	5,452.5	5,555.2
Drafts outstanding.....	—	263.2	319.4	929.8	787.5	881.5	69.7	65.8	46.3
Bills re-discounted	97.8	60.4	44.4	1,033.0	934.7	1,398.1	209.3	145.9	187.1
Advances obtained.....	8.8	28.6	59.6	244.8	368.0	1,065.5	31.4	18.3	27.7
Current and other Credit Accounts	103.8	828.5	1,886.3	19,019.3	21,157.5	21,093.2	2,894.2	2,950.4	3,277.0
Acceptances	—	—	—	—	—	—	—	—	—
Cash in Hand and Money at Call	22.7	364.0	289.8	2,825.8	3,008.2	2,448.2	451.0	532.7	381.9
Bills discounted	287.2	1,354.5	1,714.8	14,486.0	14,933.2	14,647.1	3,371.0	3,427.3	3,596.4
Investments.....	180.6	1,047.1	1,327.5	3,205.6	3,901.8	3,446.7	1,373.6	1,543.8	1,521.7
Advances and Loans	131.7	674.2	913.3	3,389.6	4,036.9	4,968.5	1,592.4	1,759.0	1,790.7
Premises	16.2	74.7	106.4	329.0	351.2	389.1	133.2	160.7	172.8
Debtor Accounts.....	228.3	756.6	1,345.9	8,535.7	8,336.2	9,370.9	1,765.2	1,640.4	2,042.2
Sundry Debtors	4.1	174.5	65.1	742.4	812.1	1,027.1	139.5	180.1	364.6
Net Profits for the Year To Ordinary Reserve	11.1	55.7	76.7	362.5	362.1	369.2	79.5	79.6	73.7
To Other Reserves	—	—	—	74.4	77.5	84.9	9.8	12.4	9.8
To Shareholders as divi- dend	—	—	—	19.8	12.1	5.3	10.0	7.9	5.8
Losses declared	—	—	—	236.3	243.0	238.0	41.6	43.0	42.0
	—	—	—	9.5	38.3	147.9	2.4	0.7	3.6
Number of Concerns	2	5	5	396	407	413	583	586	606
Average Interest on Deposits	4.16%	4.15%	4.00%	4.37%	4.41%	4.28%	4.29%	4.38%	4.02%
Average Rate for Dis- counts	8.25%	7.37%	7.41%	8.82%	8.92%	8.73%	8.61%	8.83%	8.58%

4TH GROUP Unlimited Liability Co-operative Societies			5TH GROUP Agricultural Banks			6TH GROUP Savings Banks and Pawnbroking Establishments			7TH GROUP Banking Firms		
1926	1927	1928	1926	1927	1928	1926	1927	1928	1926	1927	1928
—	—	—	—	—	—	—	—	—	—	—	—
3.8	4.3	4.2	51.2	65.5	52.7	59.1	60.7	55.3	175.6	177.2	191.4
32.6	39.3	44.2	6.6	6.4	3.5	681.4	725.0	765.6	47.7	60.9	65.1
1.7	3.4	5.4	1.3	1.7	0.4	127.6	130.2	142.5	—	—	—
38.1	47.0	53.8	59.1	73.6	56.6	868.1	915.9	963.4	223.3	238.1	256.5
—	—	—	—	—	—	—	—	—	—	—	—
911.3	837.7	738.6	72.1	58.7	73.5	—	—	—	—	—	—
160.7	144.0	180.8	18.2	6.5	10.4	8,955.6	9,508.8	10,461.9	354.2	327.3	284.8
195.0	220.7	313.0	10.8	6.1	15.8	1,363.6	1,463.2	1,917.7	355.3	365.8	341.0
8.7	6.3	5.2	14.1	24.4	51.0	2,041.9	2,463.8	2,763.5	370.1	376.3	425.6
1,275.7	1,208.7	1,237.6	1.1	1.2	0.8	122.8	148.0	131.3	58.9	63.8	91.7
44.2	38.2	78.0	12,483.9	13,583.8	15,274.4	1,138.5	1,133.2	1,143.1	—	—	—
—	—	—	—	—	—	48.9	34.2	38.2	2.2	2.4	2.0
59.1	60.2	62.6	15.9	21.2	5.5	94.8	77.5	61.8	113.0	94.1	89.1
—	—	—	—	—	—	303.5	172.6	131.2	103.2	169.9	277.8
37.6	41.7	29.9	30.5	17.2	24.7	936.5	1,215.1	1,260.6	522.6	511.7	537.7
27.2	28.9	19.2	—	—	—	—	—	—	—	—	—
160.6	160.1	207.7	14.7	12.4	19.5	341.4	895.3	1,007.5	126.3	145.3	119.8
681.5	659.3	641.4	61.2	91.6	108.8	2,942.1	2,695.9	2,750.8	541.7	524.4	542.8
161.5	161.0	151.8	24.1	19.6	23.2	4,534.1	4,729.3	5,175.0	310.2	383.0	326.4
250.3	232.3	243.9	19.7	16.8	31.2	5,117.5	5,374.7	6,237.4	370.0	420.7	535.3
42.7	41.1	44.8	10.7	14.6	14.4	172.0	203.7	248.4	58.0	63.9	85.2
—	—	—	26.9	19.2	14.2	598.3	898.2	840.2	587.0	526.5	489.3
48.9	58.7	41.3	7.2	5.4	23.9	550.1	619.9	554.0	82.7	72.7	74.9
7.1	6.5	7.1	2.0	2.4	1.5	158.7	152.8	155.1	24.4	23.3	22.6
6.2	5.9	5.5	1.9	0.9	0.2	52.6	78.9	77.4	6.2	5.8	6.0
0.4	0.3	0.3	0.1	—	—	20.5	28.9	36.4	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
2.2	6.2	8.5	—	0.2	—	0.3	0.4	0.7	2.3	0.7	5.5
2,263	2,250	2,225	40	54	40	193	178	153	306	299	296
4.30%	4.41%	4.41%	4.29%	4.53%	4.84%	3.91%	3.97%	3.92%	4.66%	4.66%	4.51%
7.55%	7.80%	7.81%	7.51%	7.87%	7.88%	8.20%	8.24%	7.94%	8.80%	8.90%	8.66%

Synopsis.

PRINCIPAL ITEMS OF BALANCE SHEET (in lire 00,000 omitted)	1926 (1)	1927	1928
Capital and Reserves.....	6,237.3	8,215.6	8,476.5
Deposits(2)	30,224.7	33,754.3	37,705.6
Drafts outstanding.....	1,048.4	1,153.1	1,287.4
Re-discount of Bills	1,622.8	1,393.9	1,848.8
Advances obtained.....	691.9	757.4	1,561.7
Current and other Credit Accounts.....	23,544.7	26,722.2	28,109.5
Cash in Hand and Money at Call.....	3,942.6	5,118.1	4,474.5
Bills discounted.....	22,370.7	23,686.0	24,002.3
Investments	9,789.8	11,785.6	11,772.5
Advances and Loans.....	10,871.3	12,514.6	14,720.2
Premises	761.8	909.8	1,061.5
Debit Accounts	11,741.6	12,177.2	14,102.8
Other Sundry Debtors	1,574.8	1,923.4	2,151.0
Net Profits for the Year.....	645.3	682.4	706.0
Losses declared	16.6	46.5	166.4
Number of Concerns.....	3,783	3,779	3,738
Average Interest on Deposits.....	4.28%	4.36%	4.28%
Average Rate for Discounts.....	8.24%	8.27%	8.14%

(1) In the figures for 1926 the Banco di Napoli and the Banco di Sicilia are not included, since they ceased to be note-issuing banks on the 1st July of that year. They are, however, included in the years 1927 and 1928. Other public bodies considered include the "Monte dei Paschi" of Siena, the "Banca nazionale del lavoro e della cooperazione" and the "Istituto nazionale di credito per le piccole industrie e l'artigianato."

(2) Attention is called to the fact that a part of the deposits of the popular banks and of the rural and agricultural banks should be regarded as doubly entered, since these banks, in turn, place their funds on deposit with the larger joint stock banks.

BALANCE-SHEET.

December 31st, 1929.

PROFIT AND LOSS ACCOUNT.

BANCA

AUTHORISED CAPITAL
OF WHICH IS PAID-UP

BALANCE SHEET,

ASSETS.			
Gold in Hand.....	L.		5,190,137,968.48
Other Gold Assets :			
Balances Abroad	L.	3,614,252,313.36	
Foreign Treasury Bills.....	,,	1,536,887,335.71	
			5,151,139,649.07
Total Reserve.....	L.		10,341,277,617.55
Gold deposited abroad, due by the State.....	,,		1,813,136,661.32
Cash in Hand.....	,,		197,550,317.46
Inland Bills.....	,,		4,318,674,041.74
Bills for Collection.....	,,		33,086,755.56
Advances to Customers { Against Government Securities and Mort- gage Bonds.....	L.	1,800,520,072.40	
Against Silk and Cocoons.....	,,	1,670,636.65	
			1,802,190,709.05
Investments (Government Securities owned by the Bank)	,,		1,053,025,710.54
Cr. Accounts in the Kingdom :			
Deferred Payments at Clearing Houses.....	L.	112,971,690.72	
Other Accounts	,,	106,419,724.04	
			219,391,414.76
Interest Due (by the Treasury) for account of " Istituto di Liquidazioni ".....	L.		455,875,617.49
Shareholders' uncalled Capital.....	,,		200,000,000.00
Premises	,,		149,105,634.97
Credit with " Istituto di Liquidazioni "	,,		851,379,635.41
Other Assets :			
" Credito Fondiario " Fund.....	L.	30,000,000.00	
Investment of Extraordinary Reserve	,,	32,485,000.00	
,, Shareholders' Special Reserve	,,	53,240,437.20	
,, Employees' Pension Fund	,,	190,499,623.00	
Other Debtors	,,	734,424,224.04	
			1,040,649,284.24
			L. 22,475,343,400.09
Securities and other valuables deposited.....	,,		26,648,086,217.62
			L. 49,123,429,617.71
Amounts written off in past years.....	,,		235,945,231.13
			L. 49,359,374,848.84
TOTAL	L.		

D'ITALIA.

L.500,000,000.

L.300,000,000.

31st December, 1929—Year VIII.

LIABILITIES.

Notes in circulation	L.	16,774,337,100.00
Demand Drafts Outstanding.....	„	602,760,645.03
Current Accounts.....	„	1,082,087,964.74
Treasury Current Account.....	„	300,000,000.00
	L.	18,759,185,709.77
Capital	„	500,000,000.00
Statutory Reserve	„	100,000,000.00
Extraordinary Reserve	„	32,500,000.00
Special Security Accounts.....	„	41,644,703.35
Treasury Fixed Deposit Account.....	„	1,488,633,732.53
Treasury "Istituto di Liquidazioni" Interest Account.....	„	300,000,000.00
Other Liabilities :		
Shareholders' Special Reserve.....	L.	63,688,090.82
Shareholders' Special Reserve Invested in Premises.....	„	46,000,000.00
Other Creditors.....	„	1,069,896,431.32
	L.	1,179,584,522.14
Net Profits for the Year.....	„	73,794,732.30
	L.	22,475,343,400.09
Securities and other valuables deposited.....	„	26,648,086,217.62
	L.	49,123,429,617.71
Amounts written off in past years.....	„	235,945,231.13
	L.	49,359,374,848.84

YEAR

DISTRIBUTION

ALESSANDRO RIPETTI,
p.p. Chief Accountant.

LOSS ACCOUNT

1929—VIII.—E. F.

		Cr.		
Profits from the Year's business	Re-discounts carried forward from previous year	L.	29,297,979.45	
	Year's discounts	"	250,418,789.08	
	less: re-discounts carried forward ..	"	279,716,768.53	
			36,619,804.00	
Profits from Investments	Interest on advances.....	L.	243,096,964.53	
	Interest on Cr. accounts	"	98,926,583.06	
	Commissions	"	13,198,703.88	
	Interest, discount and exchange profits on foreign business, less re-discount charges	"	5,083,524.63	
	Other profits.....	"	90,005,015.62	
			26,851,723.91	
				477,162,515.63
Profits from Investments	Interest on Government Securities.....	L.	32,806,314.79	
	Interest on "Credito Fondiario" Fund.....	"	1,200,000.00	
	Revenue on real estate	"	4,908,840.64	
	Interest on investment of Colonial Branches Fund ..	"	475,000.00	
	Profits arising from the liquidation of late note- issuing banks.....	"	4,014,552.94	
				43,404,708.37
By Istituto di Liquidazioni, interest on Treasury "Istituto di Liquidazioni Interest Account"				5,068,705.93
By Istituto di Liquidazioni, circulation tax on notes outstanding on its behalf				2,500,754.65
TOTAL				528,136,684.58

OF NET PROFIT

.....	L.	30,000,000.00
.....	"	281,060.00
.....	"	13,874,116.26
.....	"	8,655,093.76
1923 and Art. 3 of R. Decree No. 1832 of November 6th, 1926	"	20,984,462.28
TOTAL NET PROFIT TO BE DISTRIBUTED ...	L.	73,794,732.30

BONALDO STRINGHER,
Governor.

DIAGRAMS

Equivalent in English of Italian Headings.

FIRST TABLE.

Milioni di lire.....	Millions of lire.
Circolazione bancaria (Situazione fine mese).	Bank Notes in circulation (end of each month).

SECOND TABLE.

Milioni di lire.....	Millions of lire.
Depositi in C/C/Fruttifero (dati a fine mese).	Deposits in interest-bearing current account (balances at the end of each month).

THIRD TABLE.

Milioni di lire.....	Millions of lire.
Debiti a vista.....	Sight liabilities.
Totale	Total.
Biglietti in circolazione.....	Notes in circulation.
Riserva	Reserve.
Oro in cassa	Gold in hand.

FOURTH TABLE.

Corsi mensili al netto degli interessi....	Monthly prices, interest excluded.
Consolidato 5%	5% Consols.
Rendita 3.50% (ex 3.75%).....	3½% Rentes (formerly 3¾%).

FIFTH TABLE.

Variazioni percentuali del cambio (medie mensili).	Percentage exchange fluctuations (monthly averages).
Dollaro	U.S. dollar.
Sterlina	Pound sterling.
Fr. Svizzero	Swiss francs.

1924

1925

1926



1927

1928

1929

GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC.

CIRCOLAZIONE BANCARIA

(Situazione fine mese)

Milioni
di lire

19.500
19.400
19.300
19.200
19.100
19.000
18.900
18.800
18.700
18.600
18.500
18.400
18.300
18.200
18.100
18.000
17.900
17.800
17.700
17.600
17.500
17.400
17.300
17.200
17.100
17.000
16.900
16.800
16.700
16.600
16.500
16.400
16.300
16.200
16.100
16.000
15.900



1924

1925

1926





1927

1928



1929



1924

1925

1926



1927

1928

1929

CONSOLIDATO 5%





