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EIGHTEENTH ANNUAL REPORT OF THE
FEDERAL RESERVE BANK OF ATLANTA

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ATLANTA, GEORGIA

DIRECTORS AND OFFICERS
FOR 1933
FEDERAL RESERVE BANK OF ATLANTA

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FULTON SAUSSY, Jacksonville, Fla.
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WM. P. RIDLEY, Columbia, Tenn.
C. W. BAILEY, Clarksville, Tenn.

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E. R. HARRISON, *Cashier*
L. W. STARR, *Assistant Cashier*

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HAVANA AGENCY

H. C. FRAZER, *Manager*

A. H. ALSTON, *Assistant Manager*

LETTER OF TRANSMITTAL

FEDERAL RESERVE BANK
OF ATLANTA

Atlanta, Ga., February 23, 1933.

Sirs:

I have the honor to submit herewith the Eighteenth Annual Report of the Federal Reserve Bank of Atlanta, covering the year 1932.

Respectfully,

OSCAR NEWTON,

*Chairman of the Board and
Federal Reserve Agent*

Federal Reserve Board,
Washington, D. C.

GENERAL BUSINESS CONDITIONS

The general decline in business and industrial activity which, at the beginning of 1932, had continued for more than two years, was interrupted during the third quarter of the year by a period of rising prices, particularly those of farm products and foods, and improvement in trade and in industrial activity and employment, but the year ended with business in this District at a low level, and all of the available series of business statistics for 1932 compare unfavorably with those for the year before.

Agricultural production in the six states of the District declined substantially from 1931 to 1932. The cotton crop raised in these states in 1932 was the smallest since 1924, and while increases are shown in the production of sweet potatoes, oranges, sugar cane and sugar, and cowpeas, important declines are shown in other crops. Particularly large decreases are shown in the production of peaches, apples and pecans, compared with the large crops of 1931, and important declines are also shown in cotton, wheat, oats, white potatoes, tobacco and watermelons. The consumption of fertilizer in these six states, as reflected in the sales of fertilizer tax tags by state authorities, declined 41.1 per cent from 1931 to 1932.

The total dollar volume of sales during 1932 by 38 reporting department stores located in 21 cities of the District was \$42,042,000, a decline of 23.7 per cent compared with the year before, and smaller than for other recent years. The seasonally adjusted index of department store sales rose in July, August and September, but declined during the last quarter of the year. Sales during 1932 by 107 wholesale firms in eight lines of trade totaled \$53,565,000, smaller by 24.7 per cent than in 1931, and also less than for other recent years. The decreases from 1931 in wholesale trade ranged from 17.1 per cent in dry goods to 41 per cent in electrical supplies. Part of these declines, in both retail and wholesale trade, are attributed to the lower price level in 1932 as compared with previous years. The number of business failures in the District declined 1.1 per cent, but liabilities of these firms increased 18.8 per cent, over 1931.

Debits to individual accounts by banks in 26 clearing house centers of the District were 25.9 per cent less in 1932 than in 1931. Bank debits have been compiled for 15 of these cities since 1919, and the 1932 total is smaller than for any of the other years in the series. Daily average demand deposits of member banks in December 1932 were 15.8 per cent, and daily average time deposits were 7.3 per cent, less than for December a year earlier.

Building and construction activities in the District, reflected in statistics of building permits issued at twenty reporting cities, and of contracts awarded in the District as a whole as reported by the F. W. Dodge Corporation, have declined each year since 1925. In 1932 building permits declined 34.4 per cent from 1931, and total contract awards decreased 49.8 per cent for the year. Residential contracts were 45.5 per cent, and other contracts 50.7 per cent, less in dollar value than in 1931.

Consumption of cotton by mills in Georgia, Alabama and Tennessee combined was 3.5 per cent less in 1932 than in 1931. The number of spindles active in these states and Mississippi averaged 2.4 per cent less than in 1931, and active cotton spindle hours operated during 1932 were 1.7 per cent less than in 1931. Daily average consumption of cotton in the states indicated reached in July the lowest level for any month since August 1924. However, the average price of spot cotton at ten designated markets, as officially compiled and reported weekly by the United States Department of Agriculture, increased from a low of 4.76 cents per pound, middling, on June 9 to a high of 8.27 cents on August 26, and this resulted in the receipt by mills of a large volume of orders, and in their purchase of raw cotton, and the daily average consumption rose sharply in August and September, and by smaller amounts in October and November.

Production of bituminous coal declined further in 1932, output in Alabama being 34.6 per cent, and in Tennessee 31.4 per cent, less than in 1931.

Pig iron production in Alabama reached in August the lowest point in many years, but increased through November, and for the year was 60.6 per cent less than in 1931.

Receipts for the year, and stocks at the end of the year, of both turpentine and rosin at the three principal naval stores markets of the District were materially smaller than for 1931.

Production of electric current by public utility power plants declined 5.6 per cent from 1931 to 1932. Because of dry weather and low streams in the summer and fall of 1931, production by use of water power increased 3.5 per cent in 1932, but output by the use of fuels declined 18.9 per cent.

Principal business indicators relating to the Sixth District are summarized in the table.

	(000 Omitted)			
	1932	1931	1930	1929
Retail Trade—Sales of 38 Department Stores	42,042	\$ 55,108	\$ 62,775	\$ 66,608
Wholesale Trade—Sales of 107 firms....	\$ 53,565	\$ 71,083	\$ 96,778	\$ 118,320
Life Insurance Sales (1).....	\$ 299,012	\$ 386,118	\$ 473,987	\$ 521,228
Commercial Failures—Number (2).....	1,679	1,698	1,400	1,205
Liabilities	\$ 37,149	\$ 31,258	\$ 49,809	\$ 25,145
Sales of Fertilizer Tax Tags, Short Tons (1)	1,141	1,936	2,805	2,616
Debits to Individual Accounts—26 Cities. \$	8,009,216	\$10,801,714	\$13,175,783	\$15,713,342
Deposits of All Member Banks (3):				
Demand	\$ 351,750	\$ 417,991	\$ 498,707	\$ 550,424
Time	\$ 344,157	\$ 371,425	\$ 413,822	\$ 427,978
Building Permits Issued at 20 Cities....	\$ 19,294	\$ 29,393	\$ 43,601	\$ 72,322
Building and Construction Contracts				
Awarded in Sixth District—Total..	\$ 86,755	\$ 172,862	\$ 233,119	\$ 328,594
Residential Contracts	\$ 15,825	\$ 29,047	\$ 46,002	\$ 76,461
All Others	\$ 70,930	\$ 143,815	\$ 187,117	\$ 252,133
Consumption of Cotton—Bales (5)....	1,601	1,659	1,658	2,058
Cotton Spindles Active (4) (6).....	5,090	5,215	5,362	5,424
Active Cotton Spindle Hours (6).....	17,370,901	17,664,125	16,875,054	20,500,233

Bituminous Coal Production—Tons:

Alabama	7,850	11,999	15,570	17,944
Tennessee	3,240	4,721	5,130	5,406
Pig Iron Production—Alabama—Tons...	660	1,673	2,343	2,693
Active Furnaces—Alabama—(4) (2)...	5	10	14	16 $\frac{1}{2}$
Naval Stores: (7) Receipts: Turpentine..	220	335	388	386
Rosin	852	1,176	1,332	1,387
Stocks (3): Turpentine	92	112	85	68
Rosin	333	487	372	258
Production of Electric Power for Public				
Use (1) k. w. hours—Total.....	5,410,619	5,730,240	5,855,106	5,703,403
By use of Water Power.....	3,529,520	3,409,534	3,698,323	3,585,587
By use of Fuels.....	1,881,099	2,320,706	2,156,783	2,117,816

- (1) Combined totals for six states: Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee. (Parts of Louisiana, Mississippi and Tennessee are situated in other Federal Reserve Districts.)
- (2) Actual number—000 not omitted.
- (3) December of each year.
- (4) Average of monthly figures.
- (5) Combined totals for Georgia, Alabama and Tennessee.
- (6) Combined totals for Georgia, Alabama, Tennessee and Mississippi.
- (7) Combined totals for Savannah, Jacksonville and Pensacola. Turpentine in barrels of 50 gallons, rosin in barrels of 500 pounds.

RESULTS OF OPERATION OF THE FEDERAL RESERVE BANK OF ATLANTA

Comparative Balance Sheets—Total resources of the Federal Reserve Bank of Atlanta at the close of the year 1932 amounted to \$177,672,000, a decrease of \$24,224,000 compared with the corresponding time a year earlier, and less than at the end of any other year since 1917. The amount of gold held by the Federal Reserve Agent to secure Federal reserve notes totaled on December 31, 1932, \$62,000,000, a reduction of \$29,800,000 compared with the amount so held a year earlier, and smaller than at the close of any year since 1921. Offsetting this decline in gold behind Federal reserve notes, however, the Federal Reserve Agent also held United States Government securities in the amount of \$39,000,000 which were also pledged to secure Federal reserve notes under authority of an amendment to Section 16 of the Federal Reserve Act approved February 27, 1932 which provided that until March 3, 1933, under certain conditions United States Government obligations might be pledged, in addition to gold and discounted or purchased notes, drafts, or bills of exchange, as security for Federal reserve notes issued to the bank. The Gold Redemption Fund maintained with the United States Treasury by this bank for the purpose of redeeming such Federal reserve notes of this bank's issue as may be presented to the Treasury for redemption amounted on December 31, 1932, to \$2,878,000, compared with \$2,725,000 a year earlier. Gold held exclusively against Federal reserve notes, therefore, amounted at the close of the year to \$64,878,000, as compared with \$94,525,000 so held at the close of 1931. Total gold reserves at the end of 1932, consisting of this amount held exclusively against Federal reserve notes plus the gold settlement fund maintained with the Federal Reserve Board and gold coin and certificates held by the bank, amounted to \$82,167,000, compared with \$109,561,000 at the close of 1931. Reserves other than gold declined further in 1932, compared with previous years, and total reserves at the close of the year amounted to \$87,227,000 as against \$115,622,000 at the end of 1931.

Holdings of bills discounted for member banks, both those secured by United States Government obligations and "All Others", were less at the end of 1932 than a year before, and total discounts were smaller than at the close of any other recent year. Holdings of bills bought in the open market were also smaller at the close of 1932 than at the end of any recent year, while holdings of United States Government securities were greater than for any other comparative date. Total holdings of bills and securities on December 31, 1932, amounting to \$66,292,000 were the largest on that date since 1928.

The volume of Federal reserve notes of this bank's issue which were in actual circulation on December 31 was \$97,139,000, smaller by \$23,487,000 than a year earlier, and the smallest year-end total since 1917. Member bank reserve deposits, and total deposits, at the close of 1932 were slightly larger than a year earlier. On page 19 of this report is a table setting out in detail the items in the balance sheet of the Federal Reserve Bank of Atlanta at the close of each of the past four years.

Earnings and Expenses—A table presented on page 20 of this report sets out in detail the various items of income and expenditures, together with profit and loss statements showing the disposition of earnings of the bank for the past four years.

Total earnings during the year 1932 were 38.3 per cent greater than in 1931, and slightly larger than in 1930, but a little less than half those in 1929, when the volume of discounts was nearly double that for 1932. Earnings on discounted bills gained 55.7 per cent over 1931, and earnings on United States securities were more than double those in 1931 and the largest on record because of the larger purchases of Government securities. Earnings on purchased bills, however, were the smallest since 1917.

The cost of current operations of the Federal Reserve Bank during 1932, including the cost of issue and redemption of its Federal reserve notes, amounted to \$1,217,777, a decrease of 4 per cent from 1931, and smaller than expenses were for any other year since 1919. In 1932 there were decreases of 2.2 per cent in salary expense, 16.8 per cent in office and other supplies, 8.7 per cent in telegraph expense and 21.4 per cent in expressage, offset in part by increases of 11.6 per cent in postage expense because of the increase in postage rates on first class mail matter, 1.9 per cent in telephone expense, and other minor items.

Current net earnings for 1932 (total earnings less total current expenses) amounted to \$785,419, as against \$180,059 in 1931 and \$590,842 in 1930. There were miscellaneous additions to current net earnings amounting to \$80,593, and deductions for depreciation, furniture and equipment, reserve for probable losses and other items totaling \$573,827, and there remained \$292,545, sufficient to pay dividends to stockholding member banks as provided by law. No franchise tax was paid to the United States Government for 1932, nor was any paid in 1931 or 1930.

MOVEMENT OF PRINCIPAL ASSET AND LIABILITY ITEMS

The average volume of reserve bank credit outstanding at the Federal Reserve Bank of Atlanta during the year 1932, indicated by its total holdings of bills discounted and bought and of United States securities purchased, was greater than in 1931 or in 1930. This was due to an increase in the volume of discounts, and to total purchases of United States securities greater than in any other year. The volume of acceptances bought in 1932 was the smallest since 1921.

Total bills and securities held by this bank declined from 79 millions on January 13 to a low point for the year, at 44.8 millions, on May 4. Because of large purchases of Government securities in May and June and increased discounts early in July, total bills and securities rose to the year's peak, at 93.6 millions, on July 13, and at the close of the year had declined to 66.3 millions.

From January through August the volume of bills actually discounted by this bank was larger than in those months of 1931, but in the last four months it was smaller. Holdings of discounted bills declined from 53.5 millions on

January 13 to 27.8 millions on June 29, rose to 43.6 millions on July 20, and declined to 14.9 millions at the close of the year.

Holdings of purchased bills declined from 11.8 millions on January 13 to a low for the year, at 1.2 millions on August 31, and at the end of the year were 3.4 millions.

United States security holdings were constant, at 12.6 millions, from the beginning of the year through May 4. Purchases of Government securities largely through the System's Special Investment Committee, resulted in an increase in this bank's holdings to a high point, at 52.8 millions, on June 29, and after declining to 46.6 millions on August 10 they remained at approximately that amount during the remainder of the year.

Cash reserves of this bank on January 6 were 112.9 millions, and after declining through January, rose to the high point for the year, at 126.8 millions, on May 4. As funds were invested in Government securities, reserves declined to 68.3 millions, the low point for the year, on July 27, and at the close of the year amounted to 87.2 millions.

Member bank reserve deposits at the beginning of 1932 were 50.8 millions, declined to 40.5 millions, on September 21, but rose to 49.8 millions on December 31.

Federal reserve notes of this bank in actual circulation are those which have been issued to the bank by the Federal Reserve Agent, less the amounts held by the bank, its branches and agencies. At the beginning of 1932, outstanding notes totaled 122.6 millions. There was a gradual decline during the first eleven months of the year to 96.3 millions, on November 30, and on December 31 the total was 97.1 millions.

The reserve ratio is the percentage relation which total reserves bear to liabilities of the bank in the form of deposits and outstanding Federal reserve notes, combined. This ratio increased from 63.3 on January 6 to 76.7 on May 4, declined to 44.1 on July 13, and increased to 58.6 on December 31.

On page 22 of this report will be found a table showing monthly averages of daily figures for the principal asset and liability items during 1932 and 1931.

VOLUME OF DISCOUNTS AND INVESTMENTS

The total volume of bills discounted, re-discounted, and purchased, and United States securities bought, and other investment operations of the Federal Reserve Bank of Atlanta during the year 1932 amounted to \$835,895,000. This total is larger by \$200,901,000 than the corresponding total for 1931, and is larger by \$124,858,000 than for 1930, but is less than for 1929 or 1928.

Discounts for member banks during 1932 amounted to \$685,424,000, a total greater than for 1931 or 1930 but less than for the two years preceding 1930. Discounts for individuals, partnerships or corporations under an amendment to Section 13 of the Federal Reserve Act adopted July 21, 1932, amounted to only \$206,500. Discounts for non-member banks secured by Adjusted Service Certificates were negligible, amounting to only \$482.00 for the year, and bills discounted for Federal Intermediate Credit Banks totaled

\$6,147,000. Total discounts during 1932, therefore, amounted to \$691,777,000, and were 54 per cent greater than in 1931, and 34 per cent greater than in 1930, but less than in 1929 or 1928. The monthly average number of member banks accommodated by the discount of paper during 1932 was 166, compared with averages of 157 for 1931, 182 for 1930, and 214 for 1929.

During the year 1932 the Federal Reserve Bank of Atlanta purchased directly in the open market and through other Federal reserve banks, paper amounting to \$29,480,000, an amount smaller than for any other year since 1921.

Purchases of United States Government securities directly in the open market, through the System's Special Investment Committee and from other Federal reserve banks during 1932 totaled \$113,137,500, greater by 62 per cent than during 1931, and greater than during any other year.

VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

During the year 1932 the Federal Reserve Bank of Atlanta received 12,924 applications for the discount or rediscount of paper, an increase of 13.6 per cent over the 11,378 applications received in 1931, and larger than for any other year since 1923.

There were accepted during 1932 for discount or rediscount 60,615 notes amounting to \$691,777,000, a decrease of 6 per cent in number of notes but an increase of 53.5 per cent in amount, compared with corresponding totals for 1931.

Bills bought in the open market during 1932 numbered 1,569, and amounted to \$29,480,000, representing decreases of 79.4 per cent in number and of 72.6 per cent in amount compared with 1931, and smaller than for any other recent year.

During 1932 there were received and counted 101,855,000 pieces of currency amounting to \$389,651,000, smaller by 13.4 per cent in number and 16.3 per cent in amount than during 1931, and coin received and counted numbered 70,817,445, and amounted to \$8,293,000, larger in number by 6.9 per cent but 22 per cent less in amount, than in 1931.

Checks handled during 1932 numbered 24,850,551, and amounted in value to \$5,821,695,000, showing decreases of 14.1 per cent in number and of 29.2 per cent in amount compared with those handled during 1931, and less both in number and value than for any other recent year.

The number of government security coupons paid during 1932 was 440,621, an increase of 12.8 per cent over the number paid in 1931, and the amount of these coupons was \$7,099,000, larger by 33.2 per cent than in 1931 and larger than for any other year since 1926. Other collection items handled during 1932 numbered 188,080, and amounted to \$128,452,000, showing an increase of 5.6 per cent in number but a decrease of 7.2 per cent in amount compared with those handled during 1931.

Transactions in United States securities by the Fiscal Agency Department during 1932, involving issues, redemptions and exchanges, numbered

77,752, and amounted in value to \$196,098,000, an increase of 42.7 per cent in number but a decrease of 33 per cent in amount, compared with those handled during 1931.

Transfers of funds during 1932 numbered 68,556, and amounted to \$1,589,238,000, smaller in number by 7.2 per cent and in amount by 24.7 per cent than in 1931.

OPERATIONS OF THE FEDERAL RESERVE CLEARING SYSTEM

Transit Operations—During the year 1932 the Federal Reserve Bank of Atlanta and its branches handled 23,958,000 collection items (not including duplications on account of items handled by both the parent bank and one of its branches, or by more than one branch), amounting to \$5,746,688,000. The number of items handled was smaller by 13.8 per cent than in 1931, the amount was 29.3 per cent less, and both number and amount were smaller than for other recent years.

Items drawn on member banks, and on par-remitting non-member banks, in the Sixth District numbered 18,265,000 and amounted to \$3,620,922,000, and were smaller in number by 16.1 per cent and in amount by 25.1 per cent than those handled in 1931. Items drawn on the Federal Reserve Bank of Atlanta and its branches numbered 154,000 and amounted to \$1,486,002,000, smaller by 0.6 per cent in number and 42.6 per cent in amount than in 1931. Items forwarded to other Federal reserve banks and their branches numbered 2,350,000 and amounted to \$265,278,000, declines of 22.5 per cent in number and of 27.7 per cent in amount compared with 1931. The number of items handled during 1932 which were drawn on the United States Treasurer was 3,189,000, amounting to \$374,486,000, greater in number by 12 per cent and in value by 10.9 per cent, than those handled in 1931, and larger than for any other recent year.

Clearings and Transfers Through the Gold Settlement Fund—Each Federal reserve bank maintains with the Federal Reserve Board a Gold Settlement Fund for the purpose of expediting the settlement of current transactions between Federal reserve districts in the clearing of checks and in the transfer of funds for its member banks. Both payments and receipts through this Fund, for clearings and transfers of funds, were smaller in 1932 than in 1931, and payments were smaller than for any other year since 1922 and receipts were the smallest since 1921. Total payments during 1932 amounted to \$2,611,867,793, a decrease of \$826,985,255, or 24 per cent, compared with payments during 1931, and 1932 receipts totaled \$2,563,368,403, smaller by \$795,334,604, or 23.7 per cent, than during the year before. For the year payments exceeded receipts by \$48,499,390, resulting in a net loss of this amount in this bank's balance in the Gold Settlement Fund. In 1931 there was a net loss of \$80,650,000, and in 1930 a net loss of \$45,218,000, while in 1929 there was a gain of \$12,420,000.

CHANGES IN MEMBERSHIP

The changes which occurred in national banks and state bank members during 1932 resulted in a net reduction of 26 in the number of member banks in the Sixth Federal Reserve District. At the beginning of the year there were 305 national banks and 44 state bank members, or a total membership in this District of 349 banks. During 1932 there was one new national bank organized, one national bank which had suspended resumed operation, and two state banks were admitted to membership. More than offsetting these gains in membership, however, were the changes which resulted in losses. Consolidation of two state bank members, and the conversion of a member bank to a non-member bank, together with the voluntary withdrawal of a state bank member reduced the membership by three, and suspension and insolvency accounted for the loss of 21 national banks and of 6 state bank members, so that at the close of the year there was a net reduction of 20 in the number of national banks and of 6 in the number of state bank members. These changes are set out in detail in the table.

	<i>National</i>	<i>State</i>	<i>Total</i>
Active member banks on January 1, 1932.....	305	44	349
<i>Additions to membership</i>			
New national banks organized.....	+ 1		+ 1
State banks admitted to membership.....		+ 2	+ 2
Resumption following suspension.....	+ 1		+ 1
<i>Losses in membership</i>			
Consolidation of member banks.....		— 1	— 1
Conversion of member bank to non-member bank.....	— 1		— 1
Voluntary withdrawal of state member bank.....		— 1	— 1
Suspension and insolvency.....	— 21	— 6	— 27
Active member banks on December 31, 1932.....	285	38	323

Membership in this District has declined in number during each year since 1922, when it was larger than in any other year. At the close of 1922 there were 393 national banks, and 143 state bank members, or a total membership of 536 banks, in this District. The year 1931 witnessed the largest decrease in membership, when there was a reduction of 41 members, 36 of these being national banks and 5 being state bank members. That was also the year of the largest decrease in the number of national banks. The largest reduction of state bank membership took place in 1926, when there was a decrease of 19. Although suspension of operations constitutes the cause of the larger part of these reductions, many were caused by consolidations and some by withdrawal from the System.

BANK ORGANIZATION AND PERSONNEL

G. G. Ware, whose term as a Class A Director expired December 31, 1932, was re-elected by member banks in Group 3 for the three-year term ending December 31, 1935.

Leon C. Simon, whose term as a Class B Director expired December 31, 1932, was re-elected by member banks in Group 1 for the three-year term ending December 31, 1935.

Oscar Newton, whose term as a Class C Director expired December 31, 1932, was reappointed by the Federal Reserve Board for the three-year term ending December 31, 1935.

Mr. Newton was also designated by the Federal Reserve Board as Chairman of the Board of Directors and Federal Reserve Agent, and W. H. Kettig was designated Deputy Chairman.

A. E. Walker, Managing Director of the Birmingham Branch, died on July 3, 1932, and John H. Frye, who was a Director of that Branch, was on July 8 elected Managing Director, to succeed Mr. Walker. On September 9 John G. Farley, of Birmingham, was elected a Director of the Birmingham Branch to fill the unexpired term, ending December 31, 1934, of Mr. Frye.

At the January meeting of the Board of Directors all of the officers were re-elected to serve during the year 1933.

The number of officers and employees of the Federal Reserve Bank of Atlanta, including its branches and agencies, on January 1, 1932, was 401, and on December 31, 1932, was 390, not including 89 additional employees at the close of the year who were assigned to the Reconstruction Finance Corporation and the Cotton Stabilization Corporation.

MEMBER BANK CREDIT

All Member Banks in Sixth District

Loans and Investments—The total volume of member bank credit outstanding at the close of 1932, indicated by the total loans, discounts and investments of all member banks in the Sixth District, was 6.7 per cent smaller than a year earlier, 14.6 per cent less than at the close of 1930 and 24.2 per cent smaller than at the end of 1929. Total loans and discounts, however, at the end of 1932 were 13.0 per cent less than a year earlier, 28.9 per cent smaller than at the end of 1930 and 39.6 per cent less than on December 31, 1929. Loans on securities declined 4.1 per cent from the end of 1931 to the close of 1932, and all other loans and discounts declined 16.0 per cent. Total investments at the end of 1932 were 5.1 per cent greater than at the close of the year before, and were also greater than on December 31, 1930 or 1929, because of larger holdings of United States Government securities. A comparison of loan and investment items at the close of 1932 with the three preceding years is set out in the table.

	(000 Omitted)			
	Dec. 31, 1932	Dec. 31, 1931	Dec. 31, 1930	Dec. 31, 1929
Number of member banks.....	323	349	390	428
Loans and Investments—Total.....	\$844,929	\$905,998	\$989,419	\$1,114,730
Loans—Total	516,292	593,294	725,754	854,781
On Securities	143,037	149,186	173,021	204,099
On Real Estate	72,092	69,828	77,359	81,465
All Others	301,163	374,280	475,374	569,217
Investments—Total	\$328,637	\$312,704	\$263,665	\$ 259,949
U. S. Government Securities.....	177,633	153,550	112,276	115,228
Other Securities	151,004	159,154	151,389	144,721

Deposits—Net demand and time deposits have been reported monthly to the Federal Reserve Bank of Atlanta by all member banks in the Sixth District since early in 1923. From July 1924 through November 1925 demand deposits rose sharply to the highest level on record, but since that time each year has brought declines to new low levels, interrupted usually by an increase in the fall or winter months. From April 1931 daily average demand deposits declined each month except one (March 1932) to the lowest level on record in August 1932. There were slight gains in September, October and November, and an increase in December to the highest total since June.

Time deposits increased more gradually, and in smaller volume, than did demand deposits, and reached their peak in July 1928. Since then time deposits have declined each fall and increased somewhat each spring through 1931, but in 1932 the more gradual decline throughout the year was interrupted only slightly by a small gain from July to August. In the table daily average demand and time deposits are shown monthly for the past four years.

DEMAND AND TIME DEPOSITS OF ALL MEMBER BANKS —DAILY AVERAGE

	(In Millions of Dollars)			
<i>Demand Deposits</i>	1932	1931	1930	1929
January	\$412	\$497	\$571	\$598
February	398	504	575	597
March	399	508	570	601
April	396	511	564	585
May	379	505	550	569
June	366	492	519	549
July	350	481	513	539
August	342	468	504	524
September	343	454	511	537
October	344	436	511	543
November	344	419	512	545
December	352	418	499	550
<i>Time Deposits</i>	1932	1931	1930	1929
January	\$370	\$398	\$434	\$458
February	361	388	443	458
March	360	395	443	459
April	358	394	440	449
May	355	391	450	459
June	351	396	447	466
July	349	401	440	462
August	352	407	439	445
September	349	399	441	443
October	349	387	438	436
November	347	376	435	433
December	344	371	414	428

CONDITION OF WEEKLY REPORTING MEMBER BANKS

Weekly condition reports of selected member banks in Atlanta and other principal cities of the District indicate lower averages of loans, both those on securities and "All Others", which are largely for commercial, industrial and agricultural purposes, and of demand and time deposits, but higher averages of investments and of borrowings, in 1932 than during 1931.

Total loans and investments declined from 537.5 millions on January 6, the first weekly report date in 1932, to a low for the year, at 490.4 millions, on August 31, but increased to 507.7 millions on December 28.

Loans on securities declined from 113 millions on January 6 to 104 millions on April 20, and closed the year at 107.2 millions, averaging about 11 per cent less than in 1931. All Other loans declined from 245.6 millions on January 6 to 213.5 millions on September 28, and were 214.3 millions on December 28, and averaged approximately 16 per cent lower than in 1931.

Investments of these banks in securities increased materially in the first quarter of 1931, but have fluctuated within a narrow range since that time.

Demand deposits declined from 249.7 millions on January 6 to a low for the year, at 209.2 millions, on August 3, but increased to 222.9 millions on December 28, and time deposits declined from 202.7 millions on January 6 to a low for the year, at 188.9 millions, on July 13, and after increasing through September 21, declined to 190.7 millions on December 28.

Borrowings by these weekly reporting member banks were at their highest level, at 28.9 millions, on January 13, at their lowest point, at 6.1 millions, on September 28, and on the last report date of the year were 15.7 millions.

On page 24 of this report is a table showing monthly averages of weekly figures for important items in the weekly report for the past two years.

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NOTE—More detailed statistics concerning the operations of the Federal Reserve Bank of Atlanta, and of member banks in the Sixth District, are carried in the Annual Report of the Federal Reserve Board which will be issued at a later date.

CONDITION OF FEDERAL RESERVE BANK OF ATLANTA

(IN THOUSANDS OF DOLLARS)

RESOURCES	Dec. 31, 1932	Dec. 31, 1931	Dec. 31, 1930	Dec. 31, 1929
Gold with Federal Reserve Agent.....	\$ 62,000	\$ 91,800	\$129,900	\$126,880
Gold redemption fund with United States Treasury..	2,878	2,725	2,237	2,669
Gold held exclusively against F. R. Notes.....	\$ 64,878	\$ 94,525	\$132,137	\$129,549
Gold settlement fund with F. R. Board.....	8,186	7,416	10,803	5,604
Gold and gold certificates held by bank.....	9,103	7,620	7,907	4,438
Total gold reserve.....	\$ 82,167	\$109,561	\$150,847	\$139,591
Reserves other than gold.....	5,060	6,061	8,578	13,926
Total reserves	\$ 87,227	\$115,622	\$159,425	\$153,517
Non-reserve cash	5,018	4,368	4,693	5,559
Bills Discounted:				
Secured by U. S. Govt. Obligations.....	\$ 1,064	\$ 4,049	\$ 487	\$ 2,680
Other bills discounted.....	13,885	30,853	17,581	26,667
Total bills discounted.....	\$ 14,949	\$ 34,902	\$ 18,068	\$ 29,347
Bills bought in open market.....	\$ 3,439	\$ 13,235	\$ 15,756	\$ 19,196
U. S. Government Securities:				
Bonds	\$ 10,281	\$ 6,521	\$ 523	\$ 1,173
Treasury Notes	8,110	380	4,380	3,377
Certificates and Bills.....	29,013	7,037	2,974	5,395
Total U. S. Govt. Securities.....	\$ 47,404	\$ 13,938	\$ 7,877	\$ 9,945
Other securities	500	850	600	—
Total Bills and Securities.....	\$ 66,292	\$ 62,925	\$ 42,301	\$ 58,488
Uncollected items	\$ 11,199	\$ 11,839	\$ 12,846	\$ 26,748
Bank premises	\$ 2,422	\$ 2,489	\$ 2,573	\$ 2,658
All other resources.....	\$ 5,514	\$ 4,653	\$ 6,263	\$ 3,873
Total resources	\$177,672	\$201,896	\$228,102	\$250,843
LIABILITIES				
F. R. Notes in actual circulation.....	\$ 97,139	\$120,626	\$133,854	\$143,084
Deposits:				
Member bank—reserve account.....	\$ 49,760	\$ 46,368	\$ 61,014	\$ 62,895
Government	159	2,047	1,211	2,485
Foreign banks	775	2,767	207	219
Other deposits	1,056	172	479	164
Total deposits	\$ 51,750	\$ 51,354	\$ 62,911	\$ 65,763
Deferred availability items.....	\$ 10,747	\$ 12,000	\$ 13,130	\$ 23,907
Capital paid in.....	4,679	5,158	5,346	5,384
Surplus	10,544	10,449	10,857	10,857
All other liabilities.....	2,813	2,309	2,004	1,848
Total liabilities	\$177,672	\$201,896	\$228,102	\$250,843
Ratio of total reserves to deposit and Federal reserve note liability combined (per cent).....	58.6	67.2	81.0	73.5
Contingent liability on bills purchased for foreign correspondents	\$ 1,440	\$ 8,947	\$ 15,642	\$ 21,320

EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANK OF ATLANTA

EARNINGS	1932	1931	1930	1929
Discounted bills	\$1,186,612	\$ 762,143	\$1,087,248	\$3,091,399
Purchased bills	127,554	238,179	417,294	716,782
United States securities.....	602,366	298,942	315,989	171,667
Deficient reserve penalties.....	28,572	32,746	24,139	39,735
Miscellaneous	58,092	116,825	119,054	96,466
Total earnings	\$2,003,196	\$1,448,835	\$1,963,724	\$4,116,049
CURRENT EXPENSES				
Salaries:				
Bank Officers	\$ 231,104	\$ 231,866	\$ 237,239	\$ 231,917
Clerical Staff	391,963	403,400	417,748	419,257
All other	78,998	82,715	81,358	83,463
Governors' Conferences	86	232	134	280
Federal Reserve Agents' Conferences.....	106	..	122	102
Federal Advisory Council.....	1,129	853	944	1,438
Directors' Meetings	23,281	22,741	23,223	24,358
Traveling expenses (a).....	22,319	23,438	22,676	19,006
Assessments for Federal Reserve Board expenses	27,019	26,127	29,398	30,499
Legal Fees	4,182	3,061	8,222	8,186
Insurance on currency and security shipments	16,886	30,734	46,241	42,624
Other insurance	27,361	27,052	26,013	24,758
Taxes on banking house.....	60,822	60,515	62,328	64,152
Light, heat and power.....	15,673	15,697	16,768	15,393
Repairs and alterations, banking house.....	4,182	2,846	12,044	8,501
Rent	4,572	5,288	5,351	5,379
Office and other supplies.....	13,508	16,236	20,275	26,317
Printing and stationery.....	18,546	18,466	28,557	29,511
Telephone	7,944	7,793	8,015	7,878
Telegraph	63,322	69,365	73,700	70,674
Postage	91,319	81,794	93,998	113,970
Expressage	28,789	36,619	39,591	42,505
Miscellaneous	30,121	36,840	38,367	36,219
Total, exclusive of cost of currency.....	\$1,163,232	\$1,203,678	\$1,292,312	\$1,306,387
Federal reserve currency, including shipping charges:				
Original cost	\$ 48,895	\$ 59,741	\$ 71,057	\$ 199,393
Cost of redemption.....	5,650	5,357	9,513	7,459
Total current expenses.....	\$1,217,777	\$1,268,776	\$1,372,882	\$1,513,239
PROFIT AND LOSS ACCOUNT				
Earnings	\$2,003,196	\$1,448,835	\$1,963,724	\$4,116,049
Current expenses	1,217,777	1,268,776	1,372,882	1,513,239
Current net earnings.....	\$ 785,419	\$ 180,059	\$ 590,842	\$2,602,810
Additions to current net earnings.....	\$ 80,953	\$ 45,598	\$ 37,985	\$ 5,360

Deductions from current net earnings:

Bank premises—depreciation	\$ 66,513	\$ 84,007	\$ 85,828	\$ 85,828
Furniture and equipment.....	6,183	5,608	11,934	38,225
Reserve for probable losses.....	499,224	127,033	194,990	696,500
All other	1,907	9,009	12,768	359,099
Total deductions	\$ 573,827	\$ 225,657	\$ 305,520	\$ 1,179,652
Net earnings available for dividends, surplus and franchise tax.....				
.....	\$ 292,545	\$ —	\$ 323,307	\$ 1,428,518
Dividends paid	\$ 292,545	\$ 313,247	\$ 323,307	\$ 321,696
Transferred to surplus.....	—	—	—	\$ 303,032
Withdrawn from surplus:				
Account dividends paid.....	—	\$ 313,247	\$ —	\$ —
Account depreciation on United States securities	—	\$ 95,405 ^b	\$ —	\$ —
Franchise tax paid to the United States Govt..	—	—	—	\$ 803,790

REIMBURSABLE FISCAL AGENCY
EXPENSES

Salaries	\$ 58,580	\$ 5,280	\$ 5,280	\$ 5,130
All other	26,505	3,549	1,962	1,235
Total	\$ 85,085	\$ 8,829	\$ 7,242	\$ 6,365

(a) Other than those connected with governors' and agents' conferences and meetings of directors and of the advisory council.

(b) Restored to surplus before closing books at the end of 1932.

FEDERAL RESERVE BANK OF ATLANTA

Monthly averages of daily figures—in millions

HOLDINGS OF BILLS AND SECURITIES																
	<i>Bills Discounted</i>		<i>Bills Bought</i>		<i>U. S. Securities</i>		<i>Total Bills and Securities</i>		<i>Cash Reserves</i>		<i>F. R. Note Circulation</i>		<i>Member Bank Reserve Deposits</i>		<i>Reserve Ratio</i>	
	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931
22 Jan.	50	23	11	12	12	8	74	43	108	159	122	134	49	58	61.4	80.9
Feb.	49	22	8	6	12	8	71	35	108	162	121	131	48	59	62.5	84.1
March	38	13	6	7	13	11	56	31	121	167	121	131	48	59	70.7	87.4
April	37	11	3	7	13	13	53	30	122	171	118	132	47	60	72.2	87.8
May	32	11	2	8	23	19	56	39	116	158	116	130	46	58	69.6	83.1
June	34	13	2	8	49	21	85	42	83	148	113	124	44	57	51.1	80.8
July	40	14	2	8	50	22	92	44	73	140	113	118	43	57	46.0	78.8
Aug.	34	20	1	5	47	22	81	47	81	136	110	114	42	54	51.7	77.3
Sept.	27	25	1	7	47	22	75	55	84	127	107	113	42	54	55.2	73.0
Oct.	20	38	2	35	47	22	69	95	86	90	102	117	42	51	57.8	50.9
Nov.	21	51	3	32	47	17	71	101	79	84	99	121	42	49	54.9	47.1
Dec.	22	52	4	20	47	16	72	88	79	96	98	122	43	49	54.6	54.4

VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

FEDERAL RESERVE BANK OF ATLANTA

<i>Number of Pieces Handled</i>	1932	1931	1930	1929
Bills discounted:				
Applications	12,924	11,378	10,100	12,255
Notes discounted	60,615	64,502	63,285	75,189
Bills purchased:				
In open market.....	1,569	7,625	8,660	6,931
From other Federal Reserve Banks	—	116	—	—
Currency received and counted	101,855,000	117,567,242	125,990,910	133,934,704
Coin received and counted..	70,817,445	66,269,794	70,845,651	62,926,922
Checks handled	24,850,551	28,940,900	31,496,000	32,305,000
Collection items handled:				
U. S. Govt. coupons paid.	440,621	390,711	411,777	452,395
All other	188,080	178,181	165,977	163,671
U. S. Securities—issues, re- demptions, and exchanges by Fiscal Agency Depart- ment	77,752	54,497	34,885	53,311
Transfers of funds.....	68,556	73,889	84,575	97,924
<i>Amounts Handled</i>				
Bills discounted	\$ 691,777,000	\$ 450,631,000	\$ 515,993,000	\$1,349,145,000
Bills purchased:				
In open market.....	29,480,000	107,631,000	124,290,000	104,804,000
From other Federal Reserve Banks	—	5,006,000	10,026,000	—
Currency received and counted	389,651,000	465,356,000	564,128,000	583,131,000
Coin received and counted..	8,293,000	10,637,000	12,787,000	8,923,000
Checks handled	5,821,695,000	8,227,498,000	10,428,054,000	12,182,513,000
Collection items handled:				
U. S. Govt. coupons paid.	7,099,000	5,328,000	5,911,000	6,371,000
All other	128,452,000	138,367,000	147,384,000	169,231,000
U. S. Securities—issues, re- demptions, and exchanges by Fiscal Agency Depart- ment	196,098,000	292,631,807	148,902,000	137,713,000
Transfers of funds.....	1,589,238,000	2,110,001,000	2,562,525,000	2,477,543,000

CONDITION OF WEEKLY REPORTING MEMBER BANKS IN SELECTED CITIES

Monthly averages of weekly figures—in millions

	<i>Loans on Securities</i>		<i>All Other Loans</i>		<i>Investments</i>		<i>Total Loans and Investments</i>		<i>Demand Deposits</i>		<i>Time Deposits</i>		<i>Borrowings from F. R. Bank</i>	
	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931
January	110	138	246	291	179	142	534	571	244	305	201	223	28	10
February	108	132	241	289	179	148	528	569	238	306	197	221	27	9
March	107	133	238	283	178	160	523	576	238	304	198	229	18	3
April	107	127	234	278	176	178	517	583	235	311	195	230	19	1
May	111	116	228	272	177	175	516	563	227	307	195	228	16	2
June	111	116	221	265	176	178	508	559	221	302	192	227	19	2
July	109	114	218	266	170	179	497	559	214	300	190	233	25	1
August	106	113	217	263	173	174	496	550	213	291	195	235	18	6
September	106	114	215	263	176	181	497	558	215	281	196	228	13	11
October	106	116	218	262	179	185	503	563	215	267	194	218	9	22
November	106	114	217	259	180	181	503	554	216	259	193	214	11	31
December	107	114	215	252	182	183	505	549	220	254	191	208	13	30