

TWELFTH ANNUAL REPORT
of the
FEDERAL RESERVE AGENT
of the
NINTH FEDERAL
RESERVE DISTRICT
to the
FEDERAL RESERVE BOARD



Covering the Calendar Year
1926

Federal Reserve Bank of Minneapolis,
Office of the Federal Reserve Agent,
Minneapolis, Minn., January 20, 1927.

To Governor D. R. Crissinger,
Federal Reserve Board,
Washington, D. C.

Sir:

In conformity with your letter of November 16, 1926, I have the honor to submit herewith the Twelfth Annual Report of the Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, relating to operations during the twelve months which ended December 31, 1926.

Respectfully submitted,

J. R. MITCHELL,
Federal Reserve Agent.

REPORT

OF THE

FEDERAL RESERVE AGENT

AT MINNEAPOLIS

1926

AGRICULTURAL AND BUSINESS CONDITIONS

The year 1926 witnessed the spending of the remainder of the proceeds of the crops of 1925 and the advent of much smaller crops selling at a lower average price. The business effects in this district of the carryover of purchasing power from 1925 was particularly noticeable in the smaller cities of the district located in strictly agricultural territory during the first half of the year. In the larger cities indexes of business activity were lower than in 1925 throughout the year.

The crops of 1926, according to the final figures announced on December 1, were not only smaller than the crops of 1925, but much smaller than the five year average for the years 1920-1924. As compared with the preceding year, all the crops exhibited decreases, except winter wheat and white potatoes. The decreases in production as compared with the preceding year were 25 percent for spring wheat, 34 percent for rye and 14 percent for flax. Comparisons for all the crops with last year and with the five year average for the years 1920-1924, inclusive, follow:

Relative Size of 1926 Crops in Minnesota, North Dakota, South Dakota, and Montana

	Percent of 1925 crop	Percent of the Average Crop 1920-1924
All Spring Wheat.....	75	80
Rye	66	45
Flax	86	124
Corn	96	88
Oats	54	65
Barley	66	93
All Hay	72	66
White Potatoes	104	70

The decrease in the crops was reflected in marketings. Terminal receipts in 1926 of rye and flax declined one-fourth and of wheat one-fifth as compared with 1925 totals. The decline in receipts at Minneapolis and Duluth was from 350 million to 242 million bushels, of which 60 millions was feed grains and 48 millions was wheat, rye and flax. Offsetting to some extent the effect of the declines in the marketings of the crops was the movement of livestock. Terminal receipts as compared with the preceding year were

19 per cent larger for cattle, 14 per cent larger for calves, 42 percent larger for sheep and 5 percent smaller for hogs. In this connection it is noteworthy that a large increase took place in the number of animals repurchased in this district for feeders, gains being shown in all varieties tabulated by us, the greatest gains being 30 percent for cattle, 107 percent for sheep and 135 percent for hogs.

In determining the business effects of the reduction in crops, declines in marketings of grains and increased marketings of livestock, it is necessary to take account of the prices received. When terminal prices prevailing during each month are applied to the receipts of the respective months and totals made for each of the years, it is found that the cash value of wheat, rye and flax received at terminals in this district declined 25 percent in 1926, as compared with 1925 and 10 percent in 1925 as compared with 1924. Similar comparisons for livestock marketed show that the cash value increased 14 percent in 1926 as compared with 1925 and 44 percent in 1925 as compared with 1924. If the total cash receipts be combined for grains and livestock, it is found that the totals were 534 million dollars in 1924, 540 million dollars in 1925, and but 466 million dollars in 1926, or a decline of 14 percent in 1926 as compared with 1925. While it is true that other products must be considered in making an estimate of the general situation, nevertheless the declines shown for the grains constitute such a large proportion of the total as not to be overlooked.

The effects upon business of these reductions in farm income are reflected by the total of individual debits through selected banks at seventeen representative cities in this district, which in 1926 totaled 6 percent less than in 1925, the decline being 640 million dollars. The resultant effects upon business sentiment and construction projects are reflected in the total valuation of building permits issued for structures within municipal limits in eighteen representative cities of this district, the totals for 1926 being 21 percent less than in 1925. In strictly agricultural sections of this district, the decline of purchasing power was not so pronounced. Sales of lumber at retail by lumber yards scattered throughout this district were but 2 per cent less in 1926 than in 1925. When the declines in business activity of 1926 are compared with 1925 in the different months, it is found that the debits were less in every month, except July, the gain in July being negligible. Sales at retail, likewise, failed to show gains as compared with the preceding year, except in the months of July and September. Sales of lumber by retail yards scattered throughout the rural districts registered declines in April and in each of the last six months as compared with last year. The total valuation of building permits granted declined in every month of 1926 as compared with 1925, except in May and August.

There was a definite turning point in trade conditions in this district after June, 1926. From January to July carloadings of miscellaneous commodities in carload lots increased relative to seasonal, whereas from March to June carloads in less-than-carload lots declined relative to seasonal. Apprehension regarding the value of the maturing crop caused a sharp contraction in forward buying reflected in a rapid decline from July to December in the adjusted index of carloadings of miscellaneous commodities in carload lots, coincident with a rapid increase in the index of less-than-carload lots of miscellaneous merchandise. The ratio of carload shipments to less-than-carload lots of merchandise declined in December, 1926, to the lowest point experienced in this district since December, 1921.

FINANCIAL CONDITIONS

The year 1926 opened with larger totals for deposits and investments in all operating banks in this district and smaller totals for loans and borrowings than the averages for the preceding five years. The customary spring expansion of activities caused country banks to increase their borrowings from the Federal Reserve Bank and to reduce their deposit balances with correspondent banks, and this continued until the first part of September. At that time crop marketing began, and the resulting reduction of loans and expansion of deposits enabled country banks to reduce their borrowings and increase their reserves until the first part of November. The crop was late and its full effect on banking conditions had been retarded for several weeks.

The smaller financial return from the 1926 crop was reflected in deposit totals. Net demand deposits of member banks in cities with less than 15,000 population decreased \$18,000,000 (10 percent), and time deposits decreased \$21,000,000 (8 percent) during the year. Member banks in cities with more than 15,000 population held \$24,000,000 less of net demand deposits and \$20,000,000 more of time deposits at the end than at the beginning of the year. The decrease in demand deposits in the larger cities was partly accounted for by smaller balances carried for country correspondent banks.

Other changes in banks in the larger cities are indicated in the weekly reports to this office made by twenty-four selected member banks. At these banks the year 1926 closed with commercial loans ("all other loans") of exactly the same amount as a year ago, investments slightly lower and loans secured by stocks and bonds slightly higher. Their borrowings from the Federal Reserve Bank were almost completely eliminated. Their total deposits were almost unchanged, with larger time deposit totals and smaller net demand deposit totals.

OPERATIONS OF MINNEAPOLIS FEDERAL RESERVE BANK IN 1926

A. General Survey

The operations of this bank during 1926, as reflected in the items of the weekly published balance sheet covering rediscounts for member banks, had a distinctly seasonal character. No change of importance took place between the beginning of the year and the second week in February. Expansion of borrowing began in the week ending February 10, which culminated in the week ending March 3 and was completely liquidated, in the week ending March 10. Customary spring borrowing began during the week ending April 21, increasing our rediscounts to a high point of over 8 millions in the week ending May 19. Practically all of this loan expansion was liquidated by June 2. Fall borrowing began during the week ending July 7 and reached a high point in the week ending September 1 and another high point in the week ending October 20; and this expansion was completely liquidated by December 15. In this connection it is important to note that member bank reserve deposits with this institution reached a higher total on November 10 than on any other date between February and the close of the year, thereby fixing this date as the high tide of crop marketing (coinciding this year with the tax payment date) as it affected financial conditions during the year.

Our total earning assets declined during the first five weeks of the year, owing to a reduction in the holdings of bills bought in the open market and in United States securities owned; increased during April and May, owing to increased discounting for member banks and increased purchases of bills bought in the open market and of securities; declined from the last week in May to the last week in June, owing to reduced discounting for member banks and reduced holdings of bills bought in the open market; increased thereafter to the high point of the year of over 50 million dollars on October 20, owing to increased discounting for member banks, increased holdings of bills bought in the open market and increased holdings of United States securities; and declined thereafter to the end of the year, due to reductions in discounts for members and in holdings of United States securities.

The net effect of these changes upon our balance sheet for the year ending December 31, 1926, as compared with December 31, 1925, was as follows: Bills discounted for member banks increased from 3½ millions to 4 millions; bills bought in the open market declined from nearly 19 millions to less than 13 millions; and holdings of United States securities declined from 19 millions to 17 millions. Total bills and securities at the end of the year were 34 millions, as compared with 42 millions at the beginning of the year. Member bank reserve deposits decreased from

53 millions to 51 millions. Federal reserve notes in circulation decreased from 70 millions to 69 millions, and cash reserves increased from 87 millions to 93 millions.

This bank did not borrow from or lend to any other Federal reserve banks during 1926.

The discount rate of this bank was unchanged throughout the year, at the rate of 4 percent, effective since October 15, 1924.

B. Earnings and Expenses

The gross earnings of this bank during 1926 were \$1,622,000, as compared with \$1,438,000 in 1925. Current expenses during 1926 were \$1,064,000, as compared with \$1,098,000 in 1925. The current net earnings during 1926 were \$558,000, as compared with \$341,000 in 1925. Miscellaneous additions to current net earnings in 1926 amounted to \$80,000, and deductions from current net earnings amounted to \$190,000, leaving final net earnings available for dividends, surplus and franchise tax of \$448,000, as compared with \$235,000 in 1925. In 1926, dividends totaling \$187,609 were declared at the rate of 6 per cent per annum on our paid-in capital stock, and paid to member banks. There was transferred to surplus account \$26,043. The remainder, amounting to \$234,381, was paid to the United States Government as a franchise tax.

C. Departmental Statistics of Volume Including the Helena Branch

The Transit, or Check Collection Department handled 25,286,000 items during 1926, amounting to \$4,336,350,000, as compared with 26,563,000 items during 1925, amounting to \$4,012,157,000.

The Collection Department received 320,000 items during 1926, amounting to \$151,328,000, as compared with 343,000 items during 1925, amounting to \$151,044,000.

The Currency Department received and counted 37,254,000 bills, amounting to \$207,329,000 in 1926, as compared with 34,419,000 bills, amounting to \$191,744,000 in 1925. This department also received and counted 11,633,000 coins, amounting to \$4,059,000 in 1926, as compared with 9,504,000 coins, amounting to \$3,666,000 in 1925.

The Vault Custody Department, in its service of safekeeping of securities, handled 48,649 bonds during 1926, as compared with 58,363 bonds in 1925. This department cut and forwarded to the owners of the securities, or turned over to other departments for collection or credit 73,703 coupons during 1926, as compared with 49,386 coupons during 1925.

Wire transfers of funds made for member banks, including those made for the 5 per cent Gold Redemption Fund, numbered 64,000, totaling \$2,593,972,000 during

1926, as compared with 63,000, totaling \$2,657,304,000 during 1925.

The Discount Department received 2,735 applications for loans during 1926 and served 270 member banks. In 1925, 2,869 applications were received and 290 banks served. For each year this was an average of 10 applications each from 35 per cent of the number of member banks in the district at the close of the year. During 1926, 12,515 notes were discounted, amounting to \$221,889,000, as compared with 11,524 notes, amounting to \$92,374,000 in 1925.

Of the total bills discounted for all member banks, the percentages in amount divided by state lines during the last four years were as follows:

	1926	1925	1924	1923
Minnesota	91.9%	80.0%	63.9%	80.0%
South Dakota	2.9	9.0	13.4	6.9
North Dakota	2.2	3.7	12.0	4.9
Montana	1.0	1.9	7.4	6.2
Wisconsin	1.1	2.4	2.1	1.2
Michigan9	3.0	1.2	.8

Bills purchased by this bank in the open market during 1926 numbered 4,986, amounting to \$63,057,000, as compared with 6,078, amounting to \$84,712,000 in 1925. Bills purchased from other Federal reserve banks during 1926 numbered 1,100, amounting to \$20,600,000, as compared with 979, amounting to \$18,276,000 in 1925.

FISCAL AGENCY FUNCTIONS

The Fiscal Agency operated by us for the United States Government redeemed 1,025,496 Government coupons amounting to \$11,015,565.21 during 1926 as compared with 1,094,000 coupons amounting to \$11,086,000 in 1925.

Other operations consisting of issues, redemptions or exchanges of various Government securities, including Treasury Savings securities, redeemed at this office, or received from Postmasters after redemption by them numbered 85,568 pieces and amounted to \$80,771,000 as compared with 128,000 pieces amounting to \$82,403,000 in 1925. In March the Treasury Department made public announcement of its willingness to purchase Third Liberty Loan 4¼% bonds direct from individual holders. As a result 210 proposals offering \$529,000 of this issue were received from holders in this district. Of these, 184 proposals offering \$309,650 at not exceeding 101 10-32 were finally accepted and paid for.

This Agency handled during 1926, in addition, 5,154 orders for the purchase of Government securities and 4,880 resales of Government securities, totaling \$77,123,800. This was an increase of 22½ percent over 1925 in the number of transactions handled. In addition, either delivery or payment or both was handled for banks and trust companies on 599 transactions in Government securities amounting to \$50,846,250. There were also 272 transactions of miscel-

laneous general market securities aggregating \$1,712,150. Altogether, of these various transactions, there were 10,905, totaling \$129,682,200. Including short term Government securities which were transferred by wire, delivery of 32,277 pieces totaling \$67,027,350 was made on purchase and resale transactions other than our own account. In addition, on exchange transactions such as denominational exchange, the exchange of coupon for registered securities, etc. 34,833 pieces were delivered, amounting to \$27,432,100.

This Agency assisted in the allotment of three offerings of Treasury Certificates of Indebtedness and Treasury Bonds during the year. In such operations 7,966 individual subscriptions contained in 492 different applications amounting to \$47,982,900 were received. Of the latter figure, \$26,831,700 were finally allotted.

ACTIVITIES OF THE FEDERAL RESERVE AGENT'S OFFICE

A. Federal Reserve Note Issues

Since the organization of this Federal Reserve bank there have been received by the Federal Reserve Agent from the Comptroller of the Currency \$386,140,000 of new Federal reserve notes, and during this same period there has been issued by the Federal Reserve Agent to the Bank \$373,837,000 of new Federal reserve notes. Meanwhile, the Federal Reserve Bank "retired", or returned to the Federal Reserve Agent \$96,706,500 of currency fit for reissue, and such reissues of fit-for-use notes totaled \$94,747,500. Federal reserve notes were redeemed and destroyed at Washington since the organization of this Bank totaling \$296,815,110. The total of such notes issued by the Federal Reserve Agent to the Bank, as shown above, less the amount returned to the Agent and the amount returned to Washington for destruction, are designated as "outstanding."

From the foregoing it is apparent that on December 31, 1926, the amount of notes outstanding was \$75,062,890, and the Federal Reserve Agent held \$14,262,000 of new and fit-for-use notes.

Of this total outstanding (\$75,062,890) there was "in circulation" \$68,891,000, and the amount of notes held by our paying tellers here and in the Branch Office of Helena combined and the amount of mutilated Federal reserve notes forwarded for redemption totaled \$6,171,890.

During 1926 the Federal Reserve Agent and his assistants received \$32,220,000 of new Federal reserve notes from the Comptroller of the Currency at Washington and \$13,049,000 of fit-for-use notes from our paying tellers. The issues of new and fit-for-use notes totaled \$46,702,000, as compared with \$44,330,500 during the preceding year. The amount of Federal reserve notes outstanding with this Federal Reserve Bank increased from \$73,245,840 to \$75,-

062,890 between December 31, 1925 and December 31, 1926.

Federal reserve notes in actual circulation declined from \$70,161,000 at the beginning of the year to \$59,908,000 on June 16, which was the lowest point shown in the published weekly statements, and increased thereafter to a high point of \$69,302,000 on December 29. The amount in actual circulation on December 31, 1926, was \$68,891,000.

Unissued Federal reserve notes on hand held by the Federal Reserve Agent and his assistants amounted to \$14,262,000 on December 31, 1926, as compared with \$15,695,000 on December 31, 1925.

As collateral security for the Federal reserve notes outstanding with the Federal Reserve Bank, there was held by the agent on December 31, 1926, \$60,539,000 in the form of gold coin and gold certificates, in vault or on deposit with the Federal Reserve Board, and \$16,341,000 in eligible paper, compared with \$57,420,000 in gold and \$21,719,000 in eligible paper on December 31, 1925.

B. Membership

At the close of the year, there were 766 member banks operating in this district, as compared with 829 member banks at the beginning of the year. There was a net loss of 50 national banks and 13 state banks. The total membership (banks in operation only) at the close of 1926 was divided into 694 national banks and 72 state banks. The new members are:

Name of Bank	Town	No. of Shares Subscribed
Farmers National Bank in	Alexandria, Minn.....	75
Buffalo National Bank	Buffalo, Minn.....	18
First National Bank in.....	Mahnomen, Minn.....	17
Bloomington-Lake National Bank.....	Minneapolis, Minn.....	132
First National Bank of	Moose Lake, Minn.....	18
Peoples State Bank.....	Plainview, Minn.....	15
National Exchange Bank in.....	St. Paul, Minn.....	180
National Bank in.....	Wahpeton, N. Dak.....	21
Deuel County National Bank.....	Clear Lake, S. Dak.....	18
New First National Bank in.....	Dell Rapids, S. Dak.....	21
New First National Bank.....	Howard, S. Dak.....	33
Citizens National Bank in.....	Sioux Falls, S. Dak.....	75
Citizens National Bank of.....	Wessington, S. Dak.....	24

NUMBER OF BANKS IN OPERATION IN THE NINTH FEDERAL RESERVE DISTRICT December 31, 1925, and December 31, 1926

	National State Members		Non-Members		Total			
	1925	1926	1925	1926	1925	1926		
Michigan	39	39	10	9	30	31	79	79
Minnesota	308	287	23	21	1,034	944	1,365	1,252
Montana	80	76	31	27	117	112	228	215
North Dakota.....	160	146	3	2	485	415	648	563
South Dakota.....	110	100	12	9	371	310	493	419
Wisconsin	47	46	6	4	210	204	263	254
Ninth Federal Reserve Dist.....	744	694	85	72	2,247	2,016	3,076	2,782

C. Examination of Banks

During 1926, 74 examinations and credit investigations were made by the Federal Reserve Agent's Examiners, of which 69 were made in conjunction with state banking department examiners and 5 were independently made. In the examination work this year, three examiners were used throughout the year, who with their assistants traveled in the aggregate 31,257 miles and examined banks with total resources of \$69,197,097. The Manager of the Examination Department, who is included in the total of three examiners, devoted one-half of his time to suspended banks. In addition to the foregoing examinations and credit investigations, special visits were made to 6 banks for the purpose of obtaining credit information, or in connection with rediscounts or collections, or to give general assistance to member banks.

In addition to the information obtained from the Federal Reserve Examiners, 1,600 reports of examination of national banks were received from the Chief National Bank Examiner of this district, and 35 reports of examination of state member banks were received from the various state banking departments. There were three calls for reports of condition of national banks and three calls for state member banks during the year. Also two semi-annual statements of earnings and dividends were required from all member banks. Reports of condition and of earnings and dividends, totaling approximately 4,000, were received, verified and filed.

D. Applications for Fiduciary Powers

National banks have continued to apply for trust powers under Section 11-K of the Federal Reserve Act. Applications received and approved by the Federal Reserve Board during 1926 include the following:

Name of Bank	Location	Approved Date	Capital
First National Bank	Hancock, Mich.	3-31-26	\$100,000
First National Bank of Alger County	Munising, Mich.	3-31-26	100,000
United States Nat'l Bank.....	Iron Mountain, Mich.....	4-23-26	100,000
First National Bank.....	Negaunee, Mich.	5-11-26	100,000
Houghton National Bank.....	Houghton, Mich.	9-29-26	200,000
First National Bank.....	Winona, Minn.	5-24-26	225,000
Nat'l Bank of Lewistown.....	Lewistown, Mont.	4- 2-26	150,000
Citizens National Bank.....	Watertown, S. Dak.	2-16-26	100,000

E. Reviews of Agricultural and Business Conditions

During the year, twelve monthly reviews were prepared for the Federal Reserve Board and later published, containing a total of 99 pages of printed material. The number printed in December, 1926, was 5,975, as compared with 3,525 in December, 1925.

A summary of national business conditions prepared by the Federal Reserve Board was included in each issue.

A number of special studies were published in the monthly reviews during the year as follows:

Statistical Abstract of the years 1921-1925 in the Ninth Federal Reserve District. (January 29.)

Building Permits at Minneapolis and St. Paul Combined, 1885-1925. (January 29.)

Selection and Duties of Federal Reserve Bank Directors. (January 29.)

Farming Readjustments in the Northwest, 1920-1925. (February 27.)

Smut Infection in Spring Wheat in 1925. (February 27.)

Banking in 1925, A General Survey of the Year. (March 29.)

Progress in the Substitution of Machine Power for Animal Power in this district, 1920-1926. (March 29.)

Importance of the Ninth Federal Reserve District in United States Production. (April 28.)

Hog Marketing Situation, 1924, 1925 and 1926. (April 28.)

General Property Taxes in the Ninth Federal Reserve District: A Tabular Summary for Each of the Years 1913-1925 in the States of Minnesota, North Dakota, South Dakota and Montana, and in those Counties of Wisconsin and Michigan contained in the Ninth Federal Reserve District. (May 28 and June 29.)

Crop Acreages and Production, 1909-1925. (Supplement to June 28 issue.)

Cattle Prices and the Profitableness of Feeding Steers. (May 28.)

Overhead Costs in Farming. (May 28.)

The Effects of Post-War Transportation Improvement on Northwestern Business. (June 29.)

Interest Rates Paid by Bankers on Time Deposits in the Different Counties in this District on June 30, 1923, and June 30, 1926: An Analysis with Maps. (July 28.)

The Outlook for Hogs. (July 28.)

Flour Production in the Northwest and at Buffalo: A Comparison of trends. (August 28.)

"Help Wanted" and "Situations Wanted" Advertising in Minneapolis and St. Paul Newspapers. (September 28.)

The Banking Situation during the Crop Moving Period. (October 29.)

Freight Carloadings of Merchandise Forwarded from the Twin Cities into the Northwestern Trade Territory, 1920-1926. (November 29.)

Forward Buying Versus Hand-to-Mouth Buying: A Method of analysis based on the ratio of carload lots of miscellaneous merchandise to the less-than-carload lots of merchandise. (December 27.)

Deposits in the Economic Regions of the Ninth Federal Reserve District, with Map. (December 27.)

Investment Holdings of Banks in the Northwest. (December 27.)

F. General Service

There is a demand that this Federal Reserve Bank furnish speakers for various public meetings, and that they describe the operations of the Federal Reserve System and its relation to agriculture, commerce, industry and finance. In response to this demand during the year 1926, officials

and representatives of this Bank addressed 71 different groups, with a total attendance of 9,629 persons, as compared with 35 addresses and an attendance of 5,705 in 1925. In addition, many requests were received through personal calls or letters for specific information regarding the banking system, all of which have been met with such information as could be obtained from our library and office files. During the year 1926, the number of volumes in our library increased from 1,106 to 1,158, not including pamphlets, bound periodicals or annual reports. The number of newspapers and periodicals received was practically unchanged and was comprised chiefly of those having current interest and permanent value for reference purposes.

CHANGES IN PERSONNEL

In the annual fall election, member banks re-elected Mr. J. C. Bassett of Aberdeen, South Dakota, as a Class A Director and Mr. N. B. Holter of Helena, Montana, as a Class B Director for terms of three years each beginning January 1, 1927. The Federal Reserve Board re-appointed Mr. J. R. Mitchell as a Class C. Director for a three-year term beginning on the same date, and redesignated him as Chairman of the Board and Federal Reserve Agent. For the year 1927, the Federal Reserve Board redesignated Mr. Homer P. Clark as Deputy Chairman, and Mr. Curtis L. Mosher, and Mr. J. F. Ebersole as Assistant Federal Reserve Agents.

Mr. W. C. Langdon, Assistant Cashier at Minneapolis, resigned, effective March 15, because of ill health.

Mr. Theodore Wold was re-elected by our Board of Directors as a member of the Federal Advisory Council to serve for the year 1927.

On December 31, 1926, Mr. Lee M. Ford resigned as a member of the Board of Directors of the Helena Branch. The Federal Reserve Board re-appointed Mr. C. J. Kelly as Director for a term of two years beginning January 1, 1927. The Board of Directors of the Head Office re-elected Mr. R. O. Kaufman as Director for a two-year term beginning on the same date, and redesignated Mr. R. E. Towle as Managing Director for the year 1927.

Mr. H. F. Brown, Cashier at Helena, resigned, effective July 1, and was succeeded by Mr. H. L. Zimmermann, formerly Assistant Federal Reserve Agent and Auditor. The office of Assistant Federal Reserve Agent at Helena was thereupon abolished.

The complete staff of the Federal Reserve Bank of Minneapolis and its Helena Branch, including officers, employees and building employees, numbered 346 persons on December 31, 1926, as compared with 384 at the close of the previous year.

*Resources and Liabilities of the Federal Reserve Bank
of Minneapolis*

(In Thousands of Dollars)

	Dec. 31, 1926	Dec. 31, 1925	Dec. 31, 1924
RESOURCES			
Gold with Federal reserve agent.....	\$ 60,589	\$ 57,420	\$ 78,528
Gold redemption fund with United States Treasury	2,074	2,059	908
Gold held exclusively against Federal Reserve notes	\$ 62,613	\$ 59,479	\$ 74,436
Gold settlement fund with Federal Reserve Board..	20,483	18,760	19,569
Gold and gold certificates held by bank	6,873	6,905	5,867
Total gold reserves	\$ 89,969	\$ 85,144	\$ 99,872
Reserves other than gold	3,152	2,200	1,608
Total reserves	\$ 93,121	\$ 87,344	\$101,480
Non-reserve cash	903	1,145	1,027
Bills discounted:			
Secured by United States Government obligations	658	551	229
Other bills discounted	3,380	2,870	4,223
Total bills discounted	\$ 4,038	\$ 3,421	\$ 4,452
Bills bought in open market	12,615	18,741	8
United States Government securities:			
Bonds	7,569	7,665	8,856
Treasury notes	1,841	7,094	13,145
Certificates of indebtedness	7,629	4,819	3,787
Total United States Government securities	\$ 17,039	\$ 19,078	\$ 25,788
Other securities	621	55	-----
Foreign loans on gold	-----	257	216
Total bills and securities	\$ 34,313	\$ 41,552	\$ 30,464
Uncollected items	13,543	14,199	13,042
Bank premises	2,774	2,943	2,901
All other resources	2,159	2,670	3,495
Total resources	\$146,813	\$149,853	\$153,309

	Dec. 31, 1926	Dec. 31, 1925	Dec. 31, 1924
LIABILITIES			
Federal reserve notes in actual circulation.....	\$ 68,891	\$ 70,161	\$ 71,761
Deposits:			
Member bank reserve account	50,946	53,071	55,967
Government	1,567	1,263	1,636
Foreign bank	901	272	67
Other deposits	152	362	355
Total deposits	\$ 53,566	\$ 54,968	\$ 58,025
Deferred availability items	12,858	13,149	11,883
Capital paid in	3,064	3,183	3,270
Surplus	7,527	7,501	7,497
All other liabilities	907	891	873
Total liabilities	\$146,813	\$149,853	\$153,309
Ratio of total reserves to deposit and Federal reserve note liabilities combined (per cent).....	76.0	69.8	78.2
Contingent liability on bills purchased for foreign correspondents	\$ 1,806	\$ 2,231	\$ 1,537

Earnings and Expenses of Federal Reserve Bank of Minneapolis

EARNINGS

	1926	1925	1924
Discounted bills	\$ 310,424	\$ 231,342	\$ 578,447
Purchased bills	405,511	440,784	84,269
U. S. Securities	723,348	676,696	848,070
Deficient reserve penalties	16,473	17,414	40,175
Miscellaneous	166,577	72,105	58,109
Total earnings	\$1,622,333	\$1,438,341	\$1,609,070
Current expenses	1,063,757	1,097,829	1,065,167
Current net earnings	\$ 558,576	\$ 340,512	\$ 543,903
Additions to current net earnings	79,773	39,367	170,570
Deductions from current net earnings:			
Bank premises—depreciation	166,272	126,411	310,862
Furniture and equipment	20,370	10,347	48,938
All other	3,174	8,167	25,571
Total deductions	\$ 190,316	\$ 144,925	\$ 385,371
Net earnings available for dividends, surplus and franchise tax	448,033	234,954	329,102
Distribution of net earnings:			
Dividends paid	187,609	193,560	202,823
Transferred to surplus account	26,043	4,139	12,623
Franchise tax paid U. S. Government.....	234,381	37,255	113,646

CURRENT EXPENSES

Salaries:			
Bank officers	\$ 135,681	\$ 125,552	\$ 121,350
Special officers and watchmen	25,958	25,568	25,576
Clerical staff	357,223	375,112	429,493
All other	80,091	93,344	67,148
Governors' conferences	568	645	566
Federal Reserve agent's conferences	288	300	246
Federal Advisory Council	824	991	1,087
Directors' meetings	7,289	8,256	9,052
Traveling expenses*	35,222	45,723	52,454
Assessment for Federal Reserve Board expenses	22,596	23,006	21,867
Legal fees	30,701	29,384	23,463
Insurance (other than on currency and security shipments)	28,246	31,793	29,600
Taxes on banking house	82,713	80,031	1,580
Repairs and alterations, banking house.....	4,540	7,931	426
Light, heat and power	19,762	19,757	1,468
Rent		7,889	43,399
Telephone	5,816	5,769	7,310
Telegraph	23,277	21,975	23,998
Postage	64,373	61,597	74,683
Expressage	8,437	9,553	10,993
Insurance on currency and security shipments	14,091	14,424	16,175
Printing and stationery	25,568	22,035	38,063
Office and other supplies	19,725	22,891	20,891
All other expenses	34,810	32,094	36,645
Total exclusive of cost of currency	\$1,027,799	\$1,066,120	\$1,056,633
Federal reserve currency (including shipping charges):			
Original cost	33,597	28,255	6,796
Cost of redemption	2,361	3,454	1,738
Total current expenses	\$1,063,757	\$1,097,829	\$1,065,167

REIMBURSABLE EXPENSES OF FISCAL AGENCY DEPARTMENT

Salaries	\$ 12,270	\$ 15,290	\$ 41,060
All other expenses	5,270	6,128	10,171
Total	\$ 17,540	\$ 21,413	\$ 51,231
*Other than those connected with governors' and agents' conferences and meetings of the directors and of the Advisory Council.			

**DIRECTORS AND OFFICERS
FEDERAL RESERVE BANK OF MINNEAPOLIS
JANUARY 1, 1927**

DIRECTORS

Class A

WESLEY C. McDOWELL	- - - -	1927	- - - -	Marion, N. Dak.
PAUL J. LEEMAN	- - - -	1928	- - - -	Minneapolis, Minn.
J. C. BASSETT	- - - -	1929	- - - -	Aberdeen, S. Dak.

Class B

JOHN S. OWEN	- - - -	1927	- - - -	Eau Claire, Wis.
PAUL N. MYERS	- - - -	1928	- - - -	St. Paul, Minn.
N. B. HOLTER	- - - -	1929	- - - -	Helena, Mont.

Class C

HOMER P. CLARK	- - - -	1927	- - - -	St. Paul, Minn.
GEO. W. McCORMICK	- - - -	1928	- - - -	Menominee, Mich.
J. R. MITCHELL	- - - -	1929	- - - -	Minneapolis, Minn.

OFFICERS

J. R. MITCHELL, Chairman and Federal Reserve Agent.	R. A. YOUNG - - - Governor
HOMER P. CLARK, Deputy Chairman	W. B. GEERY - Deputy Governor
CURTIS L. MOSHER, Secretary Board of Directors, and Assistant Federal Reserve Agent.	B. V. MOORE - Deputy Governor
J. F. EBERSOLE, Assistant Federal Reserve Agent.	HARRY YAEGER - - - Asst. Deputy Governor
FRED M. BAILEY, Manager, Bank Examination Department.	FRANK C. DUNLOP - Controller
ANDREAS UELAND, Legal Counsel.	GRAY WARREN - - - Cashier
SIGURD UELAND, Asst. Counsel	L. E. RAST - - - Asst. Cashier
	H. C. CORE - - - Asst. Cashier
	HARRY I. ZIEMER - Asst. Cashier
	A. R. LARSON - - - Asst. Cashier

MEMBER OF FEDERAL ADVISORY COUNCIL

THEODORE WOLD, Vice President, Northwestern National Bank,
Minneapolis, Minn.

HELENA BRANCH—(MONTANA)

DIRECTORS

HENRY SIEBEN, Chairman	- - - -	1927	- - - -	Helena, Mont.
C. J. KELLY, Vice Chairman	- - - -	1928	- - - -	Butte, Mont.
T. A. MARLOW	- - - -	1927	- - - -	Helena, Mont.
R. O. KAUFMAN	- - - -	1928	- - - -	Helena, Mont.
R. E. TOWLE	- - - -	1927	- - - -	Helena, Mont.

OFFICERS

R. E. TOWLE - Managing Director	W. A. CUTLER, JR. - Asst. Cashier
H. L. ZIMMERMAN - - - Cashier	T. B. WEIR - - - Legal Counsel