

Furthermore, I would like to submit, for the record of these hearings, a news article summarizing the general trade picture which appeared in this week's New York Journal of Commerce, entitled "Import Acceptances Up To Peak Level in May."

(The article referred to follows:)

[From the Journal of Commerce, Wednesday, June 19, 1968]

IMPORT ACCEPTANCES UP TO PEAK LEVEL IN MAY

(By Ed Tyng)

Bankers acceptance to finance U.S. import trade last month rose for the fourth month in a row to an all-time record of \$1,266 million, up \$38 million, while bills to finance U. S. export trade declined by a further \$19 million to \$1,007 million, lowest of the year.

The figures suggested a further deterioration in U.S. foreign trade positions, since acceptance financing usually foreshadows future exports and imports.

The acceptance figures, issued by the Federal Reserve Bank of New York yesterday, revealed that total acceptance financing volume last month declined \$70 million to a total of \$4,359 million.

STORAGE BILLS DECLINE

Aside from the decline in acceptances to finance U.S. exports, a major factor in the May decline in bill volume was a drop of \$49 million to \$1,992 million in acceptances created to finance goods stored in or shipped between foreign countries. This was the largest decline in all categories of bills.

Acceptances to finance the domestic storage of readily marketable commodities dropped to \$39 million to an almost nominal figure of \$69 million. This reflected a runoff of bills financing cotton storage and offset an increase of a similar amount recorded last December.

BANKS SELL BILLS

The Federal Reserve monthly statistics on acceptance volume also revealed that banks which do the "accepting" of these foreign trade instruments reduced their holdings of bills in May by \$154 million.

This was an unusually large amount, making a total of \$1,624 million, which was 7 per cent of all acceptances outstanding and which compared with bank holdings equal to 34 per cent of the total supply in May of last year and 40 per cent in April of this year. At that time when holdings were \$1,778,071,000 or 40 per cent of all outstandings. Banks usually sell acceptances when faced with increased demand for loans.

During the past month, the New York Fed reported, dealers in acceptances raised their yield rates on such bills by one-eighth of a percentage point to 6½ per cent bid, 6 per cent asked, which was the net result of five successive rate changes. During the current month they lowered their rates by one-eighth of 1 per cent but rescinded this reduction on June 12. Dealers since have been playing the market by ear and have made changes in relation to their portfolios of acceptances, which lately have fluctuated around \$200 million.

Mr. THOMSON. Yes, Mr. Chairman, our agricultural exports dropped nearly a half billion dollars in 1967. This is a most disturbing fact, particularly when it is coupled with the rising volume of agricultural imports.

In the July 1968 publication of the U.S. Department of Agriculture entitled "Foreign Agricultural Trade of the United States," there appears a thorough discussion of our import-export picture at the present time.

This report shows, for example, that U.S. agricultural exports to a number of Communist States of Europe dropped in 1967 (Czechoslovakia, Hungary, Rumania, and the U.S.S.R.).

Yet imports from Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, and Russia all increased.