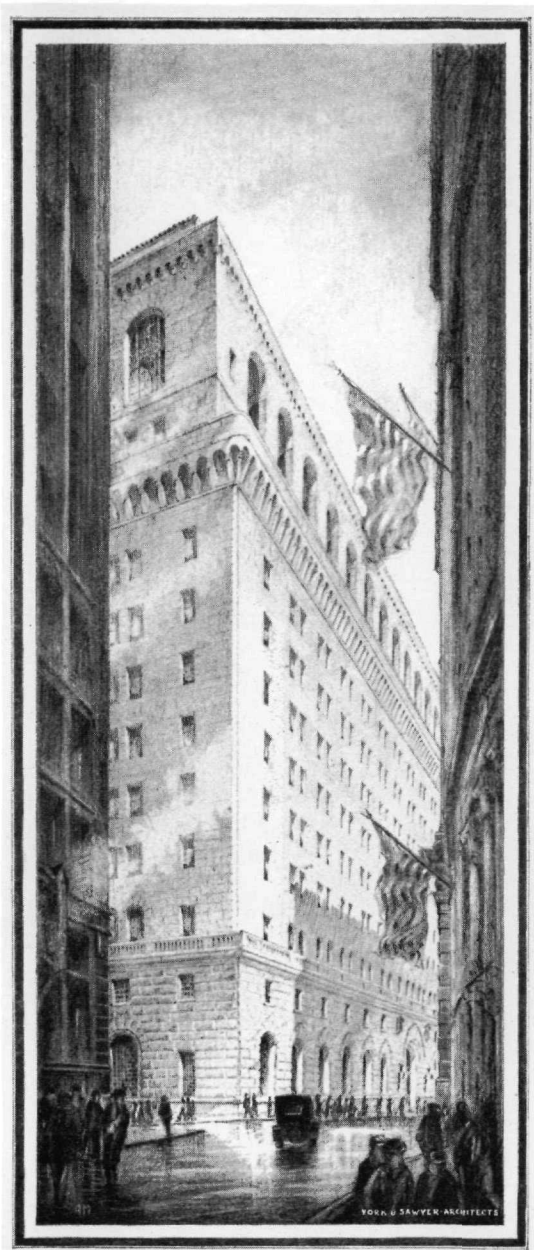


Sixth Annual Report
Federal Reserve Bank
of New York

For the Year Ended December 31, 1920



Second Federal Reserve District



Sketch of Liberty and Nassau street corner of proposed new bank building of the Federal Reserve Bank of New York

Sixth Annual Report

**Federal Reserve Bank
of New York**

For the Year Ended December 31
1920

Second Federal
Reserve District

LETTER OF TRANSMITTAL

FEDERAL RESERVE BANK
OF NEW YORK

New York, March 1, 1921.

SIR: I have the honor to submit here-
with the sixth annual report of the Federal
Reserve Bank of New York, covering the
year 1920.

Respectfully,

PIERRE JAY,

Chairman and Federal Reserve Agent

Hon. W. P. G. HARDING,

Governor, Federal Reserve Board,

Washington, D. C.

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Federal Reserve Bank of New York

DIRECTORS AND OFFICERS, JANUARY, 1921

DIRECTORS

PIERRE JAY, New York City
Chairman

GEORGE FOSTER PEABODY, Saratoga
Springs, N. Y.
Deputy Chairman

JAMES S. ALEXANDER, New York City

RICHARD H. WILLIAMS, Madison, N. J.

LESLIE R. PALMER, Croton-on-Hudson,
N. Y.

WILLIAM L. SAUNDERS, Plainfield, N. J.

CHARLES SMITH, Oneonta, N. Y.

CHARLES A. STONE, New York City

ROBERT H. TREMAN, Ithaca, N. Y.

MEMBER OF FEDERAL ADVISORY COUNCIL

PAUL M. WARBURG, New York City

OFFICERS

General Officers

BENJ. STRONG, *Governor*

J. HERBERT CASE, *Deputy Governor*

LOUIS F. SAILER, *Deputy Governor*

GEORGE L. HARRISON, *Deputy Governor*

EDWIN R. KENZEL, *Deputy Governor*

DUDLEY H. BARROWS, *Secretary*

JAY E. CRANE, *Assistant Secretary*

EDWARD H. HART, *General Counsel*

Senior Officers

J. HERBERT CASE,
*Controller of Foreign Relations, Pro
tem., Controller of Loans, Pro tem.*

ARTHUR W. GILBART,
Controller of Administration

LAURENCE H. HENDRICKS,
*Controller at Large, Controller of
Collections, Pro tem.*

JOSEPH D. HIGGINS,
Controller of Cash and Custodies

J. WILSON JONES,
Controller of Fiscal Agency Functions

EDWIN R. KENZEL,
Controller of Investments, Pro tem.

LESLIE R. ROUNDS,
Controller of Accounts

DIRECTORS AND OFFICERS, JANUARY, 1921—Continued

Junior Officers

GILBERT E. CHAPIN,
Manager, Loan Department

CHARLES H. COE,
Manager, Check Department

JAY E. CRANE,
Manager, Foreign Department

EDWIN C. FRENCH,
Manager, Custody Department

BETHUNE M. GRANT,
Manager, Government Securities Sales Department

WILLIAM A. HAMILTON,
Manager, Cash Department

HOWARD M. JEFFERSON,
Manager, Personnel Department

ADOLPH J. LINS,
Manager at Large

WALTER B. MATTESON,
Manager, Certificates of Indebtedness Department and Manager, Securities Department

HENRY R. MURRAY,
Manager, Collection Department

ROBERT M. O'HARA,
Manager, Investment Department

JOHN E. RAASCH,
Manager, Methods and Supplies Department

JAMES M. RICE,
Manager, Government Bond Department

LESLIE R. ROUNDS,
Manager, Accounting Department, Pro tem.

I. WARD WATERS, *Manager, Service Department*

Auditor

FRANCIS OAKLEY, *Acting General Auditor*
EDWARD L. DODGE, *Manager, Auditing Department*

HARRY ARTHUR HOPF, *Organization Counsel*

Federal Reserve Agent

PIERRE JAY, *Federal Reserve Agent*
SHEPARD MORGAN, *Assistant Federal Reserve Agent*

RALPH T. CRANE, *Manager, Member Bank Relations Department*

WILLIAM H. DILLISTIN, *Manager, Bank Examinations Department*

CARL SNYDER, *Manager, Statistics Department*

BUFFALO BRANCH

Directors

E. J. BARCALO, Buffalo, N. Y.

FRANK L. BARTLETT, Olean, N. Y.

RAY M. GIDNEY, Buffalo, N. Y.

CLIFFORD HUBBELL, Buffalo, N. Y.

THOMAS E. LANNIN, Rochester, N. Y.

ELLIOTT C. McDUGAL, Buffalo, N. Y.

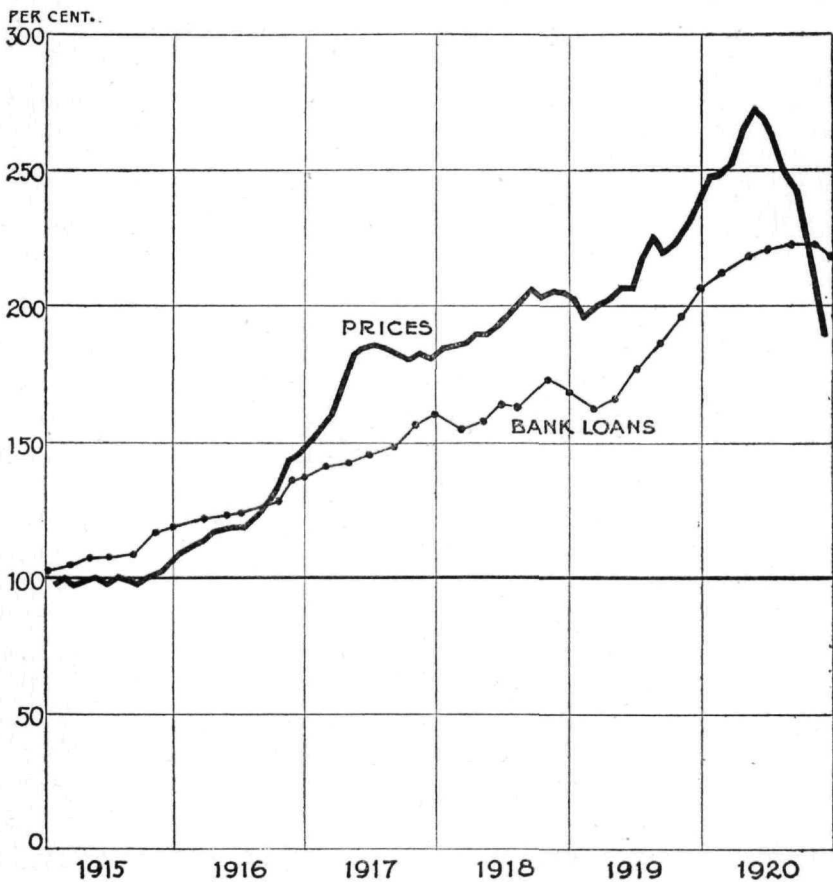
HARRY T. RAMSDELL, Buffalo, N. Y.

Officers

RAY M. GIDNEY, *Manager*

WALTER W. SCHNECKENBURGER, *Cashier*

HALSEY W. SNOW, JR., *Assistant Cashier*



Volume of National bank loans compared with the course of wholesale prices in the United States (Department of Labor index). Average prices for 1913 are taken as the base, 100 per cent.

Sixth Annual Report of the Federal Reserve Bank of New York

I

BUSINESS AND CREDIT CONDITIONS IN 1920

THE operations of the Federal Reserve Bank of New York during 1920 were carried on under conditions so exceptional that a review of the business and credit conditions which prevailed throughout the year will greatly facilitate an understanding of the matters dealt with in this report. In many respects the year will stand out as one of the most remarkable in the financial and economic history of the United States. As will be seen from the diagram on the opposite page the long rise in both commodity prices and the volume of credit reached its culmination in 1920, and at no time during the period of the rise, or indeed ever before in peace times, had the upward course of prices and credit proceeded so rapidly as during the twelve months preceding the reversal which occurred in 1920.

Commodity Prices

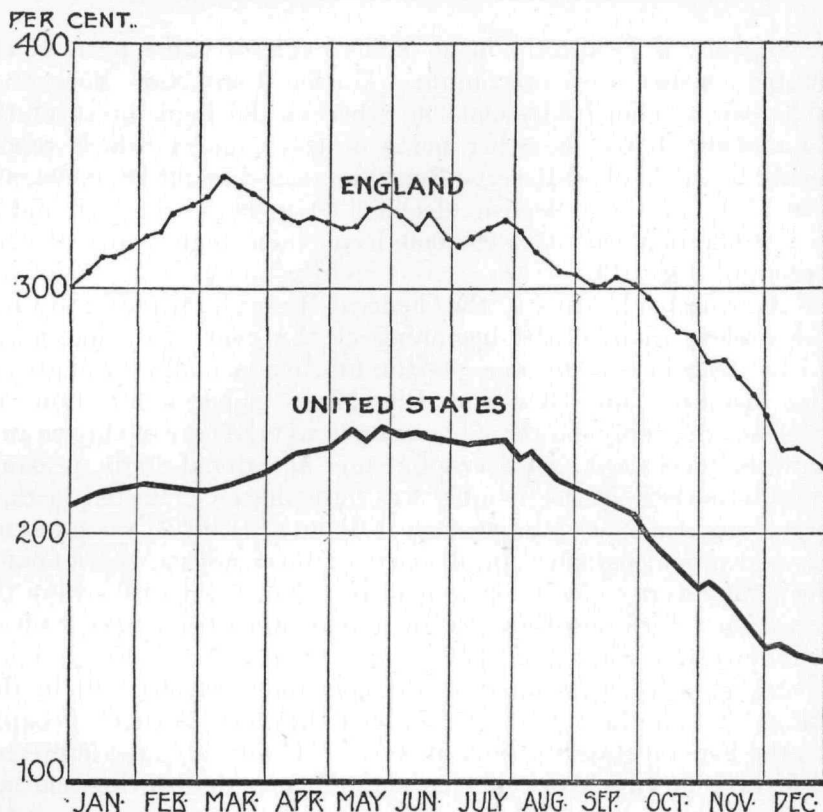
The rise in prices, which began shortly after the Armistice, continued until May, and for that month the Department of Labor index of wholesale commodity prices was 35 per cent. above March of the preceding year. But even prior to the high point in May there were notable declines in a number of leading staples, such as silk, wool, hides, and furs. In April came the panic in Japan which, as in 1907, proved to be the forerunner of financial and commercial difficulties in many other parts of the world. Almost simultaneously, price declines began in all the leading commercial nations, at least in raw commodities. It was clear that the peak of the great rise had been reached, and the downward tendency brought to a sudden end the heavy speculation in many commodities which the long rise in prices had invited and stimulated. It also

brought about a flood of cancelations of orders and revealed a situation the extent of which had been but little realized. For the rising prices, and especially their acceleration in the autumn and winter of 1919-20, had not only induced heavy speculation in raw commodities but had created among merchants and manufacturers a state of mind in which, fearful lest they might not obtain the desired volume of goods, they placed orders far in excess of their real requirements. This apparently overwhelming demand compelled many manufacturers to allocate to their customers only a certain percentage of their orders. But when the turn came, the false basis of the demand soon became evident to both buyers and sellers. Not only did new orders shrink to a minimum, but orders already placed were canceled in large volume and vast amounts of goods were rushed into shipment to avoid cancelations. The difficulties of the situation and the congestion of goods which occurred were considerably heightened by the disturbed conditions of transportation, both by sea and by land, which prevailed in the winter and spring.

Although in April and May there was a slight movement among department stores towards reduction of prices, generally speaking however, retail prices gave way relatively little during 1920. At the close of the year the National Industrial Conference Board estimated a decrease of 10 per cent. in the cost of living for families of moderate means. But the prices of raw materials, especially those having an international market, fell more generally and with increasing severity as the summer and autumn advanced. An index of twelve basic raw materials* maintained by this bank reached its peak about the middle of May and at the end of December showed a decline of 40 per cent. The diagram on the opposite page indicates the similarity of the movement of this index with a like index maintained by this bank of the British prices for twenty-five raw materials.

Such a steady and finally violent fall in commodity prices, accompanied by cancelations of orders, shrinkage of demand, and greatly reduced production, not only injected elements of confusion and uncertainty into commerce, industry and agriculture, but in many cases entailed heavy losses. The seller's market which had prevailed for several years was suddenly transformed into a buyer's market. Instead of competition between buyers, competition between sellers was re-established. Many of those who had been over-trading on insufficient capital and conducting their increasing business too largely on banking credit suddenly found themselves over-supplied with goods and over-extended in credit. Under these circumstances the attitude of banking and other creditors

*Cotton, hides, hogs, rubber, copper, sugar, wheat, corn, pig iron, lead, petroleum and lumber.



Price indices for 1920 of basic raw materials in England and the United States. (1913 average=100 per cent.)

has been almost invariably helpful and constructive. Extensions have been readily granted where a concern had good management and a good record, and was in a condition justifying such a course. Management by creditors' committees, or reorganizations by agreement with creditors, have taken the place of what would usually have been a long list of confessed failures and receiverships.

Credit

The diagram on page 6 shows that coincident with the rapid increase of prices during the twelve months ended February, 1920, the volume of bank loans also increased rapidly. But after February loans increased very much more slowly, and toward the end of the year they actually declined. But the diagram shows that during 1920 bank loans neither rose nor fell as fast as did commodity prices.

It was in New York City that bank loans showed their first tendency to fall, following the decline in stock exchange values which occurred in the autumn of 1919. Loans of New York City member banks reached their maximum on October 10, 1919, almost

precisely a year before the loans of the banks in other parts of the country reached their maximum. During 1920 New York City bank loans declined \$320,000,000, whereas the bank loans of the 749 member banks in other parts of the country which report weekly to the Federal Reserve Board increased about \$350,000,000. New York City bank deposits declined \$470,000,000 in 1920 and at its close were down \$505,000,000 from their high point reached September 19, 1919.

But while bank loans in this Federal Reserve District were less at the close than at the beginning of the year, they fluctuated widely meantime, in response to the unusual demands which were often made on those New York City banks which do a nationwide business. Not only did these banks have to take care of the requirements of their local customers, but any additional credit pressure arising elsewhere in the country was immediately reflected in their loans. Besides lending large sums to their mercantile, manufacturing, and other customers in all parts of the country, the amounts which they were called upon to lend to out-of-town banks were the largest on record, even greater than they were before the Federal Reserve system was established.

Nothing will better illustrate the ebb and flow of credit in this district and the heavy strain to which the New York City banks and the Federal Reserve Bank of New York were at times subjected than the following series of transactions occurring during the last three months of 1920, which are typical of the movements in credit during each of the three preceding quarterly periods, culminating, on the fifteenth days of March, June and September, with the income and excess profits tax payments, the maturity of large issues of certificates and the sale of fresh issues of certificates.

1. The deposits of the principal banks in New York City decreased \$470,000,000 from October 14 to December 6, on account of Government and commercial withdrawals.
2. These withdrawals caused a steady tendency for gold to be drained from the Federal Reserve Bank of New York to other Federal Reserve Banks. For the three months ended December 17, the potential loss of gold aggregated \$337,000,000.
3. But this adverse flow of gold was in fact offset by Government transfers to New York, by the sale of certificates of indebtedness by New York banks to other Federal Reserve Banks and by sales of acceptances and rediscount operations between Federal Reserve Banks.
4. These rediscount operations comprised the following:
On September 29, other Federal Reserve Banks owed the Federal Reserve Bank of New York \$19,000,000. By October 6, payment of these loans was completed. On October 29, the Federal Reserve Bank of New York owed other Federal Reserve Banks \$48,000,000. By December 15, repayment of these loans was completed.

Between December 8 and 15 the deposits of the principal New York banks rose \$407,000,000, in connection with the following transactions:

1. Certificates of indebtedness were redeemed and paid in this district in the amount of \$344,000,000, which was \$124,000,000 more than the taxes paid.
2. This excess of redemptions over taxes on December 15 necessitated as usual a loan by this bank to the Government. The amount, \$74,000,000, was gradually repaid and was extinguished on December 28.
3. The banks of the district on December 15 increased their deposits \$212,000,000 when they paid for their subscriptions to the new issues of certificates by crediting that amount on their books to the account of the Government.

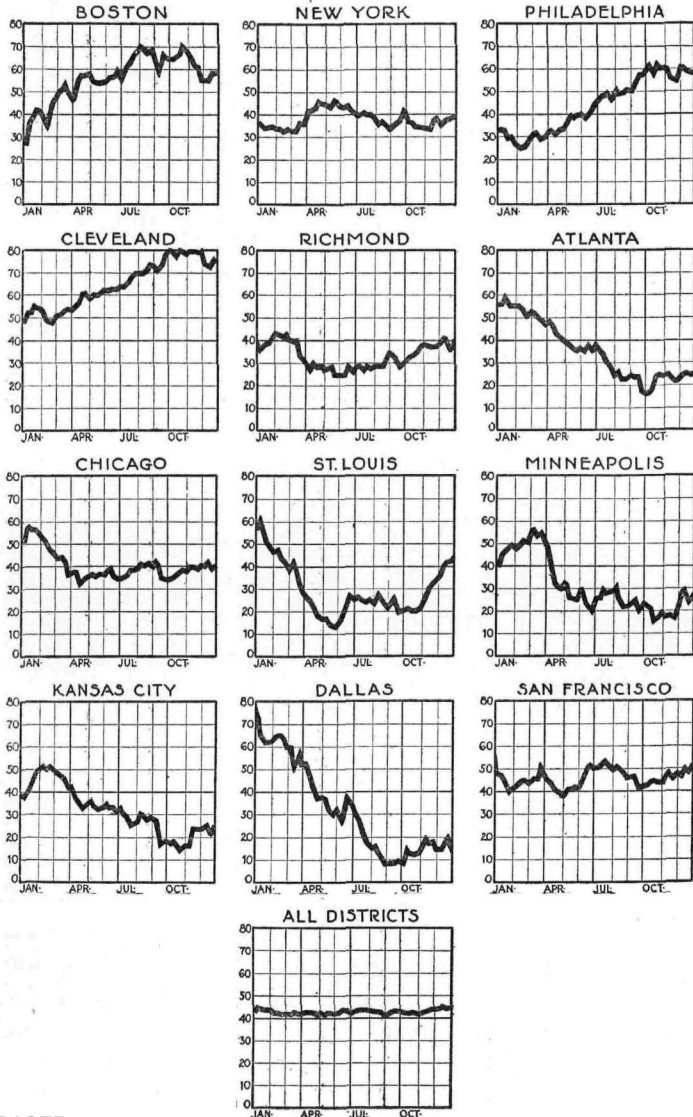
In connection with the foregoing transactions centering around the December 15 tax payment date:

1. The principal banks of New York City reduced their borrowings at the Federal Reserve Bank between December 8 and 16 by \$187,000,000.
2. As tax checks were collected and as the banks sold certificates of indebtedness to their customers, deposits began to decline, and by December 28, had fallen off \$174,000,000.
3. Simultaneously the banks began to increase their borrowings at the Federal Reserve Bank, and by December 28 such borrowings had risen \$138,000,000.

This period of three months, involving such heavy movements of funds, came at a time when the demands for credit are usually at their highest. It also coincided with the most severe declines ever experienced in commodity prices and with great business uncertainties and discouragement. Such a combination of events would almost certainly have resulted in disordered credit conditions had there not been a countrywide organization adjusted both to permit the free flow of funds where credit requirements summoned them, and to set in motion counter movements of funds as well, thus maintaining the equilibrium of the credit structure and assuring borrowers at all times an adequate supply of funds at steady rates. Thus complete credit elasticity was maintained throughout the year. And the knowledge by the banks that an organization was functioning which could maintain credit equilibrium and elasticity and which, with their cooperation, was gradually bringing credit under control, enabled them to face with confidence what proved to be one of the most difficult and trying years in our financial history.

The way in which credit elasticity was maintained and credit was sent where it was most needed, is graphically illustrated by the following diagram which shows for the year 1920 the reserve percentages of each of the Reserve Banks before giving accommodation to other Reserve Banks or receiving accommodation from them.

While the reserves of all these banks were actually kept at or above the legal minimum of 40 per cent. on notes and 35 per cent. on deposits by means of rediscounting between Federal Reserve Banks where necessary, the lines in the diagram show what the reserves would have been had each Reserve Bank operated purely as an independent institution, relying only upon its own reserves. The diagram illustrates particularly clearly the heavy seasonal assistance which Reserve Banks in the agricultural sections require, and shows the Federal Reserve Bank of New York at times as a lender and at times as a borrower.



But in the reserve percentage of the entire Federal Reserve system, shown in the block at the bottom of the diagram, there were no such wide fluctuations as occurred in the percentages of the individual banks. While reserves in individual banks fell as low as 9 per cent. and rose as high as 81 per cent., the reserves of the system as a whole fluctuated between the narrow limits of 45.8 per cent. and 41.4 per cent. There could be no better evidence of the unity of the system brought about by the rediscounting operations between the twelve Reserve Banks which are carried on when needed under the direction of the Federal Reserve Board. These operations were effected instantly over private telegraph lines and settled for daily through the Gold Settlement Fund. Thereby, the twelve reserve banks, for all purposes requiring the extension or transfer of credit between various sections of the country, became in effect a single reservoir of credit. And through these operations it was possible to maintain a degree of equilibrium in credit heretofore unknown in the United States.

Rates and the Money Markets

The higher interest rates prevailing throughout 1920 were a natural sequence of the increasing credit demands which resulted in a rapid increase in bank loans in the latter part of 1919 and the early months of 1920, and a correspondingly rapid decrease in the reserve ratio of the Federal Reserve system. Rates were also probably influenced by the successive increases of discount rates which the Reserve Banks made, beginning November, 1919, in order to bring the unprecedented expansion of credit under control, and in order that the official discount rates might reflect more correctly existing credit conditions and open market rates. For by January 23, 1920, when the Reserve Bank rate for commercial paper was advanced to 6 per cent., the open market rate for commercial paper had already been 6 per cent. for several weeks. And on June 1, when the Reserve Bank rate was advanced to 7 per cent., commercial paper had been selling for a fortnight at $7\frac{1}{2}$ per cent. and for a month before at 7 per cent. The Federal Reserve Bank in its circular announcing the increased rates effective June 1 stated that the action had been taken

“in order that bankers, their customers and the public generally may find in the discount rates of this bank a reflection of existing credit conditions.”

Shortly after June 1, 1920, the rate in the commercial paper market rose to 8 per cent. and remained there till the closing weeks of the year, when an easier tendency developed.

During 1920 important changes, other than rate changes, occurred in the money markets. The open market for bankers acceptances, commonly called bills, was greatly developed and an open market for Treasury certificates of indebtedness was created. Both bills and certificates meet the most rigid requirements of safety and ready convertibility into cash, and the development of active markets for both was greatly facilitated by the higher interest rates which have recently prevailed.

There are now four principal markets in which banks and others are accustomed to invest their surplus funds for short periods; namely, the markets in:

- Commercial paper
- Call loans
- Bills
- Certificates of indebtedness

The following reflects briefly the conditions at present prevailing in each of these markets.

COMMERCIAL PAPER MARKET. The volume of commercial paper offered through brokers, after increasing almost steadily for fifteen months, began in February, 1920, to decrease almost equally steadily, sellers of paper evidently preferring to borrow from their own banks rather than to pay the rates demanded by banks with surplus funds to invest. The volume of commercial paper which eleven of the principal dealers had outstanding in February, 1920, was \$1,150,000,000. At the close of the year this volume had declined to \$850,000,000. Throughout the year the paper offered was absorbed almost entirely by interior and country banks, as the New York banks, with but few exceptions, were heavy borrowers from the Federal Reserve Bank.

While commercial paper has long been considered one of the principal mediums through which banks might invest their surplus funds for short periods, yet in discussing the four markets through which this may now be done, it will be important to point out certain fundamental differences which exist between the various markets. The market in commercial paper, for example, is only a one-way market. Commercial paper once bought by a bank cannot be resold in the paper market except by special arrangements with the brokers from whom it was bought. The purchaser of commercial paper can normally realize upon it or convert it into cash only by indorsing it and rediscounting it with another bank or with a **Federal Reserve Bank.**

CALL MONEY MARKET. Money loaned on call to members of the New York Stock Exchange can normally be converted into cash within twenty-four hours without the lenders' incurring any liability in doing so, although as is well known, there have been times when, as a practical matter, call money could not be so converted.

Until a few years ago, call money was the only investment of presumably instant convertibility and the rates for call money were generally considered indicative of the volume of available surplus funds. But recently, with the development of the open markets in bills and in Treasury certificates of indebtedness, both representing instruments which are now instantly convertible and which in volume far overshadow the call money market, the latter has become less of an indicator of credit conditions. Another factor operating against the importance of the call money market in this respect is that loans on securities other than United States Government securities are not available as a basis for credit with the Federal Reserve Bank, and investors, in addition to requiring for their current funds an investment of undoubted convertibility in the open market, now want the additional protection of an investment which, if the open market fails, can be converted into cash at a Federal Reserve Bank. Still another factor tends to diminish, for the present, at least, the importance of call money rates as credit indicators. This is the heavy borrowing of the member banks from their Reserve Banks. For presumably such surplus funds as they gradually accumulate will generally be used for paying off loans at their Reserve Banks rather than for investment, merely for profit, in any of the four markets under discussion.

The volume of funds absorbed by the call money market declined almost steadily throughout 1920 and, as in the case of the absorption of commercial paper, the great bulk of the lending was done by out-of-town banks and institutions. Seven per cent. might be said to have been the prevailing rate during the greater part of the year although in the early months and in some other periods much higher and widely fluctuating rates prevailed.

BILL MARKET. Throughout the year the estimated volume of bankers and indorsed foreign trade acceptances has remained steady at about \$1,000,000,000, in spite of the decline in commodity prices and of the slackening of trade in the autumn with South America and the Orient. Discount houses and dealers in bills in New York City report a steadily broadening market for bankers acceptances during the year, not only among savings banks, commercial banks and trust companies, but also among insurance companies, industrial

corporations and private investors having funds which they wish to place in an investment combining satisfactory rate, minimum risk and instant convertibility. The market for bills was by no means confined to the larger financial centers. Through the efforts of dealers, bankers, and Federal Reserve Banks, many purchasers of bills have been found in smaller centers and even in country districts throughout the United States. Bills placed with such investors have been almost entirely those bearing no banking indorsement. In 1920, as in previous years, the Federal Reserve Bank of New York, with the support of some of the other Reserve Banks, has stood ready at all times to purchase such bills as the market would not absorb, provided they bore satisfactory banking indorsement. The Federal Reserve Bank of New York has also, from time to time, by means of purchase and resale agreements, made short advances to dealers in moderate amounts, at times when they found difficulty in carrying their portfolios of bills at rates bearing some relation to the current bill rate. In this way it has been made possible for dealers readily to purchase bills as they were created, and at steady rates—both prerequisites for the development of a reliable discount market. In this respect the bill market has been in sharp contrast with the rate fluctuations of the call money market.

During the year the discount market made distinct progress towards independence of Federal Reserve Bank support. The higher rates which prevailed in the latter half of the year attracted not only much private and corporate money to make its first investment in bills, but a considerable volume of the funds of foreign banks as well. The consistent maintenance of a free gold market in the United States and the confidence inspired by the demonstrated ability of our open discount market to function at all times, have together made this country a highly desirable market for the investment of foreign funds. In the aggregate, the transfer of foreign funds and their investment in bankers acceptances and United States certificates of indebtedness have constituted an important contribution of capital to our markets. As a result of the better demand and distribution the investment of the Federal Reserve Bank of New York in bills decreased from \$209,000,000 on January 2 to \$110,000,000 on December 30, or 47 per cent. The investment of all Federal Reserve Banks in bills decreased from \$575,000,000 on January 2, to \$256,000,000 on December 30, or 56 per cent.

The bill market is a two-way market. A buyer of well known bankers acceptances has been able throughout the year to resell them instantly, without indorsement, to houses dealing in bills.

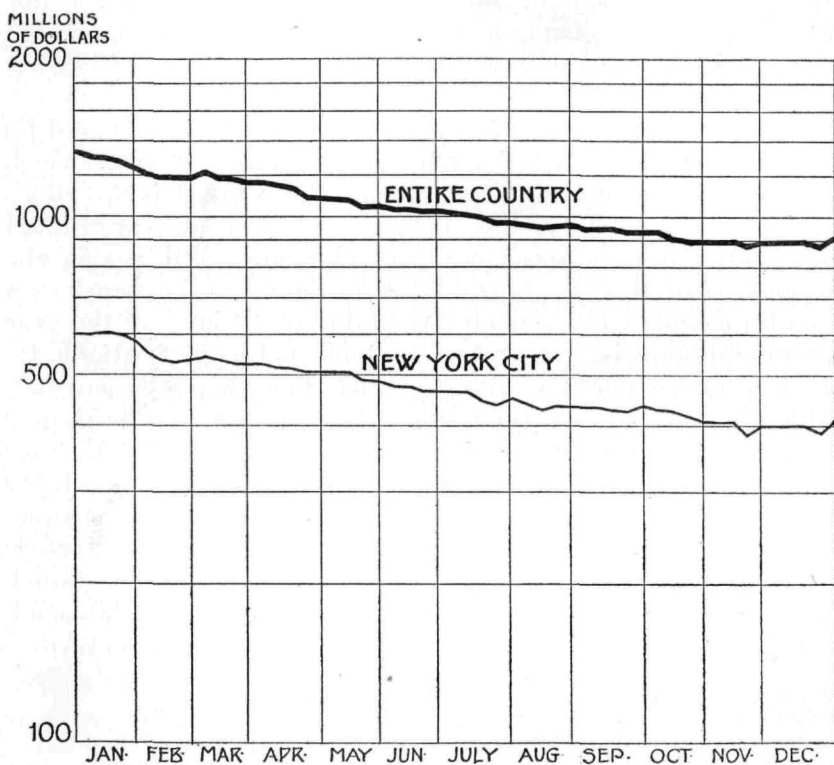
CERTIFICATE MARKET. Although the \$3,260,000,000 of Treasury certificates of indebtedness, exclusive of special certificates and Pittman Act certificates, which were outstanding at the first of the year, were largely held by investors rather than banks, no open market existed for such certificates, and a purchaser wishing to realize upon them before maturity was obliged to re-sell them to the banks from which he purchased them. The banks in return would borrow upon them from the Federal Reserve Bank.

In the early spring, owing to the increasing demands for credit and the desire of many purchasers to convert large amounts of certificates into cash, it seemed advisable to attempt to create an open market in certificates. This was undertaken with the two-fold object of facilitating the sale of future issues of certificates, and of relieving the banks from the burden of re-absorbing certificates they had sold. Certain dealers in short time investments undertook to effect a secondary distribution of certificates, purchasing them from the banks and re-selling them to private investors and corporations having funds available for temporary investment. For a time this bank, by means of purchase and resale agreements, facilitated such operations by making moderate advances against certificates.

The development of the open market was greatly accelerated by the action of the Treasury in offering certificates at rates which attracted public buying at the time of the original issue. This not only relieved the banks but in the latter half of the year resulted in substantial over-subscriptions to each issue. Whereas in the early months of the year certificates were frequently offered at a discount and bids were difficult to obtain, at the close of the year every outstanding issue, except the small maturity of March 15, 1921, bearing $4\frac{3}{4}$ per cent. interest, was selling freely at par or a slight premium. At the opening of the year the member banks throughout the country which report weekly to the Federal Reserve Board, and which represent between 40 and 50 per cent. of the banking resources of the country, held \$857,000,000 of certificates and at its close they held \$272,000,000 of certificates, a decrease of 68 per cent. During the year the volume of certificates which were being borrowed upon at the twelve Federal Reserve Banks fell from \$462,000,000 to \$188,000,000, a decrease of 59 per cent.

Government Financing

The expansion of credit and prices which occurred after the United States entered the world war is attributed primarily to the failure of the country to save currently the amounts which were required to finance the war. To the extent to which certificates and bonds could not be purchased out of current savings, the banks either directly, or indirectly through loans to their customers, had to absorb the balance. The volume of certificates held by the banks of the country has been steadily decreasing and the record of 1920 has just been mentioned. The volume of loans which the banks made to their customers secured by Liberty bonds and Victory notes has also been decreasing steadily. The following diagram shows a 31 per cent. decrease in such loans in both the New York City banks and the reporting member banks already referred to, the figures of which are an accurate reflection of banking conditions generally.



Volume of loans secured by United States war obligations held by reporting member banks in New York City and in the entire country each week in 1920 (logarithmic scale.)

The following figures show the decrease in the gross Government war debt during 1920.

	Dec. 31, 1919	Dec. 31, 1920	Decrease
Liberty Bonds and Victory Notes	\$20,239,626,000	\$19,511,761,000	\$727,865,000
Certificates of Indebtedness: Tax and Loan	3,259,896,000	2,300,583,000	959,313,000
Pittman Act	259,375,000	259,375,000	.....
Special	56,926,000	32,854,000	24,072,000
War Savings Securities	895,564,000	756,768,000	138,796,000
Total	\$24,711,387,000	\$22,861,341,000	\$1,850,046,000

Conditions at the Close of the Year

The following quotation from the 1919 report of this bank, read after the foregoing review of business and credit conditions in 1920, indicates how complete the reversal has been:

“Throughout the latter half of the year the supply of most goods has been wholly inadequate to the demand; competition in most industries has been non-existent; and the insistent demands of a class of buyers without experience in prices and determined to satisfy their desires regardless of price have resulted in a seller’s market. The year closed with the speculative demands for credit somewhat decreased but with the demands of industry, at ever increasing price levels, absorbing the credit released by lessened speculation. The credit reservoir was at its lowest point and average commodity prices at their highest.”

Yet after the difficulties and discouragements which culminated in the great autumn decline in commodity and security prices, a slowing up of the drop in commodities, an up-turn in securities, and a better inquiry for certain lines of goods, gave rise to some encouragement as the year closed. Not a little of the encouragement arose from a realization that the unprecedented price declines and the losses, the shut-downs, and the unemployment they had occasioned, had all taken place without disarranging the financial machinery of the country. Besides, the credit reservoir was several points higher at the close of the year than at its opening, and to the extent that this resulted from liquidation of loans it meant stronger and healthier credit conditions. With many important raw materials selling at or below pre-war prices, and with some of them selling at less than the estimated cost of production, it became evident that the next step in the readjustment would be the slower and more difficult phase of translating the lower cost of raw materials

into lower costs for finished goods, and at the same time readjusting wages somewhat commensurately with actual reductions in the cost of living. The substantial wage reductions which had occurred in textile and other industries in the late autumn and which were very generally accepted by the wage earners, gave promise that other adjustments might be possible during 1921 and that really lower living costs might be effected. The elasticity in credit which had been maintained in 1920 was an assurance that during 1921, unless wholly new and unexpected conditions should arise, credit would continue to be available for the legitimate and necessary requirements of commerce, industry and agriculture.

II

BANK OPERATIONS

STATEMENT OF CONDITION

THE statement of condition of the Federal Reserve Bank of New York as of December 31, 1920, as compared with that for December 31, 1919, is given in brief form below. A more detailed comparative statement appears in the appendix, page 62.

RESOURCES

	Dec. 31, 1920	Dec. 31, 1919
Gold.....	\$473,411,574.47	\$549,161,628.71
Legal tender notes, silver, etc.....	144,759,115.20	46,193,650.50
Total reserves.....	\$618,170,689.67	\$595,355,279.21
Bills discounted for members:		
Secured by Government obligations.....	\$454,751,722.52	\$562,089,842.45
Secured by commercial paper.....	416,686,474.82	228,713,445.79
Bills and securities purchased:		
Acceptances.....	113,740,374.53	202,902,609.54
United States securities.....	61,184,305.55	69,028,300.00
Total earning assets.....	\$1,046,362,877.42	\$1,062,734,197.78
All other resources (chiefly uncollected checks) .	\$149,636,607.26	\$257,774,709.82
Total resources.....	\$1,814,170,174.35	\$1,915,864,186.81

LIABILITIES

Capital and surplus.....	\$82,787,106.04	\$67,472,682.63
Government deposits.....	11,297,895.88	5,848,393.50
Reserve deposits of member banks.....	702,431,237.92	755,951,452.59
All other deposits (chiefly checks deposited for deferred availability).....	105,452,278.59	214,266,330.48
Total gross deposits.....	\$819,181,412.39	\$976,066,176.57
Federal Reserve notes (net).....	\$867,480,630.00	\$807,615,970.00
Federal Reserve Bank Notes (net).....	38,833,200.00	54,673,000.00
All other liabilities.....	5,887,825.92	10,036,357.61
Total liabilities.....	\$1,814,170,174.35	\$1,915,864,186.81

INCOME AND DISBURSEMENTS

The following statement gives in brief form the income, disbursements and disposition of profits of the Federal Reserve Bank of New York for the years 1920 and 1919. A more detailed statement appears in the appendix, pages 63 and 64.

INCOME

	1920	1919
From bills discounted for members	\$49,839,182.52	\$29,935,910.97
From bills purchased	8,323,050.37	3,326,838.44
From United States securities owned	1,975,648.96	1,888,497.28
Other income	387,439.92	181,165.55
Sundry adjustments	369,204.84	.....
Total	\$60,894,526.61	\$35,332,412.24

DISBURSEMENTS

	1920	1919
Operating expenses	\$5,782,204.40	\$4,613,219.83
Cost of Federal Reserve currency, etc.	1,217,050.64	1,121,125.07
Disposition of net profits:		
Charged off on real estate	285,676.64	900,031.72
Added to various reserve accounts	481,464.29	694,423.05
Sundry adjustments . . . . .	.....	43,993.04
Dividends paid	1,477,096.58	1,291,047.84
Added to surplus	12,332,523.41	23,964,678.06
Paid U. S. Government as franchise tax	39,318,510.65	2,703,893.63
Total disbursements	\$60,894,526.61	\$35,332,412.24

The disbursements for current expenses do not include the cost of the departments performing fiscal agency functions for the United States Government, aggregating \$1,516,454.64, which has been or is to be reimbursed to the bank by the Treasury Department.

While the operating expenses of the bank, including salaries, were greater for the year 1920 than for 1919, yet a considerable part of this increase was owing to additions to the staff made in the course of 1919, and to advances in salaries effective on January 1, 1920. Aside from increased fixed charges, such as rent, etc., the expense basis of the bank was slightly lower at the close of the year than at the beginning. A much increased volume of work in many departments was made possible by higher individual efficiency.

Disposition of Profits

Net profits were \$53,128,130 in 1920, compared with \$27,959,619 in 1919. The increase is due to the larger volume of paper discounted at the higher discount rates prevailing during the year.

At the close of the year deductions were made from the net profits of the bank to cover known items of depreciation and to provide reserves for special purposes. The property acquired during the year as a site for a storage and warehouse building was written down \$147,890.94, representing the appraised valuation of the old buildings which stood upon it when purchased, and a reserve of \$100,000 was set aside against present high construction costs. Certain preliminary expenses, aggregating \$137,785.70, in connection with the erection of the new bank building, were charged off. The loss in value of the foreign balances of the bank, based on market rates at the close of the year, amounting to \$106,164.69, was written down, as was also a further depreciation of \$25,299.60 in the value of United States securities held. An additional sum of \$250,000 was set aside in the fund which the bank is accumulating to provide self-insurance in respect of losses which may be incurred in future.

After these various deductions and the payment of 6 per cent. dividends to stockholders, aggregating \$1,477,096.58, an amount was transferred to the surplus account sufficient to bring it to 100 per cent. of the bank's subscribed capital as authorized by law. This transfer to surplus amounted to \$7,963,800 and was the equivalent of the increase in the bank's additional subscribed capital during 1920. According to the amendment to the Federal Reserve Act approved March 3, 1919, 10 per cent. of the remaining profits was also transferred to the surplus account, bringing the year's contribution to surplus up to \$12,332,523.41. After these deductions, there remained \$39,318,510.65, which was paid to the Treasury of the United States as a franchise tax. The sum so paid in 1919 was \$2,703,893.63.

In view of the large increase in the income of this bank for 1920 over 1919 and of the much larger franchise tax paid to the United States Treasury for 1920, it is important that the nature of the earnings of the Federal Reserve Bank should be fully understood.

These earnings are a direct measure of the credit expansion or inflation which our war financing necessitated. They are also a direct measure of the utility of the Federal Reserve Bank in providing such credit as business conditions necessitated. The Federal Reserve Bank is a semi-public institution organized and operated not for the purpose of making profits, but to stabilize credit and keep it elastic, and to issue such circulating notes as the business

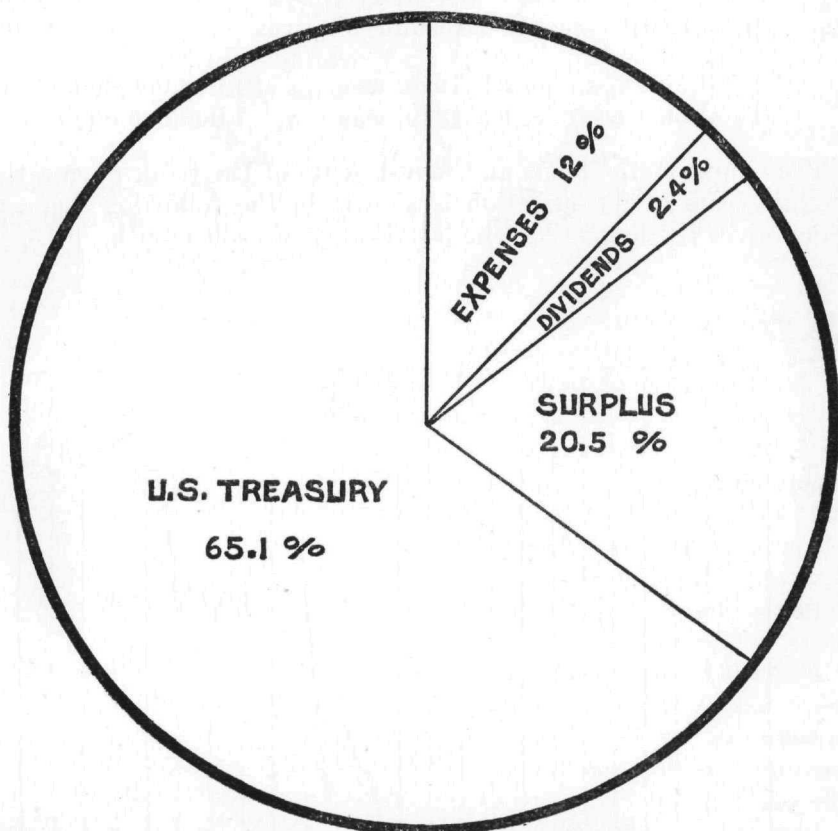
of the community requires. Its surplus earnings, which are derived from the credit-making and note-issuing power granted to it by the Government, accordingly revert to the Government.

The reason why the Federal Reserve Bank shows such large earnings is because the Government does not tax it, but in lieu of taxes takes the major part of its earnings. A governmental grant of note-issuing power to any institution or set of institutions, especially when such notes are of an emergency nature, is quite generally accompanied by a heavy tax.

Under the Aldrich-Vreeland Act, which prior to the Federal Reserve system provided emergency currency, the Government taxed the banks upon notes issued under the terms of the act at rates running from 5 per cent. up to 10 per cent. Under the Federal Reserve Act the member banks, which borrow from the Federal Reserve Banks mainly to obtain currency, in effect pay a similar tax in the shape of the rate of discount charged upon their borrowings. This rate, or tax, does not go directly to the Government, but goes to its note-issuing agency, the Federal Reserve Bank, which after paying expenses and 6 per cent. dividends turns over to the Government in the form of surplus earnings the discount it has received. If the Government, following the principles of the Aldrich-Vreeland Act, had during 1920 assessed a direct tax of 7 per cent. on the Federal Reserve Bank of New York in respect of that portion of its Federal Reserve notes not covered by gold, the amount of the tax the Government would have thus directly received would have approximated very closely the amount it actually did receive, indirectly, from the surplus earnings of the Federal Reserve Bank.

Federal Reserve Bank earnings when transferred to the Government may be used by it only to place additional gold behind the greenbacks or to retire Government bonds. In this way, the earnings go directly toward correcting the inflation which called the earnings into existence. Presumably, as inflation subsides, the volume of Federal Reserve notes required for hand to hand currency will gradually lessen and both the discounts and the earnings of Federal Reserve Banks will lessen correspondingly.

The following diagram shows the distribution of the gross income of the Federal Reserve Bank of New York during 1920.



Distribution of gross income of the Federal Reserve Bank of New York in 1920

LOANS AND INVESTMENTS

In 1920 the total loans and investments of the Federal Reserve Bank of New York reached their highest point, as appears from the following comparisons:

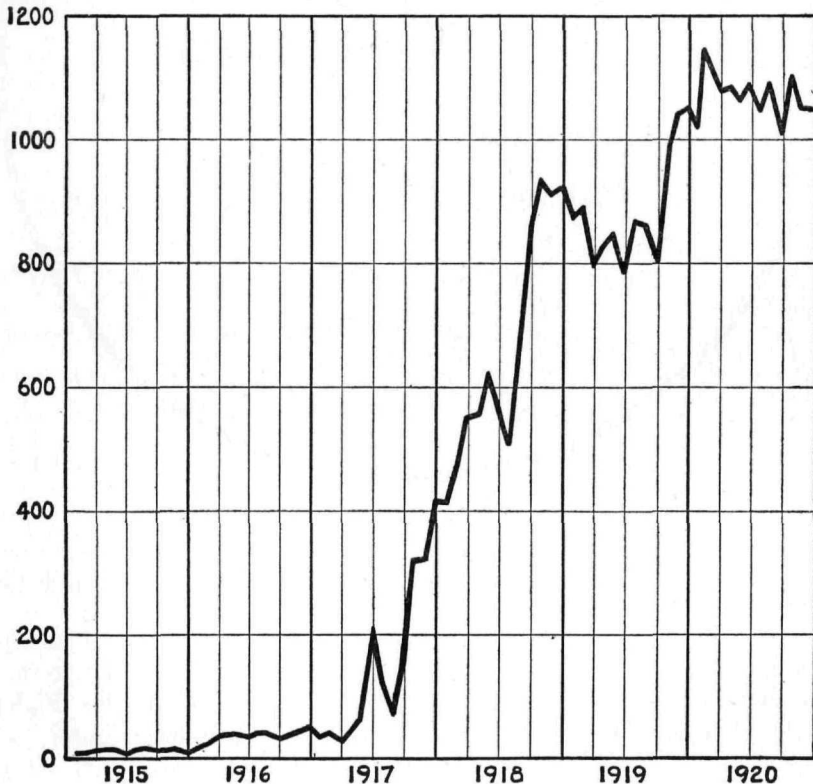
Low point of 1920, reached April 22, was.....	\$986,000,000
Low point of 1919, reached September 19, was....	734,000,000
High point of 1920, reached November 1, was.....	1,166,000,000
High point of 1919, reached December 30, was....	1,079,000,000

Total on December 31, 1920, was.... \$1,046,000,000

Total on December 31, 1919, was.... 1,062,000,000

The course of the loans and investments of the bank during the six full years of its operation is shown in the following diagram which gives the figures for the last Friday of each month.

MILLIONS
OF DOLLARS



Earning assets of the Federal Reserve Bank of New York

Rediscounts and Advances

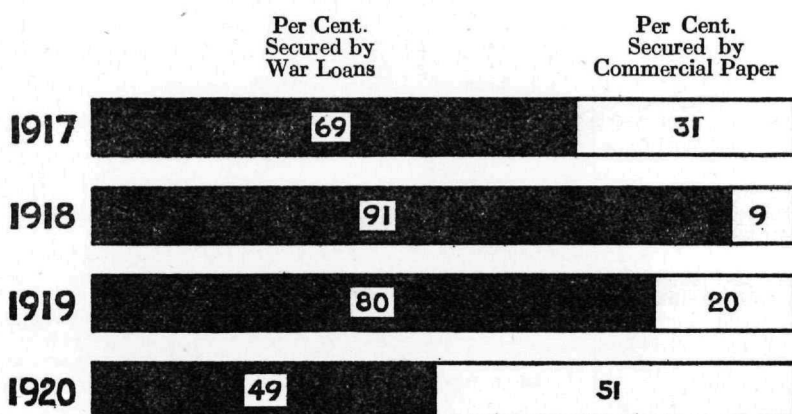
During 1920 the amount rediscounted for or advanced to member banks fluctuated between \$651,900,000, the low point, on March 17, and \$1,006,800,000, the high point, on November 1. Many of the larger New York City members borrow only for a single day or for two or three days and renew their loans only for such amounts as they actually need, thereby adjusting their reserve positions almost daily to correspond with legal reserve requirements. This resulted in an enormous turnover of discounts and advances, averaging about \$160,000,000 a day, and aggregating for the year over \$50,000,000,000 as against \$42,000,000,000 during 1919. The total amount of credit which the Federal Reserve Bank was extending by way of rediscounts and advances to members at the close of each week throughout the year will be found in the appendix, pages 66 and 67.

The following table gives some of the interesting figures of rediscounts and advances during the past three years:

	1920	1919	1918
Number of applications received.....	20,336	23,237	14,831
Amount of applications accepted and discounted or advanced upon.....	\$50,539,428,847.71	\$42,449,491,133.87	\$24,535,538,457.77
Number of pieces of paper discounted or advanced upon.....	180,462	127,721	129,038
Largest piece of paper discounted or advanced upon.....	\$85,000,000.00	\$120,000,000.00	\$135,000,000.00
Smallest piece of paper discounted or advanced upon.....	\$14.72	\$2.81	\$5.02
Average size of notes discounted or advanced upon.....	\$280,055.79	\$332,361.09	\$190,141.96

As the year advanced progress was made by country banks and by banks in the up-town and outlying sections of New York City in extinguishing their indebtedness to the Federal Reserve Bank. While this liquidation was going forward the large banks in lower Manhattan doing a nation-wide business and subjected to large demands for credit continued heavy borrowers at the Federal Reserve Bank. Early in June, 361 out of 771 member banks were borrowing from the Federal Reserve Bank. On November 20, the number borrowing was reduced to 261. During December, however, the number again increased, due to year-end demands.

As has already been said there has been a marked change in the class of paper rediscounted or pledged to secure advances. Holdings of paper secured by United States war obligations have declined in recent months, and during December, 1920, averaged about \$160,000,000 lower than in December, 1919, reflecting not only the constant absorption of Government securities by the investing public and their removal from the portfolios of banks, but also the smaller volume of certificates of indebtedness outstanding. On the other hand, rediscounts of commercial paper have rapidly increased, and during December, 1920, averaged \$307,000,000 more than in December, 1919. At the close of the year paper secured by Government war obligations constituted approximately 50 per cent. of the total, as against 80 per cent. at the close of 1919. These proportions during December of each of the last four years are illustrated by the following diagram.



Classes of security used as a basis for rediscounts and advances

Purchased Bills

During the year this bank purchased in the open market for its own account nearly \$1,700,000,000 of bankers acceptances and indorsed trade bills, an increase of about \$500,000,000 over the aggregate for 1919. The increase was due in large part to the shorter maturities purchased and the relatively larger turnover which this involved. At the same time substantial amounts were purchased for other Federal Reserve Banks, for member banks in

this district and for foreign correspondents. The total amount of bills purchased in the open market in 1919 and 1920 was as follows:

	1920		1919	
	Pieces	Amount	Pieces	Amount
For the account of this bank..	69,961	\$1,697,000,000	43,572	\$1,211,000,000
For account of other Federal Reserve Banks	36,276	731,000,000	28,584	740,000,000
For account of member banks	4,825	42,000,000	873	8,000,000
For account of foreign banks..	4,791	103,000,000	867	25,000,000
Total	115,853	\$2,573,000,000	73,896	\$1,984,000,000

In 1920 this bank purchased acceptances from other Federal Reserve Banks amounting to \$11,000,000, and sold acceptances to them out of its own portfolio amounting to \$147,000,000. Of these sales to other Federal Reserve Banks \$70,000,000 were made at their own request. Purchases for member banks and foreign correspondents will be described more in detail elsewhere.

But of far greater interest than the total turnover of bills is the volume of bills held by this bank and by the Federal Reserve system as a whole. The following table, showing the decreasing amount of bills so held as the year progressed, indicates the increasing breadth of general investment buying, and the decreasing dependence of the bill market upon Federal Reserve Bank support.

Date	Owned by Federal Reserve Bank of New York	Owned by All Federal Reserve Banks
1920		
January 30	\$191,215,000	\$561,313,000
February 27	231,257,000	531,367,000
March 26	196,484,000	451,879,000
April 30	160,431,000	407,247,000
May 28	179,372,000	418,600,000
June 25	189,342,000	399,185,000
July 30	135,195,000	345,305,000
August 27	100,523,000	321,965,000
September 24	94,783,000	307,624,000
October 29	88,546,000	298,375,000
November 26	77,990,000	247,703,000
December 30	109,902,000	255,702,000

While the figures for the system show almost continuous decrease during 1920, those of this bank show an occasional sharp increase, due mainly to the greater activity in short bills in the New York district, where bills approaching maturity are freely sold to the **Federal Reserve Bank.**

The following table shows, as of the close of each year from 1915 to 1920, the volume of bills owned by the Federal Reserve Bank of New York and by the Federal Reserve system as a whole, and compares the latter with the estimated amount outstanding in the country.

Date	Owned by Federal Reserve Bank of New York	Owned by All Federal Reserve Banks	Estimated Amount Outstanding	Percentage Owned by All Federal Reserve Banks to Estimated Amount Outstanding
1915.....	\$8,715,000	\$23,013,000	.....	.....
1916.....	41,457,000	127,497,000	\$250,000,000	51.0
1917.....	148,125,000	275,366,000	450,000,000	61.2
1918.....	69,323,000	303,673,000	750,000,000	40.5
1919.....	191,312,000	585,212,000	1,000,000,000	58.5
1920.....	109,902,000	255,702,000	1,000,000,000	25.6

Under the money conditions which have existed during the year the short bill rate has been consistently lower than the rate for 60 and 90 day maturities. This has resulted in a steady shortening of the average time to maturity of the bills held by this bank, as will be seen from the following statement of the average maturity of the bill portfolio of the Federal Reserve Bank of New York.

January 1, 1920	42 Days
April 1, 1920	33 "
July 1, 1920	30 "
October 1, 1920	29 "
December 31, 1920	28 "

The minimum rates at which indorsed bills were purchased by the Federal Reserve Bank of New York during 1920 were:

Date	Short Bills	90 day Bills
January 1 to January 22.....	4 $\frac{3}{4}$ %	5 %
January 23 to January 26.....	5 $\frac{1}{4}$ %	5 $\frac{1}{4}$ %
January 27 to February 26.....	5 $\frac{1}{4}$ %	5 $\frac{1}{2}$ %
February 27 to May 4.....	5 $\frac{1}{2}$ %	5 $\frac{3}{4}$ %
May 5 to May 12.....	5 $\frac{1}{2}$ %	6 %
May 13 to December 31.....	5 $\frac{3}{4}$ %	6 %

Further details of transactions in bills will be found in the appendix, pages 73 to 75.

Government Obligations Owned

The policy which this bank adopted at the outset of keeping its direct investment in Government securities at a minimum has been followed throughout 1920. The Government obligations owned have been confined almost exclusively to three classes.

1. *One-year special 2 per cent. certificates of indebtedness to secure Federal Reserve bank note circulation.* Throughout the year the bank has held \$59,000,000 of these certificates, purchased from the Treasury under the authority of the Pittman Act.

2. *Special Treasury certificates of indebtedness running for a few days.* During the year the bank has continued to purchase from the Treasury temporary certificates of indebtedness running from one to three days. These certificates have been purchased at the quarterly tax periods, on days when heavy maturities of certificates occurred, or at other times of unusually large demands upon the Treasury, in order to provide it temporarily with funds until tax checks could be collected or funds could be transferred from other districts or withdrawn from depository banks. The purchase of such certificates has been heaviest on the quarterly tax payment dates because of the inevitable delay in handling and collecting the tax checks and of the necessity for immediate payment of the large amounts of the regular issues of certificates of indebtedness which mature on such dates. The largest certificate purchased in 1920 was for \$146,000,000 on September 15. In the appendix, page 76, are shown the amounts of the several certificates purchased during the year and the periods for which they were held.

3. *Certificates of indebtedness held under sales contract.* In the years of war financing, the banks were called upon to purchase certificates of indebtedness in very large amounts, and to non-member banks and bankers who could not avail themselves of its rediscount facilities the Federal Reserve Bank offered to purchase such amounts of their certificates of indebtedness as they could not themselves carry, provided they would agree to repurchase them within 15 days. This offer has not been withdrawn, but with the more active investment market for certificates, the extent to which it has been availed of has steadily decreased. The largest amount held under sales contract at any one time in 1920 was \$17,788,000 on September 8, and the smallest amount \$390,000 on December 31.

RATES OF DISCOUNT

The marked decline already noted in the proportionate amount of Government obligations offered as the basis for advances or rediscounts at the Federal Reserve Bank, took place concurrently with the maintenance of rates of discount under which loans secured by Government obligations enjoyed preferential treatment.

On January 1, 1920, the discount rate was $4\frac{3}{4}$ per cent. for all classes of paper. On January 23 the commercial paper rate was increased to 6 per cent. and on June 1 to 7 per cent. The rate on loans secured by Liberty bonds and Victory notes was advanced on these dates, respectively, to $5\frac{1}{2}$ per cent. and 6 per cent. A preferential rate on loans secured by United States Treasury certificates of indebtedness, first of $4\frac{3}{4}$ per cent., then of 5 per cent. and later of $5\frac{1}{2}$ per cent., was maintained throughout the year. Rates for the rediscount of bankers acceptances were progressively advanced and reached 6 per cent. on June 1. No changes in rates were made after June 1.

Detailed schedules appear in the appendix, on page 70.

FEDERAL RESERVE CURRENCY

In 1920 the circulating notes of this bank reached their highest point, corresponding with the generally higher level of bank loans and in the early part of the year reflecting the rapidly rising level of commodity prices. Of the two kinds of circulating notes issued, the Federal Reserve bank notes are a small issue now being reduced, but the Federal Reserve notes of this and the other Federal Reserve Banks represent the chief fluctuating, and at present the most important, element in the country's non-metallic currency.

Federal Reserve Notes



Federal Reserve note circulation of the Federal Reserve Bank of New York

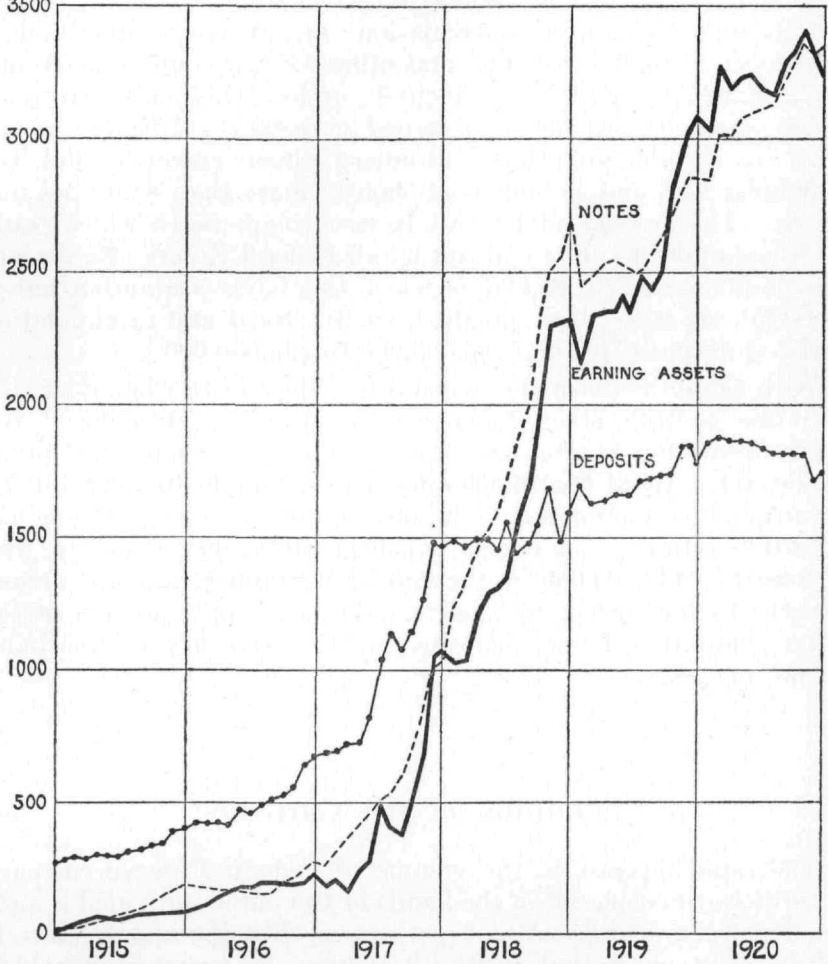
The diagram shows graphically the course of the circulation of the Federal Reserve notes of this bank during 1920 as well as during

the preceding years. After the usual January decline in 1920 the volume of circulation rose above the high point of 1919 and remained above the corresponding points of 1919 for the rest of the year. The rise in circulation in the spring, however, was not due entirely to domestic currency requirements, for many millions of Federal Reserve notes were shipped to Cuba and other Caribbean countries as a result of the trade activity and rising prices there, which were induced in part by the high quotations for sugar then prevailing.

The increase in the note circulation from the first of the year to the maximum was \$75,600,000 as compared with about \$100,000,000 in 1919 and a much larger increase in each of the two preceding years. While the high point is usually reached in the Christmas holidays, it was reached in 1920 on November 5 when, however, the circulation was barely above that of early July. The volume of notes, like the volume of deposits and loans, did not shrink precipitately as did commodity prices, but during the autumn a beginning was made towards a gradual reduction of the circulating medium.

The following diagram, showing for the twelve Federal Reserve Banks, since 1914, their earning assets, their Federal Reserve notes in circulation, and their member bank deposits, shows for the expanding period, at least, an intimate relation between their discounts and their notes—a relation which appears to be far closer than that which exists between their discounts and their deposits.

MILLIONS
OF DOLLARS



Federal Reserve notes, earning assets, and member bank reserve deposits of all Federal Reserve Banks

Federal Reserve Bank Notes

Federal Reserve bank notes have been issued by this bank only under the provisions of the Pittman Act of April 23, 1918, the purpose of which was to create a supply of currency of small denominations, mostly \$1 and \$2, to replace silver certificates which were being withdrawn from circulation so as to release silver dollars for export as bullion to India and other foreign countries. About \$270,000,000 in silver was melted under this authority, of which about \$10,000,000 was turned over to the Director of the Mint to be reminted into subsidiary silver currency and the remainder was sold as bullion at slightly more than \$1.00 per fine ounce. The amount of Federal Reserve bank notes which could be issued under the Pittman Act by all Federal Reserve Banks was thus limited to \$270,000,000, of which this bank was authorized to issue \$59,276,000. The amount actually issued and in circulation declined during 1920 from \$53,000,000 to \$39,000,000.

With the decrease in the demand for silver in the Far East, the need for melting silver dollars ceased, and the Director of the Mint began the repurchase of American silver under the terms of the Act. About 30,000,000 ounces were bought in 1920, but no silver dollars were minted. The increase in the aggregate amount of silver certificates in circulation, from \$119,000,000 on the first of July to \$152,000,000 at the end of December, was due almost entirely to the exchange for silver certificates of a portion of the 59,000,000 silver dollars deposited by the Treasury in this bank during the year.

Condition of the Currency

The rapid increase in the volume of Federal Reserve currency when it was first placed in the hands of the public provided a more than customary proportion of new notes. But the maintenance in good condition of that increased volume of currency has been rendered impossible by the necessity of printing an immense volume of permanent Liberty Bonds with which to replace the temporary bonds sold during the Liberty Loan campaigns. Notwithstanding efforts made by the Bureau of Engraving and Printing to meet the requirements for both currency and bonds it has been found necessary to extend the life of notes in circulation in 1920 to about 16 months, whereas the average in 1916 was about 12 months. This has unfortunately necessitated using many notes which heretofore would have been considered unfit for circulation.

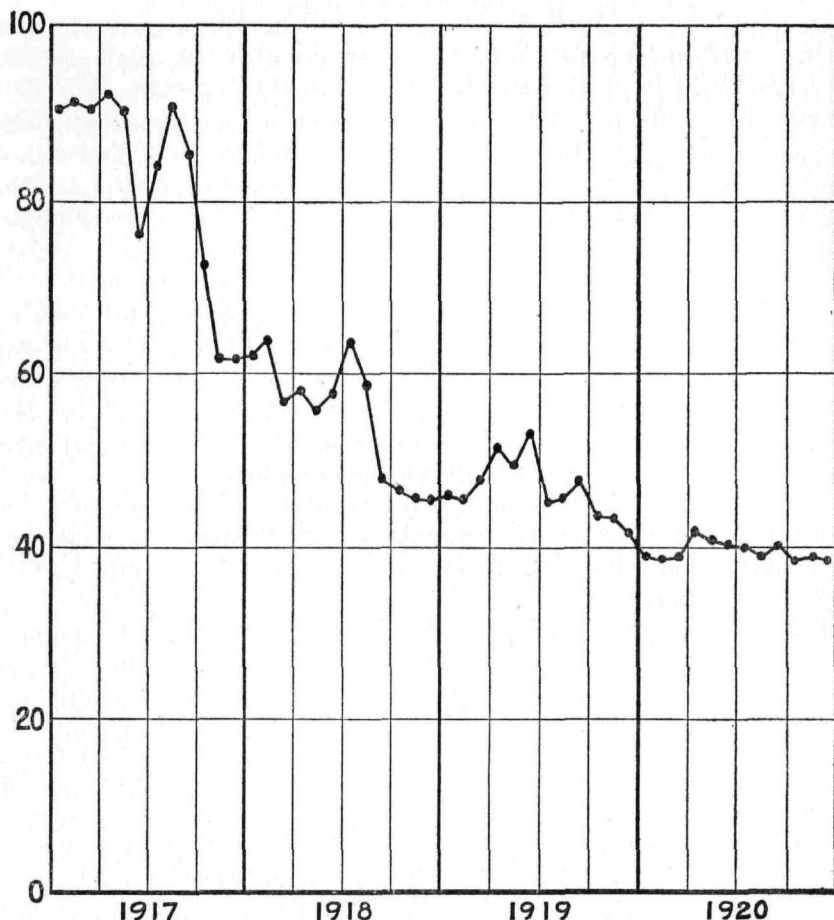
THE SUBTREASURY AT NEW YORK

On December 6, 1920, the Secretary of the Treasury, under the authority of an Act of Congress approved May 29, 1920, turned over to the Federal Reserve Bank of New York certain functions previously performed by the Subtreasury, thereby completing in this district the transition from the Subtreasury system of handling Government fiscal agency operations, established in 1846, to the more comprehensive method now provided in the Federal Reserve system.

At the time of the transfer this bank received on deposit \$1,447,966.36 in coin, representing all of the general fund then in the hands of the Assistant Treasurer at New York. The Federal Reserve Bank now performs through its money departments all small currency and coin operations formerly conducted by the Assistant Treasurer, thereby adding somewhat to the volume of currency and coin shipments previously handled. It also receives deposits from National banks to be credited to the Treasurer for account of the 5 per cent. redemption fund held against National bank notes, and cuts and cancels National bank notes and United States paper currency.

The Subtreasury building at Wall and Nassau Streets remains in the custody of the Treasury Department, but is assigned to the Federal Reserve Bank for the use of certain of its departments.

RESERVE POSITION



Monthly average reserve percentage of the Federal Reserve Bank of New York

The foregoing diagram indicating the ratio of the reserve of this bank to its combined deposit and note liabilities shows a fairly steady condition in 1920 when compared with the declines of the three preceding years. The weekly percentages will be found in the appendix, pages 66 and 67.

These figures, however, represent the reserve position of this bank after inter-Federal Reserve Bank transactions have taken place. Reference has already been made to the extent to which rediscounting and its counterpart, the inter-Federal Reserve Bank sale of bankers acceptances, have occurred. The highest amount of paper which this bank has had under rediscount with other Federal Reserve Banks, in order to maintain its legal reserve percentage, was \$100,000,000 on January 15, 1920. The highest amount

which this bank had under rediscount for other Federal Reserve Banks during 1920 was \$87,100,000 on June 5, 1920. Disregarding rediscounts and sales of acceptances between Federal Reserve Banks, the lowest average reserve percentage of this bank in 1920 was 31.6 and the highest 47.6.

On several occasions during the year, when the movement of funds was exceptionally heavy, the reserve of this bank fell slightly below the legal minimum for a day or two. For these discrepancies the bank was penalized by the Federal Reserve Board, under the provisions of paragraph (c) of Sec. 11 of the Act, in the aggregate amount of \$23,301.10.

In the appendix, pages 66, 67, and 75 will be found a detailed statement showing the rediscounts by and for this bank, and the acceptances bought from and sold to other Federal Reserve Banks. A diagram showing by weeks the reserve percentage before inter-Bank transactions, compared with the percentage after such transactions, is given in the appendix, page 69.

COLLECTIONS AND CLEARINGS

The collection services of the Federal Reserve Bank include the collection of checks, notes and drafts, coupons and maturing bonds, and the transfer of funds by telegraph for the benefit of member banks and their customers. The new facilities which have been developed and the time saved over that formerly required, when each bank relied upon correspondent banks in other cities to serve as collection agents, have caused a continuous growth in the volume of such business transacted by the Federal Reserve Bank.

Check Collections

During 1920 the Federal Reserve Bank of New York collected or forwarded for collection a daily average of 181,228 checks drawn upon banks in all parts of the country. Collections within this Federal Reserve district are made directly from member or non-member banks or through local clearing houses. Checks drawn upon banks outside the district are collected through other Federal Reserve Banks. A bank receives credit for each check it deposits, either immediately or in one, two, four or eight days according to an averaged time schedule which is so designed as to cover the time usually required for the mail to reach the bank upon which the check is drawn, and for that bank to make payment at its own Federal Reserve Bank. Each transaction is settled on the books of the Federal Reserve Bank if it is entirely within this Federal Reserve district, or by telegraph between the Federal Reserve Banks if the transaction is between two Federal Reserve districts. Thus time is saved not only by the expeditious routing of checks to banks upon which they are drawn, but by the telegraphic settlements between Federal Reserve Banks, described on page 43. The check collection service is rendered without charge.

A modification of this plan, which makes a still further saving of handling and time, has been the arrangement by which member banks are allowed to send checks for collection directly to the Federal Reserve Banks of other districts. This privilege is being increasingly availed of. In the last year 150 member banks in this district sent checks amounting to \$11,955,000,000 directly to other Federal Reserve Banks and 582 member banks in other districts sent checks amounting to \$8,663,000,000 directly to this bank.

The 1920 check collection operations are compared with those of previous years on the next page. The number of checks collected or routed for collection by the Federal Reserve Bank of New York was 17 per cent. greater than in 1919. At the end of the year 508 banks of this district were using the check collection facilities as compared with 375 on December 31, 1919. Additional details of the year's operations are given in the appendix, page 79.

Period	Number of Items Handled	Amount
1915 (June 1-December 31 only)	1,262,211	\$1,334,015,772
1916	6,841,364	5,160,192,000
1917	19,408,179	20,104,527,000
1918	35,349,601	42,581,833,000
1919	74,463,917	56,540,748,116
1920	87,036,424	55,325,112,827

The largest number of checks handled in a single day was 327,000 on October 14, immediately following the Columbus Day holiday. The transit department, which receives, sorts, records and sends to their destinations the checks which are deposited for collection, operates 24 hours a day. The day force has consisted on the average of about 300 clerks and the two night shifts combined have numbered about 100. Although the number of checks presented for collection in 1920 increased, it was possible through better training and organization to make a slight reduction in the staff of the transit department.

Additions to the Par List

The list of States within which checks on every bank can be collected at par was increased by eleven during 1920. At the close of the year all banks in forty-one States, together with about 40 per cent. of the banks in the remaining seven States, were remitting at full face value for all checks drawn on them and presented for payment by Federal Reserve Banks. These banks aggregated 28,768, or more than 94 per cent. of the 30,500 banks of the country; and the only States in which there were banks not remitting at par were Alabama, Florida, Georgia, Louisiana, Mississippi, South Carolina and Tennessee.

Extension of Local Clearing Houses

In 1920 the Northern New Jersey Clearing House Association was established by a majority of the banks in Jersey City and Hoboken and by several banks in Newark, Bayonne and nearby cities. It performs for these banks the functions of a city clearing house. It has effected a saving of two or more days in the time required for the collection of checks drawn on its members, and the Federal Reserve Bank of New York gives immediate credit for checks which can be cleared through it.

The organization on December 31 had 17 banks and trust companies as members and 6 as associate members. Its meetings are held in a room at 37 Liberty Street, New York, provided by the Federal Reserve Bank. The daily clearings of the association at the close of the year averaged about \$4,000,000, of which this bank presented about \$3,000,000.

Arrangements were made during the year whereby members of the clearing house associations of Elmira, N. Y., and Binghamton, N. Y., settle their balances daily by wire on the books of the Federal Reserve Bank. This arrangement has resulted in a settlement which provides actual reserve money instead of a settlement which consisted in the acceptance of a check drawn on some other bank. It has eliminated risk and reduced float.

The one-way clearing arrangements with Bronx and with Brooklyn banks were maintained during the year. During the year the volume of checks presented by this bank against Bronx banks was \$1,308,000,000 and against Brooklyn banks was \$1,650,000,000. Settlements for these checks are made in Federal Reserve funds on the day on which they are presented.

Note and Coupon Collections

During 1920 the Federal Reserve Bank handled for collection 227,262 notes and drafts payable in New York City, as compared with 99,978 in 1919, an increase of 127 per cent. Notes and drafts on places outside of New York City numbered 336,552 as compared with 146,037 in 1919, an increase of 130 per cent. The collection of matured bonds and coupons totaled \$60,115,335 in 1920 as compared with \$39,748,000 in 1919, an increase of 51 per cent.

No charge is made by the Federal Reserve Bank for its services in collecting these non-cash items, other than a charge of fifteen cents per item in certain cases where notes or drafts are returned unpaid. But where a charge is made by the collecting bank it is passed back to the depositing bank. About 86 per cent. of the items payable within this district outside of New York City were collected at par and where charges were made the average rate was 1-12 of 1 per cent. on the face value of the notes or drafts. Of the items payable outside this district about 90 per cent. were collected at par, and charges, when made, averaged about 1-13 of 1 per cent.

Gold Settlement Fund

The settlement of balances between Federal Reserve Banks is accomplished through the medium of the gold settlement fund, which by law is operated by the Federal Reserve Board and is lodged with the Treasurer of the United States. This fund constitutes part of the gold reserves of the Federal Reserve Banks and payments between them are made by debiting or crediting their respective portions of the fund. At the close of the year the total amount in the fund was \$356,244,000, of which \$36,435,000 was to the credit of this bank.

Transactions cleared through the gold settlement fund include not only the balances between Federal Reserve districts on check clearances, but transfers of funds for the account of the United

States Treasury and of member banks and their customers, rediscounts and sales of acceptances between Federal Reserve Banks, redemptions of Federal Reserve notes and other transactions. The volume of settlements made each day through the fund now averages about \$300,000,000.

The increased volume of inter-district transactions is shown in the following aggregate settlements of the Federal Reserve Bank of New York made through the gold settlement fund in each year from 1915 to 1920:

1915	\$556,432,000
1916	2,335,225,000
1917	17,118,917,000
1918	32,935,576,000
1919	41,932,723,000
1920	48,840,900,000

The volume of settlements made through this fund between the Federal Reserve Bank of New York and each of the other Federal Reserve Banks during 1920 is shown in the appendix, page 81.

Telegraphic Transfer System

Through the gold settlement fund and the private wires connecting the various Federal Reserve Banks, it is possible to make payments between widely separated parts of the country, immediately, at par and without cost. This service is used by the Treasury, and by member banks for the convenience of themselves and their customers.

The growth of its use is shown by the following table which gives the number of transfers made by this bank each year from 1916 to 1920.

Year	Number	Amount
1916 (nine months)	2,971	\$484,500,000
1917	10,302	6,768,400,000
1918	39,099	19,384,371,849
1919	82,321	18,245,250,181
1920	147,302	17,021,509,734

Although the number of transfers during 1920 was nearly double the number during 1919 the amount was smaller. This is due in part to a decline in the amount of transfers of United States Treasury funds between Federal Reserve Banks. An increasing number of banks has been making use of this service. In January, 1920, the number of telegraphic transfers averaged 363 a day and in December 712.

RELATIONS WITH BANKS

Visits and Conferences

In 1920 the work of the member bank relations department was developed and its travelling representatives made more than 1,000 visits to member banks outside of New York City. In addition, officers of member banks outside of New York City were invited, in groups of about 30, to spend a day at the Federal Reserve Bank, examining its facilities, suggesting improvements in its service, and discussing problems of bank operation and policy. During the year 369 member and 22 non-member banks were represented at these conferences.

Through these visits and conferences opportunity was found to effect a better understanding of the relations of this bank with its members, and of the proper use of its credit facilities. They also resulted in a more general use of its other services. The increase, during the year, of about 200 in the number of banks using the transit department, as well as the increased volume of currency shipments, of securities deposited for custody and of security transactions cleared is directly attributable to the contacts thus maintained.

Purchasing Acceptances for Country Member Banks

Especially effective has been the work of this department in educating country member banks to avail themselves much more freely than heretofore of the services of this bank in purchasing bankers acceptances. This service was opened to out-of-town member banks in 1919. During that year 873 acceptances, aggregating \$8,199,947 were bought for 38 member banks. In 1920, 4,825 acceptances, aggregating \$42,424,017 were bought for 230 member banks, mainly the smaller of the country institutions.

Purchases for member banks are made on their order, either of particular bills or of an approximate amount of given maturities of such names as this bank buys for its own account. Such bills always bear a banking indorsement other than that of the acceptor, and are three-name paper of the class to which this bank's own purchases are confined. Paper bought for member banks is held, if desired, for their account, for collection or such other disposition as they may direct. No charge is made for this service.

These purchases were of substantial benefit in developing a broader discount market. A number of banks which began by buying bills through this bank have since become regular buyers for their own account directly from dealers, also at their discretion taking unindorsed bills at slightly higher rates. In time the present service offered by this bank may become unnecessary.

Monthly Review of Credit and Business Conditions

Throughout the year this bank, like other Federal Reserve Banks, has published for circulation among the bankers and business men of the district a **Monthly Review of Credit and Business Conditions**. The Review is an outgrowth of the reports which had been sent monthly by the Federal Reserve Agent to the Federal Reserve Board, for its information. It is a summary of important financial and industrial developments based upon personal inquiry and upon analysis of current banking and business statistics. From time to time it also contains informative statements on the operations of the Federal Reserve Bank.

Relations with Banking Departments

As in previous years, the relations with the office of the National Bank Examiner in this district and with the banking departments of the States of New York, New Jersey and Connecticut, were of the most cordial nature. Mutual advice and assistance have been given wherever requested and our examiners participated with the State authorities in the examination of nearly one-half of the State bank members. In a number of cases in which member banks were temporarily embarrassed by heavy withdrawals, the presence of officers of this bank cooperating with the bank examiners, coupled with the ample supply of currency which membership in the Federal Reserve system assured, had an undoubted effect in restoring confidence and a cessation of the withdrawals.

Fiduciary Powers and Other Authorities

There were 29 additions in 1920 to the list of National banks in the district exercising fiduciary powers under authority of the Federal Reserve Board granted in accordance with the amendment to the Federal Reserve Act approved September 26, 1918. Three National banks, which had received authority previously to exercise some of the powers, received additional authority in 1920. A list of all banks in the district thus far authorized appears in the appendix, page 82.

Banks in this district which have received permission to accept drafts and bills of exchange up to 100 per cent. of their capital and surplus are listed in the appendix, page 86.

Bank Changes in 1920

At the close of the year the banks of the Second Federal Reserve District (exclusive of savings banks), classified according to their charters, whether National or State, and also according to membership in the Federal Reserve system, were as follows:

Type of Bank	1919			1920		
	Members	Non-Members	Per Cent. Members	Members	Non-Members	Per Cent. Members
National banks	636	...	100	649	...	100
State banks	44	197	18	51	203	20
Trust companies	78	125	38	83	124	40
Total	758	322	70	783	327	71

Changes in the table given above from a similar table printed a year ago are accounted for as follows:

Total number of banks in the district, January 1, 1920	1,080
New National banks established during the year	23
New State institutions established during the year	25
Total	1,128
National banks absorbed by State institutions	2
State institutions absorbed by other State institutions	8
State institutions liquidated	1
National banks consolidated with other National banks	7
Total decrease	18
National banks converted into State institutions	5
State institutions converted into National banks	4
State institutions converted into another type of State institution	2
Total number of banks at the end of the year	1,110

Membership of State Institutions

The number of State banks and trust companies which are members of the Federal Reserve system, increased from 122 to 134 during the year. Nineteen State institutions were admitted to membership; three withdrew from membership; six were con-

solidated into three, and one trust company was converted into a National bank, making a net increase of twelve in the list of State institution members. The new members in 1920 were as follows:

Month	Bank or Trust Company	Location	Resources Dec. 29, 1920
January....	Bank of Bogota.....	Bogota, N. J.....	\$492,123.01
February...	The Peoples Trust Co. of Malone.	Malone, N. Y.....	3,084,088.82
	Bank of Coney Island.....	Brooklyn, N. Y....	3,493,646.82
	The Marine Trust Company of Buffalo.....	Buffalo, N. Y.....	133,705,445.98
	State Bank of Shortsville.....	Shortsville, N. Y...	367,709.64
	Bank of Hasbrouck Heights.....	Hasbrouck Heights, N. J.....	304,727.02
	Industrial Bank of New York...	New York, N. Y....	6,883,897.81
March.....	The Merchants Bank of the City of New York.....	New York, N. Y....	*
	The American Bank of Lacka- wanna.....	Le 'awanna, N. Y..	779,574.47
	The State Bank of Belmont.....	Belmont, N. Y.....	546,621.87
	City Trust Co. of Newark.....	Newark, N. J.....	3,221,622.19
	Peoples Bank of Hamburg.....	Hamburg, N. Y....	1,646,118.94
	North Side Bank of Brooklyn...	Brooklyn, N. Y....	8,263,470.95
May.....	Dunkirk Trust Co.....	Dunkirk, N. Y.....	1,259,778.39
August.....	Bank of Blasdell.....	Blasdell, N. Y.....	183,933.06
September..	The Ridgewood Trust Company.	Ridgewood, N. J...	2,421,197.27
October....	Lewis County Trust Company..	Lowville, N. Y.....	1,008,305.90
December..	Orleans County Trust Company.	Albion, N. Y.....	775,931.61
	Fidelity Trust Company.....	Newark, N. J.....	31,177,268.76

*Consolidated with Bank of the Manhattan Company, New York City.

The 134 members represent 33 per cent. in number and about 80 per cent. in resources of the State banks and trust companies in the district which have sufficient capital to make them eligible for membership. In both of these respects the Second Federal Reserve District continues to lead all other districts.

FOREIGN RELATIONS

Relations with foreign central banks entered into prior to 1920 have in some cases been further developed during the year and certain additional arrangements have been effected. A summary of the operations carried on in accordance with them is as follows:

BANK OF ENGLAND:—In 1919 the Federal Reserve Bank of New York, acting for all Federal Reserve Banks, purchased from the United States Grain Corporation about 730,000,000 German gold marks, equivalent to about \$173,000,000, which was forwarded from the Continent to the Bank of England and by it reduced to bars and held earmarked for the account of this bank. During the latter part of 1919 and the early part of 1920 the amount of this earmarked gold was reduced to \$111,458,044.95 by sales to banks and bankers desiring to ship gold from New York to various parts of the world in settlement of trade balances. But as such sales had practically ceased by mid-summer it was decided to bring the balance of the gold to New York. The shipments were undertaken by the Bank of England. They began on September 22, and the last consignment arrived in New York on November 12. The gold was deposited in the New York Assay office for credit to the twelve Federal Reserve Banks and is being re-melted and re-assayed. When this gold reached London from the Continent in the autumn of 1919 it was included in the reserves of the Federal Reserve Banks, consequently its subsequent importation to the United States had no effect upon the reserve position of the Federal Reserve Banks.

BANK OF FRANCE:—No change has occurred in relations with the Bank of France, but the services of this bank were availed of in consummating certain parts of the transaction for the repayment of France's share of the Anglo-French loan, which matured on October 15, 1920. In these transactions this bank acted in behalf of all the Federal Reserve Banks.

BANK OF JAPAN:—The relations between the two institutions have been more active during the past year. An agreement has been effected covering mutual accounts and investments, in accordance with which operations have been conducted in this market.

DE NEDERLANDSCHE BANK:—The active relations of a year ago have continued, and this bank acts in many particulars in the capacity of correspondent of de Nederlandsche Bank for the conduct of its transactions in New York.

DE JAVASCHE BANK:—The arrangement effected in April, 1919, relating to deposits in current account, investments, collections and the earmarking of gold, has continued in active operation. The Federal Reserve Bank of New York has formally appointed de Javasche Bank its agent and correspondent in Java, and in turn has acted during the year as New York agent and correspondent of de Javasche Bank.

BANK OF SPAIN:—The account opened with the Bank of Spain in 1919, in connection with the payment of the peseta credit arranged by the United States Treasury was closed when the last instalment of the credit was retired in March, 1920.

ARGENTINA:—During 1920 the account of the Argentine Government with the Federal Reserve Bank of New York, opened in 1918 under an agreement between the United States and Argentina for the stabilization of exchange, was closed by a gradual withdrawal of the deposits, thereby avoiding, to the extent of such deposits, shipments of gold by Argentina to the United States in payment of adverse trade balances.

Gold Imports and Exports

During the past year gold imports amounted to \$428,744,000 and exports to \$322,091,000. The imports, however, included \$111,500,000 of earmarked gold which had been held for the Federal Reserve Banks by the Bank of England.

The table below shows imports and exports classified according to the principal countries of source and destination.

Country	Imports		Country	Exports	
	Amount 000's omitted	Per cent. of Total		Amount 000's omitted	Per cent. of Total
England.....	\$274,982	64	Japan.....	\$101,299	31
France.....	48,739	11	Argentina.....	89,995	28
Canada.....	34,196	8	Hongkong.....	31,497	10
Hongkong.....	30,192	7	China.....	28,287	9
Other countries....	40,635	10	Rest of Asia.....	27,811	9
			Other countries...	43,202	13
Total.....	\$428,744	100	Total.....	\$322,091	100

ORGANIZATION OF THE BANK

The new plan of bank organization described in the report for 1919 was developed in further detail during 1920. On September 1 an organization manual was published setting forth in text and diagrams the duties of the officers of the bank and the functions of each department, division and section. The definite allocation of duties to department heads and the concentration of responsibility upon them for the conduct of regular business have been found to be effective in carrying forward the daily work of the bank.

Board of Directors

The board of directors met weekly throughout the year and the executive committee daily, except on Saturdays and holidays. Other committees of the board held meetings as occasion required.

To fill a vacancy in the board of directors caused by the resignation of William B. Thompson, Class B director since 1914, a special election was held in the spring of 1920, which was participated in by member banks having capital ranging from \$201,000 to \$1,999,000. Richard H. Williams, of Madison, N. J., of the firm of Williams & Peters, coal merchants doing business at No. 1 Broadway, New York City, was elected, receiving all votes cast, and took his place in the board on June 1.

In the usual autumn election, Mr. Williams and Robert H. Treman, of Ithaca, N. Y., Class A director since 1914, and senior deputy governor during the war, were both re-elected directors for three-year terms from January 1, 1921. The Federal Reserve Board reappointed William L. Saunders, of Plainfield, N. J., a Class C director for a three-year term, beginning January 1, 1921, and redesignated Pierre Jay chairman of the board and Federal Reserve Agent for 1921.

Member of the Advisory Council

At their meeting on January 7, 1920, the directors re-elected A. Barton Hepburn, Chairman of the Advisory Board of the Chase National Bank, as the member of the Federal Advisory Council from the Second Federal Reserve District for the year 1920.

Officers and Staff

The managing committee, composed of the governor, the chairman of the board and certain of the general and senior officers of the bank, has met four times a week throughout the year to pass upon administrative policies and matters relating to the general business of the bank.

In the absence of Governor Strong, who was away on leave the entire year, J. Herbert Case, deputy governor, was appointed by the directors acting governor. On May 19, the directors elected as deputy governors of the bank, George L. Harrison, then general counsel of the Federal Reserve Board, and Edwin R. Kenzel, then controller of investments and a member of the staff of the bank since its establishment. Edward H. Hart was elected general counsel of the bank on February 18. On November 8, Channing Rudd, controller of the Government Loan Organization, died very suddenly. He had been a member of the official staff of the bank since 1918, and had since September 2, 1919, conducted, with marked ability and singleness of purpose, the various activities of the bank which had been entrusted to him.

While the total volume of the work of the bank was greater in 1920 than in 1919 the number of employees was slightly reduced. At the end of 1920 there were 2,936 employees as compared with 2,962 in 1919. A larger volume of work, or the consolidation of allied groups, caused increases in the personnel of the service department, particularly the stenographic and protection services; of the cash department, where additional money counters and handlers of coin and bullion were required; of the collection department, where a larger force was needed to handle country collections; and of the statistics department, with which were merged several groups of employees formerly attached to other departments. These increases, partly accounted for in the absorption of the Subtreasury, fifty-one of the employees of which were taken over by the bank, were more than offset by decreases in other departments. A table showing the number employed in each department on December 31, 1919, and December 31, 1920, is inserted in the appendix, page 87.

The reduction in the size of the staff was made possible by the careful selection and training of new employees, by the re-assignment of duties to old employees so that each might be engaged in work for which he was best adapted, and by the loyal cooperation of the staff in all efforts to secure greater efficiency, despite the difficulties inherent in the present constricted space and widely scattered offices. Furthermore, during the year overtime work was practically eliminated.

The directors, with the approval of the Federal Reserve Board, authorized quarterly payments of extra compensation during the year to all employees receiving annual salaries of \$5,000 or less, in order to provide for the increased cost of living. These payments were made as an emergency measure and their continuance in whole or in part will depend upon the cost of the necessities of life in the future. The group insurance plan by which each employee

is protected to the amount of one year's salary up to the sum of \$3,000 remained in effect. In December, 1920, more than \$4,-000,000 of insurance was being carried. The premiums on \$3,500,000 of this amount were paid by the bank and the premiums on the balance were paid by the bank and reimbursed to it by the Government. During the year \$19,140 was paid to the beneficiaries of 12 deceased employees.

The medical division of the personnel department examined about 1,000 applicants for positions during the year, rejecting 5 per cent. because of physical defects. The division also gave medical advice and first aid treatment to employees. The other work of the personnel department has been supplemented by the Federal Reserve Club, an organization embracing nearly all of the bank's employees, which has published the Federal Reserve Club Magazine and in addition to various recreational and athletic activities has carried through a schedule of courses on banking and finance, and organized a plan of co-operative purchasing.

The cafeteria served 227,000 meals during the year to the women employees at an average cost to them of 33 cents.

Bank Premises

A sketch of the elevation of the proposed new bank building is shown as the frontispiece of this report. The site of the new building, which will cover some 46,000 square feet, is in the plot bounded by Nassau Street, Maiden Lane, and Liberty Street. The section shown in the sketch is the corner at Nassau and Liberty Streets and includes the main entrance to the building, which will be on Liberty Street. During the year the high construction costs and the conditions prevailing in the building trades made it seem unwise to proceed with the actual work of erecting so large a building. Nevertheless, the commissioned architects, Messrs. York and Sawyer, working with the building committee of the board of directors, the planning committee composed of officers of the bank and the consulting architect, have made substantial progress in determining the principal features and arrangements of the building.

In the spring of 1920 the directors and officers matured a plan which had been long under consideration, for the purchase of a piece of land for the erection of a fireproof storage and warehouse building to house the stationery and supplies of the bank and the ever-growing volume of its files and records. While the land purchased for this purpose, at the corner of Gold Street and Maiden Lane, is within a block of the site for the new bank building, its cost per foot was less than half the cost of the latter. The area is about 13,300 square feet.



New Storage Building under erection at Maiden Lane and Gold Street

An eight-story building is now being erected on this property by the architects, Messrs. York and Sawyer, and the contractors, Messrs. Marc Eidlitz & Son, who have been commissioned to build the bank building. It is expected that the storage building will be ready for occupancy late in the spring of 1921. In addition to providing much needed additional storage space and enabling the records now stored in Brooklyn to be brought near the bank, the upper floors of the storage building will make it possible, during the construction of the main bank building, to take care of the several hundred employees of the bank now housed in old buildings on the site of the bank building.

A photograph of the storage and warehouse building is shown opposite the preceding page.

BUFFALO BRANCH

The Buffalo branch of the Federal Reserve Bank of New York was opened on May 15, 1919. Its operations, which were described in last year's report, were designed to make the facilities of the Federal Reserve system more readily available to the banks in the ten most western counties of New York State.

The number and resources of member banks in the Buffalo branch territory at the time of organization of the branch and at the end of 1920, were as follows:

	National Banks		State Banks and Trust Companies	
	May 15, 1919	Dec. 31, 1920	May 15, 1919	Dec. 31, 1920
Number.....	57	60	9	21
Capital and Surplus.....	\$16,151,300	\$17,373,000	\$7,657,500	\$33,115,000
Total Resources.....	181,516,000	180,972,000	91,471,000	327,400,000

The Buffalo branch as originally organized, did not carry the accounts of any banks in its territory, and it was optional with them whether they should deal with the Buffalo branch or with the main office in New York. But in 1920 the accounts and discounts of the member banks in the city of Buffalo were transferred from New York to the branch office; so that their relations with the Federal Reserve Bank of New York are all through the Buffalo branch. The accounts of the banks in the territory outside Buffalo are still carried at the New York office, and the transactions which the branch may have with them are reported in detail by wire. Checks received by banks in the city of Buffalo are usually deposited in the branch for collection, but it is still possible for them, as for other banks in the branch territory, to send checks to the main office for collection, subject to the time schedule which controls all checks collected through the New York office.

The transfer of accounts of the Buffalo banks on May 1 resulted in placing with the Buffalo branch reserve deposits of \$17,213,000 and deferred credits of \$3,444,000. On July 1 discounts amounting to \$35,652,000 were transferred to the branch, and all loans to Buffalo banks have since been made at the branch, subject to final approval by the directors of the Federal Reserve Bank of New York.

III

FISCAL AGENCY OPERATIONS

AT the conclusion of the Liberty and Victory loans in 1919, the operations which this bank performed as fiscal agent of the United States underwent a material change. The organization which had successfully carried through the work of selling these securities in this district dissolved, and the operations of the bank were concentrated on the exchange and conversion of bonds and notes, rather than on their sale.

The sale of Treasury certificates of indebtedness continued; but the declining needs of the Treasury for funds and the growing public recognition of the value of certificates of indebtedness for temporary investment, established a demand which facilitated their distribution and largely reduced this bank's function, as the district selling agency of the Treasury, to that of handling the recurring issues. Offerings of certificates of indebtedness in 1920, after the first few issues, were very largely oversubscribed; the proportion held by private investors constantly increased; an active outside market developed; and at the close of the year all but one of the outstanding issues were selling at or slightly above par.

Certificates of Indebtedness

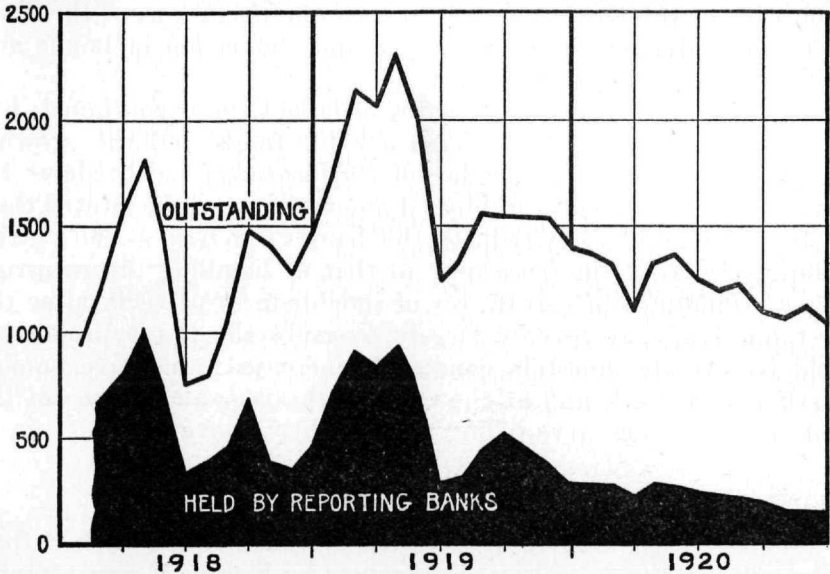
Issues during 1920 of certificates of indebtedness, other than Pittman Act and special certificates held by Federal Reserve Banks, were about one-third of the volume issued in 1919, and the amount outstanding throughout the country on December 31, 1920, was \$2,317,000,000 as compared with \$3,262,000,000 on December 31, 1919.

Since 1917, when certificates of indebtedness were first issued, the amount sold throughout the country has been about \$30,000,000,000, of which about 43 per cent. were sold by the Federal Reserve Bank of New York, as is shown in the following table.

Year	Total Sales in United States	Sales in Second District	Per cent. Sold in Second District
1917	\$3,880,570,000	\$2,422,075,500	62.4
1918	10,742,094,000	4,091,260,000	38.1
1919	11,246,820,500	4,506,155,500	40.1
1920	3,939,832,500	1,716,680,500	43.6
Total	\$29,809,317,000	\$12,736,171,500	42.7

The figures showing the percentage sold in this district in 1920 do not, however, reflect the intensity of the demand. Allotments made by the Treasury, particularly in recent issues, were customarily much below the subscriptions received. To the two issues dated December 15 the aggregate subscriptions in this district amounted to \$413,000,000, which was slightly more than the amount requested by the Treasury from the whole country.

MILLIONS
OF DOLLARS



Amount of Certificates of Indebtedness outstanding in the Second Federal Reserve District (entire black and white area) and amount held by reporting banks (black)

It has become more and more apparent that certificates of indebtedness are passing from the possession of the banks into the hands of private investors. The foregoing diagram shows the proportion that the amount of certificates of indebtedness held by 112 banks reporting regularly to the Federal Reserve Bank has borne to the total amount sold in this district and not matured. Since these banks represent about 77 per cent. of the banking resources of the district and include the banks most likely to be in possession of certificates of indebtedness, it may fairly be assumed that the major part of the certificates not in their possession is held by individual investors. The amount of certificates pledged with the Federal Reserve Bank as collateral for loans has also declined to a marked degree. The following table gives comparative figures for successive half-yearly periods, showing the proportion the amount owned by the reporting member banks, and the amount

pledged with the Federal Reserve Bank of New York, bore to the total amount sold in this district and not yet matured on the respective dates.

Period	Owned	Pledged with Federal Reserve Bank
Feb. to June, 1918.....	51.9 per cent.	9.6 per cent.
July to Dec., 1918.....	38.6 per cent.	18.1 per cent.
Jan. to June, 1919.....	37.4 per cent.	15.2 per cent.
July to Dec., 1919.....	25.8 per cent.	12.8 per cent.
Jan. to June, 1920.....	20.8 per cent.	14.5 per cent.
July to Dec., 1920.....	16.5 per cent.	11.5 per cent.

The issues and allotments in 1920, the amounts outstanding week by week compared with the amounts held by the 112 reporting member banks, and the volume of certificates redeemed during the year are shown in the appendix, pages 89 to 92.

Government Deposits and Disbursements

Banks subscribing for certificates of indebtedness commonly continue to pay for them by book credit—that is, by opening an account in favor of the Federal Reserve Bank of New York as fiscal agent of the United States. The banks pay 2 per cent. interest on such deposits which are drawn upon ratably by the Federal Reserve Bank on the instruction of the Treasury Department as funds are required, usually twice each week. As in previous years, this method of handling the proceeds of sales of certificates of indebtedness, which has been more fully described in former reports of this bank, prevented these large transactions from becoming a disturbing element in the money market. The largest amount on deposit with qualified depositories in 1920 was \$384,330,000 on January 7, and the smallest was \$8,045,000 on December 13. The largest amount of securities in the vaults of the bank and in the hands of custodians pledged as collateral against these deposits was \$551,828,000 on January 8. There was a notable increase in the proportion of commercial paper to the amount of Government obligations so pledged.

Receipts of taxes were deposited directly with this bank by the collectors of internal revenue in this Federal Reserve district, and were used for the redemption of maturing certificates of indebtedness and for other Government purposes.

Aside from checks drawn in redeeming certificates of indebtedness, the payment of coupons, etc., more than 9,500,000 miscellaneous Government checks were handled, aggregating \$2,407,000,000. This was a marked decrease from the total handled

during the years of war activity. In 1918 more than 11,000,000 Treasury checks amounting to about \$5,000,000,000 and in 1919 nearly 13,000,000 checks amounting to \$4,300,000,000 were handled. The totals for each month in 1920 are given in the appendix, page 93.

Exchange and Conversion of Government Bonds

In March, 1920, the Treasury Department began to supply, issue by issue, permanent bonds for the temporary bonds which had been sold to the public during the Liberty and Victory loans. In this district the exchange was carried on by the Government Bond department of the Federal Reserve Bank, through which the original issue was conducted. In addition, this department, as has been described in previous reports, continued to conduct the conversion of Liberty bonds and Victory notes from one issue to another, where authorized, and their exchange from one denomination to another, as well as certain operations connected with their registration. The size of these operations appears from the following summary.

Transaction	Pieces	Value
Temporary bonds received for exchange or conversion...	7,085,889	\$2,343,301,950
Permanent bonds received for exchange or conversion...	2,276,373	995,932,350
Temporary bonds delivered on exchange or conversion...	340,291	402,039,450
Permanent bonds delivered on exchange or conversion...	5,219,048	2,904,898,100
Total.....	14,921,601	\$6,646,171,850

By far the largest operation was the exchange of temporary for permanent bonds. To facilitate this work the practice was inaugurated of supplying banks in the district with permanent coupon bonds on consignment so that they might make exchanges for their customers. Altogether 325, or about one-fourth of the banks of the district, have taken advantage of this arrangement. Permanent bonds of all issues except the Fourth 4 $\frac{1}{4}$ s were available prior to December 31, and permanent bonds of this issue were ready on January 5, 1921.

The marked tendency noted a year ago for bonds of the \$50 and \$100 denominations to be offered for exchange into bonds of higher denominations was again evident in 1920.

The demand for registered bonds showed some increase during the year. The mechanism of registration has been accelerated, so that the average time now required is about three weeks. Records of bond registration are maintained in the Treasury Department at Washington and the function of the Federal Reserve Bank is limited to the receipt and delivery of the bonds.

The payment of coupons from Government bonds, Federal Farm Loan bonds and War Finance Corporation bonds increased to some extent in 1920. Over 31,000,000 coupons have been paid, aggregating over \$295,000,000.

Partial Payments Completed

The success attained in selling on a weekly payment plan Third and Fourth loan Liberty bonds and Victory notes, and the methods employed in handling a total of some 2,400,000 separate accounts in New York City, have been referred to in preceding reports. The period through which payments were made on Victory notes expired on April 10, 1920, and on July 30 the association of New York City banks which had been organized to finance such small-installment subscriptions was dissolved. Although these institutions assumed a maximum underwriting liability for the three loans amounting to \$320,000,000, they were actually called upon to advance but about one-quarter of that amount, or \$85,330,417.

Of all the Liberty bonds and Victory notes sold to subscribers under the partial payment plan 90 per cent. were fully paid. The following table summarizes the operations of receiving payments.

Loan	Payment Period	PIECES SOLD				Estimated Number of Individual Payments
		\$50	\$100	\$500	Total	
Third	12 mos.	698,608	138,139	.....	836,747	36,550,000
Fourth	6 mos.	699,184	98,844	.....	798,028	18,000,000
Victory	12 mos.	633,377	156,508	7,781	797,666	35,500,000
Total		2,031,169	393,491	7,781	2,432,441	90,050,000

Education in Saving

The organization established after the close of the Victory loan in 1919 to carry on the continuing saving and sales campaign of the Treasury Department confined its activities in 1920 to the sale of thrift and savings stamps and Treasury savings certificates, and the carrying forward of education to encourage saving, with a particular view to bringing about a wider secondary distribution of Government war loan securities already issued. The methods utilized were the preparation of press material and other literature, addresses at meetings, and the establishment of Government Savings Associations in connection with industrial, school, and women's organizations. Publicity material prepared by the organization was carried in the daily press, in about 2,300 weekly and monthly publications in this district, and in about 1,000 house organs and trade journals. Meetings addressed included those of chambers of commerce, Rotary clubs, merchants' associations, women's clubs,

civic clubs, school teachers' institutes and employees in industrial plants. From January to December, 1920, the Government Savings Association plan, according to which members of an association agree to purchase thrift stamps or other Government securities at regular intervals, was introduced in over 1,400 establishments employing over 350,000 persons.

Government Loan Expenses

In connection with the five Government war loans, this bank as fiscal agent of the United States financed all expenses incident to the work in this district, including the expenses of the selling organizations and of the fiscal agency departments of the bank handling the various issues after sale. The total expenses up to December 31, 1920, were slightly less than \$12,000,000, as appears in detail on page 94 in the appendix. The Treasury Department in periodic payments has reimbursed the bank practically in full, and there remains out of the total sum, representing some 150,000 individual payments, about \$2,700 for which the Treasury under its rules cannot make reimbursement. Steps were taken early in 1921 finally to clear the accounts.

The bank continues to advance necessary expenses in connection with the activities of the present Government Loan Organization, and also the expenses incident to the conversion and exchange of bonds, and other fiscal agency operations.

APPENDIX

EXHIBITS

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DIAGRAMS

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Exhibit A

STATEMENT OF CONDITION

At the Close of Business, Dec. 31, 1920, and Dec. 31, 1919

Resources	Dec. 31, 1920	Dec. 31, 1919
Gold and gold certificates.....	\$132,723,247.12	\$154,233,758.73
Gold settlement fund.....	45,901,896.46	14,976,859.68
Gold with foreign agencies.....	1,211,100.00	48,194,795.30
Total gold held by bank.....	179,836,243.58	217,405,413.71
Gold with Federal Reserve Agent.....	254,575,330.89	306,756,215.00
Gold redemption fund.....	39,000,000.00	25,000,000.00
Total gold reserves.....	473,411,574.47	549,161,628.71
Legal tender notes, silver, etc.....	144,759,115.20	46,193,650.50
Total reserves.....	618,170,689.67	595,355,279.21
Bills discounted for members:		
Secured by Government war obligations.....	454,751,722.52	562,089,842.45
Secured by commercial paper.....	416,686,474.82	228,713,445.79
	416,686,474.82	228,713,445.79
Bills bought in open market.....	113,740,374.53	202,902,609.54
Total bills on hand.....	985,178,571.87	993,705,897.78
U. S. Government bonds.....	1,468,305.55	1,256,800.00
U. S. Victory notes.....	50,000.00	50,000.00
U. S. certificates of indebtedness:		
Tax and loan.....	390,000.00	8,445,500.00
Pittman Act.....	59,276,000.00	59,276,000.00
	59,666,000.00	67,721,500.00
Total earning assets.....	1,046,362,877.42	1,062,734,197.78
Bank premises.....	4,092,497.30	3,200,626.83
5% redemption fund against F. R. bank notes.....	2,766,360.00	2,900,000.00
Uncollected items and other deductions from gross deposits.....	141,346,433.94	250,055,887.88
All other resources.....	1,431,316.02	1,618,195.11
Total resources.....	\$1,814,170,174.35	\$1,915,864,186.81

Liabilities	Dec. 31, 1920	Dec. 31, 1919
Capital paid in.....	\$22,372,650.00	\$22,390,750.00
Surplus.....	56,414,456.04	45,081,932.63
Government deposits.....	11,297,895.88	5,848,393.50
Member bank reserve deposits.....	702,431,237.92	755,951,452.59
Other deposits, including foreign gov't credits.....	12,133,377.48	45,395,971.09
Deferred availability items.....	93,318,901.11	168,870,359.39
Total gross deposits.....	819,181,412.39	976,066,176.57
Federal Reserve notes in actual circulation...	867,480,630.00	807,615,970.00
Federal Reserve bank notes in circulation— net liability.....	38,833,200.00	54,673,000.00
All other liabilities.....	5,887,825.92	10,036,357.61
Total liabilities.....	\$1,814,170,174.35	\$1,915,864,186.81

Exhibit B

EARNINGS AND EXPENSES

For the Calendar Years 1920 and 1919

EARNINGS	1920	1919
Discounted bills.....	\$49,839,182.52	\$29,935,910.97
Purchased bills.....	8,323,050.37	3,326,838.44
United States securities.....	1,975,648.96	1,888,497.28
Deficient reserve penalties (including interest)....	141,664.90	36,405.58
Sundry profits.....	245,775.02	144,759.97
Total earnings.....	\$60,525,321.77	\$35,332,412.24
CURRENT EXPENSES		
Expense of operation:		
Assessments for expenses Federal Reserve Board.....	\$221,867.58	\$181,874.61
Federal advisory council (fees and travelling expenses).....	1,200.00	1,150.00
Governors' conferences (including travelling expenses).....	270.53	316.48
Federal Reserve agents' conferences (including travelling expenses).....	88.63	139.22
Directors' fees.....	27,525.00	24,345.00
Travelling expenses.....	4,650.92	3,384.52
Salaries:		
Officers.....	383,759.41	294,794.50
Clerical staff.....	3,479,269.85	1,982,807.00
Special officers and watchmen.....	166,448.33	61,207.51
All other.....	199,212.55	781,297.44
Officers' and clerks' travelling expenses.....	23,743.04	29,014.57
Legal fees.....	9,323.47	11,250.00
Rent.....	301,796.88	290,243.41
Taxes and fire insurance.....	3,328.13	.....
Telephone.....	32,933.78	32,489.79
Telegraph.....	49,045.21	33,235.36
Postage.....	114,779.04	116,071.54
Expressage.....	3,956.47	54,395.47
Insurance and premiums on fidelity bonds....	26,282.66	98,816.68
Light, heat and power.....	3,076.73	2,859.23
Printing and stationery.....	270,383.29	236,653.61
Repairs and alterations.....	55,623.39	130,718.37
Cost of currency shipments to and from member and non-member banks.....	199,478.34	103,904.55
All other.....	204,161.17	142,250.97
Total expenses of operation.....	5,782,204.40	4,613,219.83
Cost of Federal Reserve currency (including expressage and insurance).....	648,392.46	642,430.43
Miscellaneous charges, account note issues....	159,766.27	105,166.64
Taxes on Federal Reserve bank note circulation	207,401.48	169,514.40
Furniture and equipment.....	201,490.43	204,013.60
Total current expenses.....	\$6,999,255.04	\$5,734,344.90

Exhibit B—Continued
EARNINGS AND EXPENSES
 Profit and Loss Account

	1920	1919
Earnings	\$60,525,321.77	\$35,332,412.24
Current expenses	6,999,255.04	5,734,344.90
Current net earnings	\$53,526,066.73	\$29,598,067.34
Additions to current net earnings on account of:		
Special reserve previously set aside	200,000.00	.....
Assessment for expenses of Federal Reserve Board previously charged to profit and loss	168,681.70	.....
All other	6,050.03	31,095.96
Total	\$53,900,798.46	\$29,629,163.30
Deductions from current net earnings on account of:		
Estimated value of buildings now standing on main bank building site, charged off .....	.....	\$900,031.72
Preliminary expenses in connection with erection of main bank building	\$137,785.70	.....
Estimated value of old buildings on building site, charged off	147,890.94	.....
Reserve against present high construction costs, building	100,000.00	.....
Reserve for depreciation United States securities	25,299.60	.....
Assessment for expenses of Federal Reserve Board .....	.....	168,681.70
Reserve for depreciation of foreign balances	106,164.69	325,741.35
Reserve for self insurance	250,000.00	200,000.00
All other	5,526.89	75,089.00
Total deductions	\$772,667.82	\$1,669,543.77
Net earnings available for dividends, surplus, and franchise tax	\$53,128,130.64	\$27,959,619.53
Dividends paid	\$1,477,096.58	\$1,291,047.84
Transferred to surplus fund	12,332,523.41	23,964,678.06
Franchise tax paid United States Government	39,318,510.65	2,703,893.63

Exhibit C
CAPITAL ACCOUNT RECONCILIATION
 January 1 to December 31, 1920

Capital paid in January 1, 1920		\$22,390,750
SUNDRY INCREASE:		
Due to increase of capital and surplus of member banks..	\$3,855,900	
Due to organization of new National banks	553,650	
Due to admission of State banks and trust companies...	1,059,900	5,469,450
		27,860,200
SUNDRY DECREASE:		
Due to banks liquidating	1,477,950	
Due to banks withdrawing from system	9,600	
		1,487,550
Paid in capital December 31, 1920		\$26,372,650

Exhibit D

PRINCIPAL ASSETS AND LIABILITIES—EACH WEEK IN 1920

(Amounts in thousands of dollars)

Date	Discounted Bills						Purchased Bills			10	11	12	13	Reserve Percentages	
	1	2	3	For Member Banks			7	8	9					14	15
				4	5	6										After Inter-bank Transactions	Before Inter-bank Transactions
Total Earning Assets	Total Held	Rediscounted with Other F. R. Banks ¹	Total	Secured by U. S. War Obligations	Per Cent. (5÷4)	Purchased in Open Market ²	Sold to Other F. R. Banks ¹	Total Held	U. S. Securities	Total Cash Reserves	Net Deposits	F. R. Notes in Circulation	After Inter-bank Transactions	Before Inter-bank Transactions	
Jan. 2.....	1,101,634	811,723	.....	811,723	571,822	70.4	241,009	32,357	208,652	81,259	620,883	790,667	811,119	38.8	36.7
9.....	1,025,095	761,303	.....	761,303	494,173	64.9	224,739	29,943	194,796	68,996	569,017	696,417	776,592	38.6	36.6
16.....	993,322	708,309	79,500	787,809	499,304	63.4	233,112	20,817	212,295	72,718	617,923	731,525	757,906	41.5	34.8
23.....	1,034,298	761,369	43,700	805,069	526,473	65.4	227,612	24,906	202,706	70,223	596,017	746,530	761,643	39.5	35.0
30.....	1,024,089	762,127	50,000	812,127	595,495	73.3	216,864	25,649	191,215	70,747	608,955	741,647	769,170	40.3	35.3
Feb. 6.....	1,018,937	752,352	49,800	802,152	581,479	72.5	219,153	22,277	196,876	69,709	589,803	696,008	788,121	39.7	34.9
13.....	1,070,116	797,566	49,735	847,301	591,022	69.8	223,215	18,654	204,561	67,989	602,968	738,413	809,254	39.0	34.5
20.....	1,100,386	819,394	48,100	867,494	616,710	71.1	227,427	10,113	217,314	63,678	575,402	732,713	817,411	37.1	33.4
27.....	1,148,056	852,966	47,950	900,916	630,281	70.0	238,615	7,358	231,257	63,833	616,339	810,960	826,287	37.6	34.3
Mar. 5.....	1,102,018	809,972	67,950	877,922	601,680	68.5	234,034	5,424	228,610	63,436	600,863	743,475	831,694	38.1	33.5
12.....	1,077,510	787,698	84,550	872,248	598,059	68.6	230,264	4,276	225,988	63,824	610,132	731,471	830,531	39.1	33.4
19.....	1,049,042	724,177	19,795	743,972	529,631	71.2	203,629	3,408	200,221	124,644	584,402	670,183	837,727	38.8	37.2
26.....	1,075,777	815,634	32,015	847,649	571,771	67.5	198,565	2,081	196,484	63,659	611,462	731,370	834,188	39.1	36.9
Apr. 2.....	1,028,991	736,197	-5,000	731,197	526,942	72.1	176,090	4,341	171,749	121,045	664,929	726,955	847,782	42.2	42.3
9.....	1,041,464	762,096	-26,850	735,246	554,358	75.4	166,219	2,371	163,848	115,520	641,820	729,855	835,554	41.0	42.6
16.....	1,033,544	779,408	-36,450	742,958	551,242	74.2	154,887	2,371	152,516	101,620	654,894	734,214	835,738	41.7	43.9
23.....	1,027,988	819,093	-63,996	755,097	570,036	75.5	145,102	2,371	142,731	66,164	687,785	764,222	832,704	43.1	47.0
30.....	1,084,103	856,776	-84,996	771,780	557,785	72.3	152,744	-7,687	160,431	66,896	638,998	764,162	838,600	39.9	45.7
May 7.....	1,049,015	812,874	-57,037	755,837	540,862	71.6	157,355	-5,470	162,825	73,316	655,749	737,948	845,006	41.4	45.3
14.....	1,084,978	835,073	-48,715	786,358	586,577	74.6	168,466	-1,634	170,100	79,805	649,167	767,737	843,927	40.3	43.4
21.....	1,037,515	789,126	-80,368	708,758	513,566	72.5	173,677	2,148	171,529	76,860	668,733	732,474	849,246	42.3	47.2
28.....	1,063,429	804,638	-84,425	720,213	510,941	70.9	181,743	2,371	179,372	79,419	674,138	757,686	854,827	41.8	46.9

Exhibit D—Continued

Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
June 4.....	1,093,725	840,335	-78,544	761,791	513,071	67.4	181,378	2,371	179,007	74,383	647,988	754,027	861,807	40.1	44.8
11.....	1,084,659	822,433	-59,740	762,693	529,827	69.4	186,364	2,371	183,993	78,233	653,601	760,107	851,002	40.6	44.1
18.....	1,009,934	688,586	-37,730	650,856	441,896	67.9	188,166	1,355	186,811	134,537	652,841	680,023	854,828	42.5	44.9
25.....	1,089,659	781,562	-61,961	719,601	477,812	66.4	194,736	5,394	189,342	118,755	620,103	722,422	859,232	39.2	42.8
July 2.....	1,114,847	831,887	-35,354	796,533	514,347	64.6	195,088	14,926	180,162	102,798	651,002	753,636	882,506	39.8	41.0
9.....	1,082,585	847,683	-36,096	811,587	524,441	64.6	179,121	24,940	154,181	80,721	631,781	714,332	871,467	39.8	40.5
16.....	1,057,992	830,373	-40,183	790,190	520,952	65.9	172,315	24,940	147,375	80,244	639,365	717,690	850,323	40.8	41.7
23.....	1,045,199	827,377	-39,385	787,992	508,425	64.5	173,454	32,451	141,003	76,819	615,634	683,620	846,836	40.2	40.7
30.....	1,046,525	828,321	-39,025	789,296	497,399	63.0	167,746	32,551	135,195	83,009	621,089	687,019	849,589	40.4	40.8
Aug. 6.....	1,063,409	858,578	-27,285	831,293	537,261	64.6	163,698	29,122	134,576	70,255	615,291	694,728	852,369	39.8	39.7
13.....	1,079,609	902,538	-10,391	892,147	554,289	62.1	150,456	41,013	109,443	67,628	599,206	691,769	852,695	38.8	36.8
20.....	1,068,903	884,855	-8,306	876,549	542,099	61.8	146,366	33,459	112,907	71,141	610,115	689,020	854,295	39.5	37.9
27.....	1,091,479	920,043	.....	920,043	553,992	60.2	141,446	40,923	100,523	70,913	598,724	698,955	854,925	38.5	35.9
Sept. 3.....	1,099,601	927,846	47,500	975,346	582,978	59.8	121,401	26,925	94,476	77,279	603,743	699,019	865,548	38.6	33.9
10.....	1,075,434	894,673	34,600	929,273	547,148	58.9	122,719	20,064	102,655	78,106	610,289	679,270	864,439	39.5	36.0
17.....	1,036,410	759,710	10,975	770,685	492,507	63.9	118,081	14,379	103,702	172,998	581,819	612,015	861,597	39.5	37.8
24.....	1,010,749	847,059	.....	847,059	492,210	58.1	108,187	13,404	94,783	68,907	672,134	680,862	855,701	43.7	42.9
Oct. 1.....	1,041,620	874,130	-19,003	855,127	476,174	55.7	106,327	9,862	96,465	71,025	625,025	654,133	866,091	41.1	41.7
8.....	1,115,443	944,221	.....	944,221	509,645	54.0	113,536	15,784	97,752	73,470	605,466	709,522	864,895	38.5	37.5
15.....	1,109,903	947,049	.....	947,049	500,403	52.8	110,654	28,870	81,784	81,070	607,460	693,618	875,737	38.7	36.9
22.....	1,078,613	929,295	25,000	954,295	521,930	54.7	97,869	24,305	73,564	75,754	584,818	639,895	875,027	38.6	35.3
29.....	1,095,528	937,223	48,000	985,223	515,947	52.4	101,908	13,362	88,546	69,759	606,610	675,112	876,706	39.1	35.1
Nov. 5.....	1,104,811	943,563	44,700	988,263	513,943	52.0	107,565	14,883	92,682	68,566	598,823	666,275	886,709	38.6	34.7
12.....	1,113,114	951,539	38,000	989,539	482,183	48.7	111,635	19,736	91,899	69,676	597,201	685,718	872,609	38.3	34.6
19.....	1,068,897	895,929	14,750	910,679	469,383	51.5	112,621	17,299	95,322	77,646	610,857	658,197	869,621	40.0	37.9
26.....	1,052,000	901,787	10,150	911,937	465,027	51.0	92,342	14,352	77,990	72,223	619,585	642,626	876,321	40.8	39.2
Dec. 3.....	1,117,194	964,096	6,700	970,796	441,623	45.5	99,262	9,338	89,924	63,174	585,888	675,467	873,360	37.8	36.8
10.....	1,086,238	919,701	6,400	926,101	424,658	45.9	100,822	7,923	92,899	73,638	598,036	667,137	863,560	39.1	38.1
17.....	1,064,602	853,246	.....	853,246	464,249	54.4	96,274	6,917	89,357	121,999	582,523	619,967	871,522	39.1	38.6
23.....	1,084,220	907,207	.....	907,207	461,011	50.8	103,746	6,917	96,829	80,184	612,940	657,142	880,870	39.9	39.4
30.....	1,075,351	904,239	.....	904,239	445,926	49.3	116,819	6,917	109,902	61,210	610,242	662,271	864,516	40.0	39.5

¹ Minus sign indicates net amounts discounted for or purchased from other Federal Reserve Banks.

² The total amount of bills sold from the portfolio of this bank during the year to other Federal Reserve Banks was \$147,000,000, of which \$70,000,000 were sold at their request. In addition \$731,000,000 were purchased by this bank at their request and for their account in the open market.

Diagram 1
EARNING ASSETS

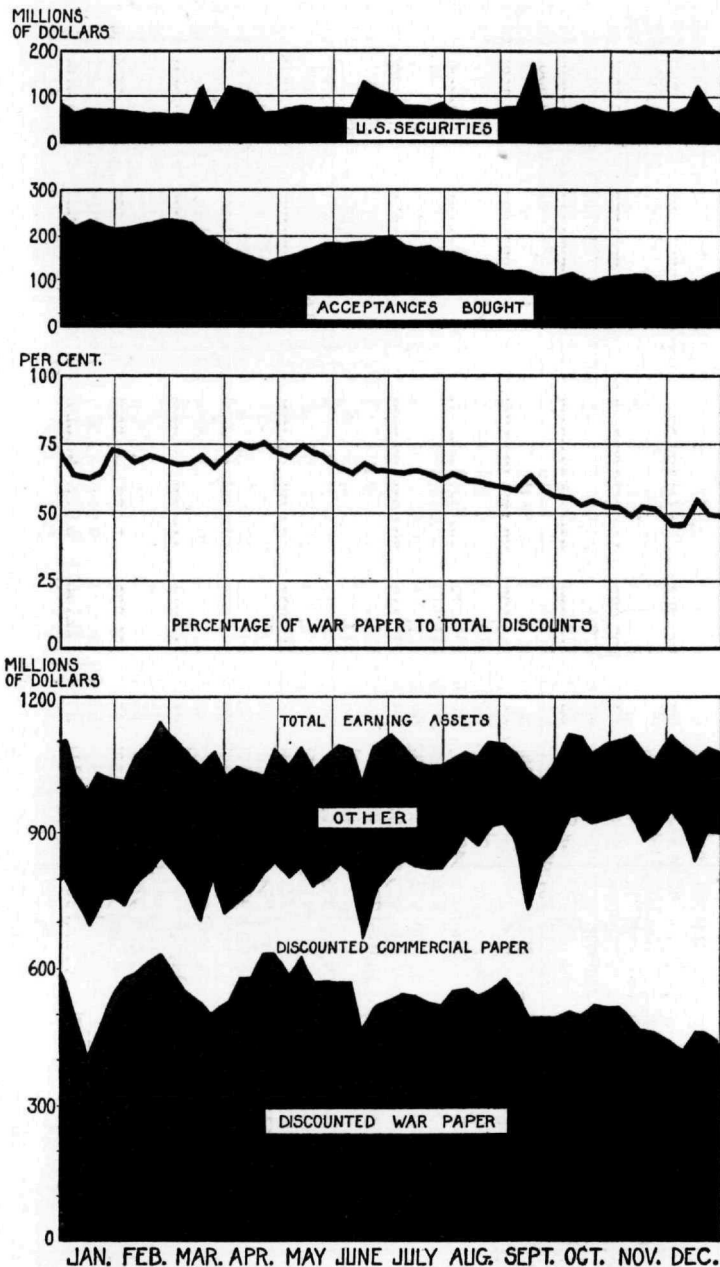


Diagram 2

LIABILITIES, RESERVES, AND RESERVE RATIO

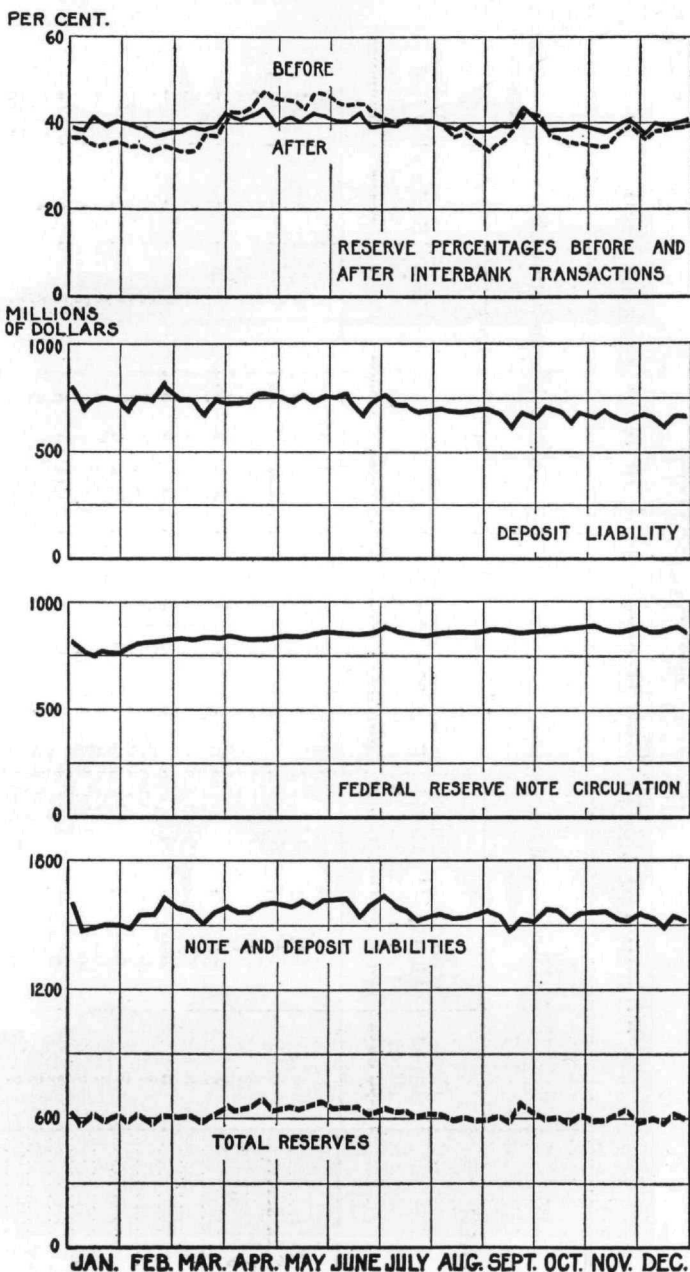


Exhibit E
RATES OF DISCOUNT
 Effective at the Federal Reserve Bank of New York in 1920

Period	Rediscounts					Collateral Loans Secured By				Open Market Purchases Bankers Acceptances	
	Com- mercial Paper 1-90 days	Secured by Liberty Bonds 1-90 days	Secured by Certifi- cates of In- debtedness	Agric- ultural Paper 91 days to 6 Months	Bankers Accept- ances 1-90 days	Certifi- cates of Indebt- edness	Liberty Bonds	Com- mercial Paper	Bankers Accept- ances	Author- ized Rates Minimum	Actual Rates
January 1-22.....	4¾	4¾	4¾	5	4¾	4¾	4¾	4¾	4¾	4	4¾-5
Jan. 23-Feb. 5.....	6	5½	4¾	6	5	4¾	5½	6	5½	5¼	5¼-5½
February 6-25.....	6	5½	4¾	6	5	4¾	5½	6	5	5	5¼-5½
February 26-29.....	6	5½	5	6	5	5	5½	6	5	5	5½-5¾
March.....	6	5½	5	6	5	5	5½	6	5	5	5½-5¾
April.....	6	5½	5	6	5	5	5½	6	5	5	5½-5¾
May.....	6	5½	5	6	5	5	5½	6	5	5	5½-6
June.....	7	6	5½	7	6	5½	6	7	6	5	5½-6
July.....	7	6	5½	7	6	5½	6	7	6	5	5¾-6
August.....	7	6	5½	7	6	5½	6	7	6	5	5¾-6
September.....	7	6	5½	7	6	5½	6	7	6	5	5¾-6
October.....	7	6	5½	7	6	5½	6	7	6	5	5¾-6
November.....	7	6	5½	7	6	5½	6	7	6	5	5¾-6
December.....	7	6	5½	7	6	5½	6	7	6	5	5¾-6

Exhibit F
GOLD RESERVES
On Friday of Each Week in 1920
(Amounts in thousands of dollars)

Date	Gold Coin and Certificates	Gold Settlement Fund	Gold with Federal Reserve Agent	Gold Redemption Fund	Gold with Foreign Agencies	Total Gold Reserves
January 2	154,012	41,101	306,756	25,000	48,195	575,064
9	140,823	11,154	300,520	25,000	45,260	522,757
16	124,643	94,198	284,286	25,000	44,158	572,285
23	137,103	61,528	283,218	25,000	43,057	549,906
30	136,008	77,954	281,778	25,088	41,956	562,784
February 6	115,488	70,049	290,732	25,191	41,956	543,416
13	113,966	74,882	299,876	24,986	41,406	555,116
20	112,668	43,078	304,712	24,918	41,406	526,782
27	118,311	23,501	308,402	25,000	41,406	516,620
March 5	97,804	25,625	308,798	27,000	41,406	500,633
12	83,577	48,093	308,338	26,988	41,390	508,386
19	72,586	28,467	307,936	27,000	41,390	477,379
26	65,833	57,898	312,568	27,000	41,390	504,689
April 2	83,673	95,445	311,810	26,980	41,390	559,298
9	95,412	58,364	314,749	27,000	41,390	536,915
16	96,202	71,215	313,546	27,000	41,390	549,353
23	95,517	109,558	308,204	26,965	41,390	581,634
30	83,532	63,545	317,217	26,986	41,390	532,670
May 7	85,520	88,713	306,316	26,998	41,390	548,937
14	83,861	84,955	305,072	27,000	41,390	542,278
21	81,488	118,277	294,136	26,994	41,390	562,285
28	81,918	125,826	285,599	33,986	40,932	568,261
June 4	79,215	103,300	285,182	33,993	40,931	542,621
11	82,220	106,861	284,531	33,862	40,931	548,405
18	77,728	110,284	284,137	33,966	40,931	547,046
25	83,530	71,628	283,547	33,975	40,931	513,611
July 2	83,504	103,090	282,362	33,914	40,931	543,801
9	82,218	83,980	281,827	35,979	40,931	524,935
16	82,078	83,143	280,907	35,917	40,932	522,977
23	89,114	50,381	280,222	35,971	40,931	496,619
30	88,017	57,504	279,139	35,977	40,931	501,568
August 6	89,755	50,589	278,544	35,943	40,932	495,763
13	91,441	29,248	277,632	35,957	40,931	475,209
20	95,413	36,576	277,126	35,983	40,905	486,003
27	97,014	24,116	275,950	35,928	40,905	473,913
September 3	77,021	50,102	275,070	35,803	40,905	478,901
10	63,613	75,564	269,181	35,899	40,906	485,163
17	81,829	25,537	268,712	35,857	40,905	452,840
24	99,397	100,042	267,490	35,985	40,905	543,819
October 1	110,897	42,728	266,519	35,982	40,905	497,031
8	133,402	37,807	235,642	37,925	32,855	477,631
15	110,165	63,835	234,475	37,924	31,780	478,179
22	78,568	46,425	264,013	37,911	29,472	456,389
29	82,470	66,250	262,732	37,965	27,276	476,693
November 5	92,153	57,410	251,920	37,955	28,315	467,753
12	86,909	60,441	250,750	38,374	28,347	464,821
19	87,038	75,969	250,002	38,000	27,268	478,277
26	99,490	74,128	249,032	38,000	25,638	486,288
December 3	109,555	30,128	248,236	38,000	24,677	450,596
10	118,419	42,792	237,200	38,000	24,862	461,273
17	111,078	24,557	245,765	38,000	24,862	444,262
24	137,258	52,652	235,046	39,000	1,211	465,167
31	132,723	45,902	254,575	39,000	1,211	473,411

Exhibit G
DISCOUNTS AND ADVANCES
Total Made Each Month, 1919 and 1920

Month	1920		1919	
	Number of Items	Amount	Number of Items	Amount
January.....	15,090	\$3,454,051,296.76	9,229	\$3,468,059,283.23
February.....	10,884	3,798,318,694.90	7,906	2,667,770,966.68
March.....	15,771	3,755,959,629.07	6,050	2,631,731,389.65
April.....	11,249	3,165,858,324.82	7,314	2,678,055,774.51
May.....	11,038	3,181,043,819.41	8,184	4,067,069,831.02
June.....	10,858	3,425,122,639.83	9,645	3,102,797,327.60
July.....	12,443	4,044,469,874.32	11,759	3,989,474,706.53
August.....	17,149	5,091,646,803.95	9,329	3,528,702,367.80
September.....	18,291	4,412,393,284.07	11,219	3,495,701,094.17
October.....	16,922	4,914,285,965.04	15,601	4,472,425,043.59
November.....	18,169	5,088,376,344.22	13,650	4,466,207,075.38
December.....	22,598	6,207,902,171.32	17,835	3,881,496,273.71
Total.....	180,462	\$50,539,428,847.71	127,721	\$42,449,491,133.87

Type and Maturity of Bills Held December 31, 1920

Maturity	Discounts or Advances Based on United States Securities	Discounts or Advances Based on Commercial Paper	Bankers Acceptances	Total
Within 15 days.....	\$345,178,695.10	\$349,183,694.88	\$39,501,424.57	\$733,863,814.55
16-30 days.....	31,287,725.59	22,436,171.28	30,330,571.03	84,054,467.90
31-60 days.....	57,144,048.21	35,911,132.12	35,977,382.91	129,032,563.24
61-90 days.....	21,141,253.62	9,155,476.54	7,930,996.02	38,227,726.18
Total, Dec. 31, 1920..	\$454,751,722.52	\$416,686,474.82	\$113,740,374.53	\$985,178,571.87
Average maturity, 28 days				
Total, Dec. 31, 1919..	\$562,089,842.45	\$228,713,445.79	\$202,902,609.54	\$993,705,897.78
Average maturity, 43 days				
Total, Dec. 31, 1918..	\$652,567,674.72	\$44,773,780.97	\$77,576,632.94	\$774,918,088.63
Average maturity, 27 days				

Exhibit H

OPEN MARKET ACCEPTANCE PURCHASES

Bills Bought for the Account of the Federal Reserve Bank of New York in 1920

Month	Bankers Acceptances Import and Export	Bankers Domestic Acceptances	Indorsed Trade Bills of Foreign Origin	Bills Drawn to Furnish Dollar Exchange	Domestic Trade Acceptances	Total
January	\$123,316,879.70	\$26,711,390.27	\$1,280,412.53	\$1,506,100.00	\$251,590.37	\$153,066,372.87
February	140,059,287.17	31,841,680.29	1,449,235.44	2,865,000.00	.....	176,215,202.90
March	132,510,580.54	25,696,877.71	1,920,607.59	3,842,097.40	525,678.57	164,495,841.81
April	72,014,129.42	17,988,699.18	2,747,506.94	695,240.00	298,066.89	93,743,642.43
May	121,568,943.14	33,759,527.12	1,001,929.28	2,172,727.01	605,780.59	159,108,907.14
June	105,244,645.06	27,477,744.08	22,055,797.18	4,306,325.00	1,484,766.47	160,569,277.79
July	84,395,279.90	20,681,821.57	9,220,054.00	1,252,551.83	190,060.14	115,739,767.44
August	95,355,216.61	20,784,353.24	12,121,754.90	4,245,136.57	.....	132,506,461.32
September	86,614,916.00	18,923,206.83	1,546,284.54	4,528,900.65	116,245.66	111,729,553.68
October	107,592,942.78	29,027,244.16	719,057.07	7,409,433.00	534,800.86	145,283,477.87
November	103,679,532.63	30,983,988.07	705,804.79	7,380,185.40	250,000.00	142,999,510.89
December	100,188,208.70	31,805,843.06	988,380.00	8,634,294.90	255,000.00	141,871,726.66
Total	\$1,272,540,561.65	\$315,682,375.58	\$55,756,824.26	\$48,837,991.76	\$4,511,989.55	\$1,697,329,742.80

Exhibit H—Continued
OPEN MARKET ACCEPTANCE PURCHASES
 Bills Bought for the Account of Other Federal Reserve Banks in 1920

Month	Bankers Acceptances Import and Export	Bankers Domestic Acceptances	Indorsed Trade Bills of Foreign Origin	Bills Drawn to Furnish Dollar Exchange	Domestic Trade Acceptances	Total
January	\$74,349,412.86	\$12,365,096.09	\$40,537.87	\$950,000.00	.....	\$87,705,046.82
February	50,204,286.48	11,908,379.20	.....	85,000.00	.....	62,197,665.68
March	69,962,490.46	9,340,569.80	.....	400,523.95	.....	79,703,584.21
April	56,362,986.55	14,055,766.02	.....	911,068.98	.....	71,329,821.55
May	32,840,496.85	11,783,530.63	.....	161,800.00	.....	44,785,827.48
June	44,823,469.16	10,500,156.65	.....	888,380.00	.....	56,212,005.81
July	36,664,088.11	7,512,165.56	25,000.00	596,195.14	.....	44,797,448.81
August	56,021,212.27	12,376,930.86	.....	756,025.00	.....	69,154,168.13
September	58,379,136.56	10,623,299.69	.....	1,455,759.40	.....	70,458,195.65
October	46,994,402.78	12,407,680.52	.....	2,078,715.38	.....	61,480,798.68
November	29,815,718.82	4,424,876.51	.....	1,012,835.19	.....	35,253,430.52
December	36,577,139.93	9,695,137.99	.....	1,539,474.35	.....	47,811,752.27
Total	\$592,994,840.83	\$126,993,589.52	\$65,537.87	\$10,835,777.39	.....	\$730,889,745.61

Exhibit H—Continued
OPEN MARKET ACCEPTANCE PURCHASES
Purchased Bills Sold to Other Federal Reserve Banks

Federal Reserve Bank of	1920	1919
Boston.....	\$30,673,000	.....
Philadelphia.....	35,148,000	
Cleveland.....	33,671,000	\$50,265,000
Chicago.....		65,113,000
St. Louis.....		15,070,000
Minneapolis.....		19,282,000
Kansas City.....		35,028,000
Dallas.....		5,012,000
San Francisco.....	47,722,000	122,969,000
Total.....	\$147,214,000	\$312,739,000

Exhibit I
ACCEPTANCES REDISCOUNTED IN 1920
Distribution by Months and Classes of Bills

Month	Bankers Acceptances	Trade Acceptances		Total
		Domestic	Foreign	
January.....	\$10,701,281.04	\$6,296,046.39	\$38,624.11	\$17,035,951.54
February.....	3,585,778.38	4,194,039.31	262,300.00	8,042,117.69
March.....	10,993,936.20	6,709,913.63	654,802.50	18,358,652.33
April.....	13,220,041.98	3,057,105.14	98,327.40	16,375,474.52
May.....	4,967,778.89	3,908,370.59	352,863.89	9,229,013.37
June.....	2,065,064.88	2,054,995.64	88,000.00	4,208,060.52
July.....	3,534,342.33	1,906,410.13	206,300.00	5,647,052.46
August.....	1,831,005.11	3,796,904.98	417,500.00	6,045,410.09
September.....	2,243,958.55	2,666,388.53	1,322,580.52	6,232,927.60
October.....	5,683,634.13	2,500,745.63	1,172,608.28	9,356,988.04
November.....	6,018,828.02	2,779,839.21	12,647.00	8,811,314.23
December.....	5,808,623.08	1,693,855.84	64,005.63	7,566,484.55
Total, 1920	\$70,654,272.59	\$41,564,615.02	\$4,690,559.33	\$116,909,446.94
Total, 1919	\$61,771,256.65	\$41,197,024.82	\$15,936,065.20	\$118,904,346.67

Exhibit J
PURCHASES FROM THE TREASURY
Special Certificates of Indebtedness Bought in 1920

Date	Amount	Life of Issue in Days	Date	Amount	Life of Issue in Days
January 2	\$12,000,000	1	June 11	\$5,000,000	1
3	23,000,000	2	12	14,000,000	1
5	39,000,000	1	15	94,000,000	1
6	21,000,000	1	16	93,000,000	2
7	24,000,000	1	17	79,000,000	1
16	3,000,000	1	18	54,000,000	1
17	5,000,000	2	19	58,000,000	1
19	8,000,000	1	21	53,000,000	1
			22	35,000,000	1
			23	33,000,000	3
February 2	29,000,000	1	24	32,000,000	1
3	48,000,000	1	25	32,000,000	1
4	7,000,000	1	26	34,000,000	1
11	3,000,000	2	28	34,000,000	1
			29	26,000,000	2
			30	23,000,000	1
March 15	125,000,000	1	July 1	29,000,000	1
16	121,000,000	1	2	37,000,000	1
17	92,000,000	1	3	45,000,000	1
18	60,000,000	1	6	32,000,000	2
19	61,000,000	1	7	29,000,000	1
20	73,000,000	2	8	15,000,000	1
22	55,000,000	1	9	13,000,000	1
23	26,000,000	1	10	14,000,000	1
24	19,000,000	1	12	17,000,000	1
25	3,000,000	1	14	10,000,000	1
27	2,000,000	2	15	9,000,000	1
29	1,000,000	1	16	12,000,000	2
30	2,000,000	1	17	12,000,000	1
31	8,000,000	1	19	15,000,000	1
			20	12,000,000	1
April 1	27,000,000	1	21	9,000,000	1
2	57,000,000	1	22	8,000,000	1
3	64,000,000	2	23	7,000,000	1
5	59,000,000	1	26	2,000,000	1
6	45,000,000	1	30	10,000,000	2
7	45,000,000	1	31	9,000,000	1
8	47,000,000	1			
9	48,000,000	1	August 2	11,000,000	1
10	50,000,000	2			
12	57,000,000	1	September 1	15,000,000	1
13	38,000,000	1	13	7,000,000	1
14	45,000,000	1	14	1,000,000	2
15	27,000,000	1	15	146,000,000	1
16	36,000,000	1	16	134,000,000	1
17	37,000,000	2	17	108,000,000	1
19	31,000,000	1	18	79,000,000	1
20	17,000,000	1	20	58,000,000	2
21	13,000,000	1	21	19,000,000	1
			22	7,000,000	1

Exhibit J—Continued

PURCHASES FROM THE TREASURY
Special Certificates of Indebtedness Bought in 1920

Date	Amount	Life of Issue in Days	Date	Amount	Life of Issue in Days
October 15	\$6,000,000	1	November 24	\$15,000,000	2
16	9,000,000	2	26	3,000,000	1
18	7,000,000	1	27	1,000,000	2
20	2,000,000	1	29	5,000,000	1
22	6,000,000	1			
23	8,000,000	2	December 15	74,000,000	1
25	8,000,000	1	16	51,000,000	1
			17	60,000,000	1
November 15	11,000,000	1	18	62,000,000	2
16	5,000,000	1	20	45,000,000	1
17	11,000,000	1	21	39,000,000	1
18	14,000,000	1	22	42,000,000	1
19	14,000,000	1	23	18,000,000	1
20	16,000,000	2	24	18,000,000	3
22	20,000,000	1	27	16,000,000	1
23	7,000,000	1			

Exhibit K
FEDERAL RESERVE NOTES

Movement between Federal Reserve Bank of New York and
other Federal Reserve Banks, 1920

Notes of Federal Reserve Bank of New York Received from Other Federal Reserve Banks		Notes of Other Federal Reserve Banks Shipped by Federal Reserve Bank of New York	
From	Amount	To	Amount
Atlanta	\$14,148,750	Atlanta	\$19,925,100
Boston	59,214,000	Boston	72,683,600
Chicago	28,409,000	Chicago	58,504,800
Cleveland	23,654,500	Cleveland	54,226,950
Dallas	4,826,150	Dallas	7,407,550
Kansas City	4,963,350	Kansas City	7,046,400
Minneapolis	2,598,000	Minneapolis	5,954,400
Philadelphia	56,466,500	Philadelphia	77,547,950
Richmond	16,953,300	Richmond	29,435,850
St. Louis	8,609,155	St. Louis	7,963,450
San Francisco	12,048,005	San Francisco	17,907,800
Total	\$231,890,710	Total	\$358,603,850

Issues, Retirements, and Amount Outstanding

Total issued to the bank by the Federal Reserve Agent:		
1914 to 1919, inclusive		\$1,944,033,000.00
During 1920		373,080,000.00
		\$2,317,113,000.00
Notes unfit for circulation retired:		
1914 to 1919, inclusive	\$1,004,317,045.00	
During 1920	276,441,725.00	
		\$1,280,758,770.00
Amount outstanding December 31, 1920		\$1,036,354,230.00
Amount outstanding December 31, 1920:		
In actual circulation		\$867,480,630.00
Held by Federal Reserve Bank		168,873,600.00
Total		\$1,036,354,230.00
On December 31, 1920 the Federal Reserve Agent held against Federal Reserve Notes:		
Gold and gold certificates		\$254,575,330.89
Eligible paper		953,166,744.19
Total		\$1,207,742,075.08

^aIncludes \$59,033,000.00 of notes fit for circulation returned by the bank and by the United States Treasurer.

Exhibit L

CHECK COLLECTIONS

Classification of Checks Handled by the Federal Reserve Bank of New York in 1920

Month	On Treasurer of United States		On Banks in Other Federal Reserve Districts		On New York Clearing House		On All Other Banks in Second District		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	786,292	\$254,935,539	920,786	\$585,256,867	802,396	\$2,365,383,469	3,534,985	\$2,048,734,984	6,044,459	\$5,254,310,859
February	654,581	198,574,757	827,071	498,620,919	636,261	1,755,700,536	2,833,652	1,677,595,987	4,951,565	4,130,492,199
March	713,530	250,540,924	1,053,198	611,967,362	1,094,851	2,495,143,239	3,736,677	1,623,032,112	6,598,256	4,980,683,637
April	829,982	271,326,670	1,051,141	650,673,688	1,068,742	2,222,597,477	3,597,722	1,394,963,547	6,547,587	4,539,561,382
May	708,947	162,077,913	989,974	613,402,076	944,091	2,122,793,499	3,519,387	1,300,750,537	6,162,399	4,199,024,025
June	858,095	480,065,694	987,492	640,970,057	1,008,152	2,469,268,066	3,959,917	1,411,358,826	6,813,656	5,001,662,643
July	811,861	119,650,799	900,985	628,040,931	1,068,217	2,064,899,200	3,900,434	1,345,446,966	6,681,497	4,158,037,896
August	925,990	187,567,095	854,168	578,882,018	976,099	2,037,210,094	3,616,840	1,245,341,095	6,373,097	4,049,000,302
September	1,023,849	158,963,066	935,814	596,389,625	1,016,888	2,129,841,730	3,843,726	1,321,426,297	6,820,277	4,206,620,718
October	1,020,041	93,398,075	1,039,756	683,090,234	1,124,395	2,232,946,687	4,081,958	1,375,636,690	7,266,150	4,385,071,686
November	1,046,157	121,256,901	1,010,556	594,254,875	1,033,826	1,953,870,635	4,015,922	1,253,119,992	7,106,461	3,922,502,403
December	1,332,918	139,401,715	1,026,311	557,661,361	1,132,514	2,179,989,142	4,532,132	1,242,229,714	8,023,875	4,119,281,932
TOTAL	10,712,243	\$2,437,759,148	11,597,252	\$7,239,210,013	11,906,432	\$26,029,643,774	45,173,352	\$17,239,636,747	79,389,279	\$52,946,249,682
Buffalo Total	139,471	28,171,866	1,658,245	407,000,921	a1,844,891	a1,278,262,181	4,004,538	665,428,177	7,647,145	2,378,863,145
GRAND TOTAL.	10,851,714	\$2,465,931,014	13,255,497	\$7,646,210,934	b13,751,323	b\$27,307,905,955	49,177,890	\$17,905,064,924	87,036,424	\$55,325,112,827

a On Buffalo Clearing House. b On New York or Buffalo Clearing House.

FEDERAL RESERVE BANK OF NEW YORK

Exhibit M
TELEGRAPHIC TRANSFERS

Daily Average

Month	Number of Transfers				Amount Transferred			
	1917	1918	1919	1920	1917	1918	1919	1920
January.....	..	65	211	363	.....	\$49,137,729.59	\$61,452,380.36	\$61,969,127.04
February.....	..	80	213	376	.....	50,063,542.32	54,293,219.90	55,094,494.37
March.....	..	88	213	414	.....	42,693,293.87	60,427,470.97	57,756,015.93
April.....	..	101	221	410	.....	54,739,515.64	49,145,844.50	53,274,829.54
May.....	..	112	235	442	.....	55,045,758.84	47,515,234.73	49,334,573.63
June.....	..	110	262	476	.....	70,647,040.30	56,751,256.15	52,218,807.81
July.....	31	135	272	484	\$31,801,000.00	67,710,105.00	69,269,382.04	51,603,953.55
August.....	35	142	273	474	28,536,000.00	54,046,227.58	60,844,434.71	48,292,337.03
September.....	38	168	306	505	30,893,000.00	55,639,814.09	69,264,574.21	60,178,809.63
October.....	48	188	330	546	37,304,000.00	98,785,077.26	59,560,197.96	63,504,000.00
November.....	73	187	357	609	47,191,000.00	68,017,973.77	61,805,748.66	56,409,000.00
December.....	70	209	359	712	50,308,000.00	86,148,696.73	69,557,755.09	62,275,400.66

Exhibit N

GOLD SETTLEMENT FUND

Amounts Received and Paid by the New York Federal Reserve Bank in 1920 in Settlement of Accounts Due

From or to Federal Reserve Bank of	Received	Paid	Net Gain	Net Loss
Atlanta	\$844,681,972.61	\$1,145,243,897.91	.....	\$300,561,925.30
Boston	4,990,355,229.22	5,059,570,748.92	.....	69,215,519.70
Chicago	3,793,781,256.01	4,055,872,998.98	.....	262,091,742.97
Cleveland	2,885,380,482.07	2,599,211,754.23	\$286,168,727.84	.....
Dallas	574,634,071.54	797,298,971.72	.....	222,664,900.18
Kansas City	780,810,453.69	818,433,163.73	.....	37,622,710.04
Minneapolis	498,723,254.34	500,632,185.91	.....	1,908,931.57
Philadelphia	4,849,987,169.18	4,536,732,160.90	313,255,008.28	.....
Richmond	1,994,633,008.85	2,014,369,365.59	.....	19,736,356.74
St. Louis	1,005,918,590.76	1,085,910,569.07	.....	79,991,978.31
San Francisco	1,624,512,817.32	1,546,370,417.40	78,142,399.92	.....
Treasurer of the United States	419,494,500.00	99,341,534.45	320,152,965.55	.....
Federal Reserve Agent	148,000,000.00	130,000,000.00	18,000,000.00	.....
Deposited by us in Subtreasury	25,000,000.00	.....	25,000,000.00	.....
Withdrawn by us from Subtreasury .....	.....	10,000,000.00	.....	10,000,000.00
Gold redemption fund .....	.....	6,000,000.00	.....	6,000,000.00
Total	\$24,435,912,805.59	\$24,404,987,768.81	\$1,040,719,101.59	\$1,009,794,064.81
Gain .....	.....	\$30,925,036.78	.....	\$30,925,036.78

Exhibit O

NATIONAL BANKS WITH FIDUCIARY POWERS

Authorizations listed according to States, 1915 to 1920

The Federal Reserve Board has authorized the National banks of this district listed below to exercise one or more fiduciary powers as follows:

- (1) Trustee
- (2) Executor
- (3) Administrator
- (4) Registrar of Stocks and Bonds
- (5) Guardian of Estates
- (6) Assignee
- (7) Receiver
- (8) Committee of Estates of Lunatics
- (9) Any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National banks are permitted to act under the laws of the State in which the National bank is located.

The numerals opposite the name of each bank, which refer to the list given above, indicate the power or powers it is authorized to exercise.

Place	Name of Bank	Powers Granted
NEW YORK STATE		
Adams	Farmers National Bank	1 to 9
Albany	First National Bank	4
"	National Commercial Bank & Trust Co. ¹	1 to 8
"	N. Y. State National Bank	1 to 9
Amsterdam	First Nat'l Bank (conditional)	1 to 9
Auburn	Cayuga County National Bank	1 to 8
"	The National Bank of Auburn	1 to 9
Brooklyn	First National Bank	1 to 9
"	Nassau National Bank	1 to 9
Buffalo	Mfrs. & Traders National Bank	1 to 9
Canandaigua	Canandaigua National Bank	1 to 9
Canton	First National Bank	1 to 9
"	St. Lawrence Co. Nat'l Bank	1 to 8
Carthage	Carthage National Bank	1 to 9
Catskill	Catskill National Bank	1 to 8
Clayton	National Exchange Bank	4
Cooperstown	First National Bank	1 to 9
"	Second National Bank	1 to 8
Corning	First National Bank & Trust Company ¹	1 to 8
Cuba	Cuba National Bank	1 to 9
Dunkirk	Lake Shore National Bank	1 to 9
"	Merchants National Bank	1 to 8
Edwards	Edwards National Bank	4
Elmira	Merchants National Bank	1 to 7
"	Second National Bank	1 to 9
Far Rockaway	Nat'l Bank of Far Rockaway	4
Fredonia	National Bank of Fredonia	1 to 9
Freeport	Citizens National Bank	1 to 9
Fulton	Citizens National Bank	1 to 9
Geneva	Geneva National Bank	4
Glens Falls	Merchants National Bank	1 to 8
Gloversville	City National Bank	1 to 9
"	Fulton County National Bank	1 to 9
Goshen	National Bank of Orange County	1 to 9
Granville	Farmers National Bank	4
"	Washington County National Bank	4
Hempstead	First National Bank	1 to 9

¹ Name changed during year.

Place	Name of Bank	Powers Granted
Herkimer	Herkimer National Bank	1 to 8
Hoosick Falls	Peoples National Bank	1 to 8
Hornell	Citizens National Bank	1 to 9
Hudson	Farmers National Bank	1 to 9
"	First National Bank	1 to 9
Hudson Falls	Peoples National Bank	1 to 9
"	Sandy Hill National Bank	1 to 9
Ilion	Ilion National Bank	1 to 9
Ithaca	First National Bank	1 to 9
Jamestown	American National Bank	1 to 9
"	National Chautauqua County Bank	1 to 8
Kingston	First National Bank of Rondout	1 to 9
"	Rondout National Bank	1 to 9
Lackawanna	Lackawanna National Bank	1 to 9
Little Falls	Little Falls National Bank	1 to 9
Lockport	National Exchange Bank	1 to 9
"	Niagara County National Bank	1 to 9
Lowville	Black River National Bank	1 to 9
Middletown	Merchants National Bank	1 to 9
Mineola	First National Bank	4
Morristown	Frontier National Bank	4
Mount Vernon	First National Bank	1 to 8
Newburgh	Highland National Bank	1 to 9
New York	American Exchange National Bank	1 to 9
"	Atlantic National Bank	1 to 9
"	Bank of New York, N. B. A.	1 to 9
"	Bronx National Bank	4
"	Chase National Bank	1 to 9
"	Chatham & Phenix National Bank	1 to 9
"	Chemical National Bank	1 to 9
"	Citizens National Bank ²	1 to 8
"	Coal & Iron National Bank	1 to 9
"	First National Bank	1 to 9
"	Garfield National Bank	1 to 9
"	Gotham National Bank	1 to 9
"	Hanover National Bank	1 to 8
"	Harriman National Bank	1 to 9
"	Irving National Bank	1 to 9
"	Liberty National Bank	1 to 9
"	Lincoln National Bank ²	1 to 8
"	Mechanics & Metals National Bank	1 to 8
"	Merchants National Bank	1 to 9
"	National American Bank	1 to 9
"	National Bank of Commerce	1 to 8
"	National City Bank	1 to 9
"	National Park Bank	1 to 9
"	Seaboard National Bank	1 to 9
North Tonawanda	State National Bank	1 to 9
Norwich	Chenango National Bank	1 to 8
"	National Bank of Norwich	1 to 9
Nyack	Nyack National Bank	1 to 9
Ogdensburg	National Bank of Ogdensburg	1 to 8
Olean	Exchange National Bank	1 to 9
Oneida	Oneida Valley National Bank	1 to 9
Oneonta	Citizens National Bank	1 to 9
"	Wilber National Bank	1 to 9
Oswego	Second National Bank	1 to 9
Ovid	First National Bank	4
Peekskill	Peekskill National Bank	1 to 9
"	Westchester County National Bank	1 to 8
Plattsburg	City National Bank ²	4

² Liquidated

Place	Name of Bank	Powers Granted
Plattsburg	Plattsburg National Bank & Trust Co. ¹	1, 2, 3, 4, 5, 7, 8, 9
Port Chester	First National Bank	1 to 9
Port Jervis	First National Bank	1 to 9
"	National Bank of Port Jervis	1 to 9
Poughkeepsie	Fallkill National Bank	1 to 9
"	Farmers & Manufacturers National Bank	1 to 9
Richfield Springs	First National Bank	4
Riverhead	Suffolk County National Bank	4
Rochester	Lincoln National Bank ²	4
Rome	Farmers National Bank	1 to 9
Saratoga Springs	Saratoga National Bank	4
Southampton	First National Bank	1 to 8
Stapleton	Richmond Borough National Bank	4
Suffern	Suffern National Bank	1 to 9
Tarrytown	Tarrytown National Bank	1, 2, 3, 5, 6, 7, 8, 9
Troy	Manufacturers National Bank	1 to 9
"	Union National Bank	1 to 9
Utica	Utica City National Bank	1 to 9
"	Oneida National Bank	1 to 9
Vernon	National Bank of Vernon	1, 2, 3, 5, 6, 7
Walton	First National Bank	1 to 9
Warsaw	Wyoming National Bank	1 to 9
Watertown	Jefferson County National Bank	1 to 8
"	Watertown National Bank	1 to 8
Westfield	National Bank of Westfield	4
Yonkers	First National Bank	1 to 9
NEW JERSEY		
Arlington	First National Bank	1 to 9
Asbury Park	Merchants National Bank	1 to 8
Atlantic Highlands	Atlantic Highlands National Bank	1 to 3
Belvidere	Belvidere National Bank	1 to 8
Bloomfield	Bloomfield National Bank	1 to 4
Boonton	Boonton National Bank	1 to 9
Bound Brook	First National Bank	1 to 4
Cranbury	First National Bank	1 to 4
Dover	National Union Bank	1 to 4
Elizabeth	National State Bank	1 to 7
"	Peoples National Bank	1 to 9
Frenchtown	Union National Bank	1, 4
Garfield	First National Bank	1 to 9
Hoboken	First National Bank	1 to 4
"	Second National Bank	1 to 9
Jersey City	First National Bank	1 to 9
Lambertville	Lambertville National Bank	1 to 8
Long Branch	Citizens National Bank	1 to 9
Montclair	First National Bank	1 to 9
Morristown	First National Bank	1 to 9
"	National Iron Bank	1 to 9
Newark	Merchants & Manufacturers Nat'l Bank ¹	1 to 4
"	National Newark & Essex Bkg. Company	1 to 9
"	National State Bank	1 to 9
"	North Ward National Bank	1 to 4
New Brunswick	National Bank of New Jersey	1 to 9
"	Peoples National Bank	1 to 9
Orange	Orange National Bank	1 to 8
"	Second National Bank	1 to 9
Passaic	Passaic National Bank	1 to 9
Paterson	First National Bank	1 to 9

¹ Name changed during year. ² Liquidated

Place	Name of Bank	Powers Granted
Paterson	Paterson National Bank	1 to 9
"	Second National Bank	1 to 9
Perth Amboy	City National Bank	1 to 9
"	First National Bank	1 to 9
Phillipsburg	Phillipsburg National Bank	1 to 8
Plainfield	City National Bank	1 to 4
Red Bank	Broad Street National Bank	1 to 9
"	Second National Bank	1 to 9
Ridgewood	Citizens National Bank	1 to 9
"	First National Bank	1 to 9
Rutherford	Rutherford National Bank	1 to 4
Somerville	Second National Bank	1 to 4
South Amboy	First National Bank	1 to 9
South River	First National Bank	1 to 9
Sussex	Farmers National Bank	1 to 4
CONNECTICUT		
Bridgeport	City National Bank	1 to 9
"	Connecticut National Bank	1 to 9
"	First Bridgeport National Bank	1 to 9
Danbury	City National Bank	1 to 9
"	Danbury National Bank	1 to 9
Greenwich	Greenwich National Bank	1 to 8
Norwalk	National Bank of Norwalk	1 to 4
Ridgefield	First National Bank	1 to 9
South Norwalk	City National Bank	1 to 4
Stamford	First Stamford National Bank	1 to 9

Exhibit P

ACCEPTORS TO 100 PER CENT.

List of Banks Receiving Permission, 1915 to 1920

The following banks have received permission to accept drafts and bills of exchange up to 100 per cent. of their capital and surplus:

NEW YORK STATE

Buffalo.....	Citizens Commercial Trust Company
".....	Manufacturers & Traders National Bank
New York.....	American Exchange National Bank
".....	Atlantic National Bank
".....	Bankers Trust Company
".....	Bank of America
".....	Bank of the Manhattan Company
".....	Bank of New York, N. B. A.
".....	Central Union Trust Company
".....	Chase National Bank
".....	Chemical National Bank
".....	Citizens National Bank ¹
".....	Columbia Trust Company
".....	Corn Exchange Bank
".....	Equitable Trust Company
".....	Farmers Loan & Trust Company
".....	Fifth Avenue Bank
".....	First National Bank
".....	Franklin Trust Company ¹
".....	Garfield National Bank
".....	Guaranty Trust Company
".....	Harriman National Bank
".....	Importers & Traders National Bank
".....	Irving National Bank
".....	Liberty National Bank
".....	Lincoln Trust Company
".....	Mechanics & Metals National Bank
".....	Mercantile Bank of the Americas, Inc.
".....	Mercantile Trust Company
".....	Merchants National Bank ¹
".....	National Bank of Commerce
".....	National City Bank
".....	National Park Bank
".....	New Netherland Bank
".....	Pacific Bank
".....	Seaboard National Bank
".....	Second National Bank
".....	United States Mortgage & Trust Company
".....	W. R. Grace & Co.'s Bank
Utica.....	First National Bank
".....	Utica Trust & Deposit Company

NEW JERSEY

Hoboken.....	First National Bank
Newark.....	National Newark & Essex Banking Company
New Brunswick.....	National Bank of New Jersey
Paterson.....	Hamilton Trust Company
".....	Paterson National Bank

CONNECTICUT

Bridgeport.....	City National Bank
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¹ Liquidated subsequent to receiving permission

Exhibit Q
PERSONNEL OF THE BANK
 Distribution by Departments, 1919 and 1920

FUNCTION	1920			1919 Total
	Men	Women	Total	
Officers.....	37	0	37	30
Office of Organization Counsel.....	3	4	7	8
Procedure.....	1	0	1	.....
Architectural.....	4	1	5	3
LAW FUNCTION				
Legal Department.....	4	1	5	6
ACCOUNTS FUNCTION				
Accounting Department.....	98	42	140	150
Methods and Supplies Department.....	31	16	47	32
ADMINISTRATION FUNCTION				
Service Department.....	258	145	403	303
Personnel Department.....	7	36	43	46
CASH AND CUSTODY FUNCTION				
Cash Department.....	216	130	346	288
Custody Department.....	66	3	69	55
COLLECTION FUNCTION				
Check Department.....	192	374	566	570
Collection Department.....	159	147	306	298
Northern New Jersey Clearing House Association.....	2	1	3	.....
FOREIGN RELATIONS FUNCTION				
Foreign Department.....	5	1	6	7
LOAN FUNCTION				
Loan Department.....	84	37	121	106
INVESTMENT FUNCTION				
Bill Department.....	15	8	23	21
Securities Department.....	23	15	38	48
FISCAL AGENCY FUNCTION				
Certificates of Indebtedness Department....	35	12	47	82
Government Bond Department.....	152	198	350	320
GOVERNMENT LOAN ORGANIZATION				
Government Securities Sales Department....	16	22	38	168
Liberty Loan Association Department.....	4	2	6	129
Administration Department.....	11	9	20	55

Exhibit Q—Continued
PERSONNEL OF THE BANK
 Distribution by Departments, 1919 and 1920

FUNCTION	1920			1919 Total
	Men	Women	Total	
FEDERAL RESERVE AGENT'S FUNCTION				
Member Bank Relations Department.....	4	2	6	4
Note Issues Department.....	3	0	3	3
Bank Examinations Department.....	8	1	9	4
Statistics Department.....	28	28	56	20
AUDITING FUNCTION				
Auditing Department.....	91	18	109	112
TOTAL.....	1,557	1,253	2,810	2,868
Buffalo Branch.....	62	64	126	94
GRAND TOTAL.....	1,619	1,317	2,936	2,962

Exhibit R
CERTIFICATES OF INDEBTEDNESS
Issues and Subscriptions in 1920

Series	Date of Issue	Maturity Date	Rate	Total Sale	Sale in Second District	Per Cent. of Sale in Second District to Total Sale	Paid for by Credit	Number of Days Before Final Withdrawal of Deposits
TD- 1920.....	Jan. 2, 1920	Dec. 15, 1920	4 $\frac{3}{4}$ %	\$703,026,000	\$324,189,000	46.1	\$230,440,000	42
TM4-1920.....	Feb. 2, 1920	Mar. 15, 1920	4 $\frac{1}{2}$ %	304,877,000	107,732,500	35.3	86,302,500	50
TM- 1921.....	Mar. 15, 1920	Mar. 15, 1921	4 $\frac{3}{4}$ %	201,370,500	59,982,000	29.8	33,753,500	22
E- 1920.....	Apr. 1, 1920	July 1, 1920	4 $\frac{3}{4}$ %	200,669,500	104,682,000	52.2	76,973,000	21
F- 1920.....	Apr. 15, 1920	July 15, 1920	5 $\frac{1}{2}$ %	83,903,000	33,039,500	39.4	32,268,500	47
G- 1920.....	Apr. 15, 1920	Oct. 15, 1920	5 $\frac{1}{4}$ %	170,633,500	94,127,500	55.2	82,046,000	47
H- 1920.....	May 17, 1920	Nov. 15, 1920	5 $\frac{1}{2}$ %	102,863,000	37,239,000	36.2	34,291,000	32
A- 1921.....	June 15, 1920	Jan. 3, 1921	5 $\frac{3}{4}$ %	176,604,000	81,370,500	46.1	61,038,000	30
TJ- 1921.....	June 15, 1920	June 15, 1921	6 $\frac{7}{8}$ %	242,517,000	93,629,500	38.6	80,662,000	30
B- 1921.....	July 15, 1920	Jan. 15, 1921	5 $\frac{3}{4}$ %	126,783,500	55,808,500	44.0	55,019,500	47
TM2-1921.....	July 15, 1920	Mar. 15, 1921	5 $\frac{3}{4}$ %	74,278,000	34,583,000	46.6	33,173,000	47
C- 1921.....	Aug. 16, 1920	Aug. 16, 1921	6 $\frac{7}{8}$ %	157,654,500	57,704,500	36.6	52,225,000	43
TM3-1921.....	Sept. 15, 1920	Mar. 15, 1921	5 $\frac{3}{4}$ %	106,626,500	60,233,500	56.5	36,027,500	43
TS- 1921.....	Sept. 15, 1920	Sept. 15, 1921	6 $\frac{7}{8}$ %	341,969,500	181,370,500	53.0	164,312,000	43
TM4-1921.....	Oct. 15, 1920	Mar. 15, 1921	5 $\frac{3}{4}$ %	124,252,500	40,566,500	32.6	36,662,000	32
D- 1921.....	Nov. 15, 1920	May 16, 1921	5 $\frac{3}{4}$ %	232,124,000	83,515,500	36.0	80,649,500	31
TJ2- 1921.....	Dec. 15, 1920	June 15, 1921	5 $\frac{3}{4}$ %	188,123,000	93,616,000	49.8	67,297,000	34
TD- 1921.....	Dec. 15, 1920	Dec. 15, 1921	6 $\frac{7}{8}$ %	401,557,500	173,291,000	43.2	146,008,000	34
Total			a5$\frac{1}{2}$%	\$3,939,832,500	\$1,716,680,500	43.6	\$1,389,148,000	a38

a Average.

Exhibit S
CERTIFICATES OF INDEBTEDNESS
Redemptions in Second District during 1920
Loan Issues

Series	Date of		Cash Redemption	Exchanged for Other Issues	Used in Pay- ment of Taxes	Total
	Issue	Maturity				
4-E.....	Sept. 3, 1918	Jan. 2, 1919	\$1,000	.....	.....	\$1,000
5-A.....	Dec. 5, 1918	May 6, 1919	500	.....	.....	500
5-C.....	Jan. 2, 1919	June 3, 1919	7,500	.....	.....	7,500
5-D.....	Jan. 16, 1919	June 17, 1919	13,000	.....	.....	13,000
5-E.....	Jan. 30, 1919	July 1, 1919	10,500	.....	.....	10,500
5-F.....	Feb. 13, 1919	July 15, 1919	14,500	.....	.....	14,500
5-G.....	Feb. 27, 1919	July 29, 1919	10,000	.....	.....	10,000
5-H.....	Mar 13, 1919	Aug. 12, 1919	5,500	.....	.....	5,500
5-J.....	Apr. 10, 1919	Sept. 9, 1919	2,500	.....	.....	2,500
5-K.....	May 1, 1919	Oct. 7, 1919	4,500	.....	.....	4,500
A-1920.....	Aug. 1, 1919	Jan. 2, 1920	109,027,500	\$799,000	.....	109,826,500
B-1920.....	Aug. 15, 1919	Jan. 15, 1920	154,122,500	4,860,000	.....	158,982,500
C-1920.....	Sept. 2, 1919	Feb. 2, 1920	126,935,000	97,815,000	.....	224,750,000
D-1920.....	Dec. 1, 1919	Feb. 16, 1920	17,904,000	1,005,000	.....	18,909,000
E-1920.....	Apr. 1, 1920	July 1, 1920	99,022,000	7,596,000	.....	106,618,000
F-1920.....	Apr. 15, 1920	July 15, 1920	31,448,000	1,303,000	.....	32,751,000
G-1920.....	Apr. 15, 1920	Oct. 15, 1920	77,260,000	15,894,000	.....	93,154,000
H-1920.....	May 17, 1920	Nov. 15, 1920	34,773,500	446,500	.....	35,220,000
A-1921.....	June 15, 1920	Jan. 3, 1921	26,891,000	606,000	.....	27,497,000
B-1921.....	July 15, 1920	Jan. 15, 1921	.....	265,000	.....	265,000
C-1921.....	Aug. 16, 1920	Aug. 16, 1921	1,000,000	.....	.....	1,000,000
Total for loan certificates.....			\$678,453,000	\$130,589,500	.....	\$809,042,500

Exhibit S—Continued
CERTIFICATES OF INDEBTEDNESS
 Redemptions in Second District during 1920
 Tax Issues

Series	Date of		Cash Redemption	Exchanged for Other Issues	Used in Payment of Taxes	Total
	Issue	Maturity				
TA	Aug. 20, 1918	July 15, 1919	\$6,000	.....	.....	\$6,000
T- 4	June 3, 1919	Sept. 15, 1919	17,000	.....	.....	17,000
T- 5	June 3, 1919	Dec. 15, 1919	70,500	.....	.....	70,500
T- 6	July 1, 1919	Sept. 15, 1919	24,500	.....	.....	24,500
T- 7	July 1, 1919	Dec. 15, 1919	359,000	.....	.....	359,000
T- 8	July 15, 1919	Mar. 15, 1920	118,569,000	\$3,991,500	\$2,260,000	124,820,500
T- 9	Sept. 15, 1919	Mar. 15, 1920	23,728,000	866,000	285,000	24,879,000
T-10	Sept. 15, 1919	Sept. 15, 1920	350,980,000	14,369,500	14,746,500	380,096,000
TM3-1920	Dec. 1, 1919	Mar. 15, 1920	33,880,000	11,101,000	9,014,000	53,995,000
TJ- 1920	Dec. 15, 1919	June 15, 1920	245,102,500	18,062,000	16,260,000	279,424,500
TD- 1920	Jan. 2, 1920	Dec. 15, 1920	267,713,500	23,333,000	13,416,500	304,463,000
TM4-1920	Feb. 2, 1920	Mar. 15, 1920	101,980,000	2,279,500	5,358,500	109,618,000
TM- 1921	Mar. 15, 1920	Mar. 15, 1921	17,000,000	.....	.....	17,000,000
TD- 1921	Dec. 15, 1920	Dec. 15, 1921	12,000,000	.....	.....	12,000,000
Total for tax issues			\$1,171,430,000	\$74,002,500	\$61,340,500	\$1,306,773,000
Total for loan and tax issues			\$1,849,883,000	\$204,592,000	\$61,340,500	\$2,115,815,500

Exhibit T

CERTIFICATES OF INDEBTEDNESS

Amount Held by Banks as Compared with Total Amount
Outstanding in Second District in 1920

Date		Amount Outstanding	Amount Held by Reporting Banks ¹
January	2	\$1,448,621,000	\$351,789,000
	9	1,497,621,500	370,185,000
	16	1,384,621,500	327,235,000
	23	1,375,621,500	297,800,000
	30	1,375,621,500	290,829,000
February	6	1,345,621,000	305,754,000
	13	1,333,621,500	289,283,000
	20	1,328,621,000	291,225,000
	27	1,328,621,000	283,350,000
March	5	1,312,621,000	257,244,000
	12	1,291,621,000	251,681,000
	19	1,101,520,000	220,179,000
April	26	1,100,530,000	218,739,000
	2	1,176,423,500	264,993,000
	9	1,207,124,500	266,663,000
	16	1,319,525,500	350,660,000
	23	1,332,392,500	300,758,000
May	30	1,332,392,500	278,930,000
	7	1,332,392,500	273,052,000
	14	1,332,392,500	274,692,000
	21	1,369,631,500	291,568,000
June	28	1,369,631,500	274,404,000
	4	1,359,631,500	264,082,000
	11	1,346,044,000	247,422,000
	18	1,258,361,000	251,266,000
	25	1,257,263,500	241,022,000
July	2	1,158,135,000	220,124,000
	9	1,158,101,000	205,847,000
	16	1,212,010,000	260,738,000
	23	1,217,482,000	254,340,000
	30	1,197,015,000	231,437,000
August	6	1,196,941,000	211,873,000
	13	1,196,927,000	207,286,000
	20	1,244,211,500	225,814,000
	27	1,234,599,000	218,686,000
September	3	1,234,191,500	215,641,000
	10	1,214,103,500	147,887,000
	17	1,103,823,000	220,301,000
	24	1,100,955,500	200,937,000
October	1	1,095,475,500	156,961,000
	8	1,094,500,000	155,871,000
	15	1,077,044,500	166,951,000
	22	1,072,605,500	152,597,000
November	29	1,070,528,500	147,242,000
	5	1,071,269,500	142,750,000
	12	1,070,754,000	137,128,000
	19	1,122,395,500	179,229,000
December	26	1,122,027,500	152,744,000
	3	1,121,793,000	127,310,000
	10	1,109,691,500	105,030,000
	17	1,097,603,000	197,449,000
	24	1,065,161,500	160,799,000
	31	1,037,753,000	146,686,000

¹ These reporting banks represent approximately 77 per cent of the total banking resources of the Second Federal Reserve District.

Exhibit U
PAYMENT OF TREASURY CHECKS
 During 1920

Month	Number	Amount
January	724,598	\$243,882,226.88
February	599,412	206,015,890.61
March	650,909	250,540,916.78
April	762,095	270,336,282.89
May	642,031	158,449,874.70
June	750,201	480,203,695.16
July	690,531	117,622,149.04
August	796,465	181,689,267.33
September	917,703	144,107,755.11
October	902,390	93,597,680.64
November	927,229	120,761,911.98
December	1,147,605	139,446,226.52
Total	9,511,169	\$2,406,653,877.64

Exhibit V

FISCAL AGENCY EXPENSES

Total Disbursements and Reimbursements, 1920 and 1919

	1920	1919
Total disbursements during year	\$1,516,454.64	\$4,963,642.44
Amounts reimbursable January 1	977,835.29	3,049,530.05
Total	\$2,494,289.93	\$8,013,172.49
Reimbursements received during year	2,269,642.44	7,035,337.20
Balance reimbursable at end of year	\$224,647.49	\$977,835.29

Total Obligations Incurred to December 31, 1920

First Loan	\$393,672.10
Second Loan	720,390.19
Third Loan	2,494,116.98
Fourth Loan	2,716,487.74
Victory Loan	2,601,203.81
General Expense, July 1, 1919, to June 30, 1920*	1,036,503.18
General Expense, July 1 to Dec. 31, 1920*	472,545.82
War Savings 1918	514,860.52
War Savings 1919	656,074.87
War Savings 1920	160,519.79
Certificates of Indebtedness Sales 1918	25,177.88
Certificates of Indebtedness Sales 1919	9,360.18
Certificates of Indebtedness Sales 1920	92,651.72
Certificates of Indebtedness Sales 1921	67,458.67
Total	\$11,961,023.45

*"General Expense" is a Treasury Department classification and in this table shows expenditures incurred for fiscal agency operations other than those individually specified.

Exhibit W
REPORTING BANKS

Loans, Investments, and Deposits

(Amounts in Thousands of Dollars)

Date	Total U. S. Securities	Loans Secured by U. S. Bonds	Loans Secured by Stocks and Bonds	All Other Loans and Investments	Total Loans and Investments	Total Deposits (incl. Gov't. Deposits)
Jan. 2	\$771,003	\$510,678	\$1,557,420	\$3,267,932	\$6,107,033	\$5,948,605
9	785,809	510,240	1,530,248	3,264,308	6,090,605	5,849,579
16	726,772	522,104	1,516,502	3,295,273	6,060,651	5,858,510
23	686,966	518,079	1,505,992	3,303,925	6,014,962	5,705,357
30	669,114	498,252	1,475,350	3,393,704	6,036,420	5,666,471
Feb. 6	679,255	476,307	1,437,478	3,377,017	5,970,057	5,605,408
13	669,210	465,728	1,388,439	3,426,871	5,950,248	5,627,340
20	666,646	458,241	1,353,502	3,428,249	5,906,638	5,483,023
27	653,989	423,591	1,356,130	3,442,449	5,876,159	5,485,721
Mar. 5	624,238	431,824	1,340,539	3,464,359	5,860,960	5,519,135
12	619,511	408,407	1,349,261	3,528,484	5,905,663	5,594,826
19	583,774	405,703	1,336,970	3,598,184	5,924,631	5,623,363
26	581,767	403,283	1,357,868	3,553,593	5,896,511	5,580,018
Apr. 2	630,637	403,144	1,344,255	3,641,645	6,019,681	5,776,545
9	628,653	398,324	1,328,877	3,659,506	6,015,360	5,716,659
16	713,462	392,180	1,366,845	3,634,452	6,106,939	5,864,839
23	663,382	390,307	1,334,930	3,627,999	6,016,618	5,725,326
30	652,587	376,150	1,349,047	3,619,895	5,997,679	5,752,166
May 7	656,234	372,348	1,314,441	3,636,835	5,979,858	5,686,123
14	656,005	379,202	1,308,730	3,687,565	6,031,502	5,720,203
21	673,665	376,728	1,332,509	3,645,356	6,028,258	5,752,523
28	660,621	386,317	1,330,079	3,671,217	6,048,234	5,804,330
June 4	650,004	378,817	1,337,055	3,640,905	6,006,781	5,739,023
11	634,075	373,266	1,320,236	3,684,675	6,012,252	5,729,770
18	635,194	368,402	1,330,462	3,751,422	6,085,480	5,835,353
25	626,903	368,916	1,329,176	3,723,836	6,048,831	5,766,789
July 2	607,178	366,174	1,342,002	3,687,324	6,002,678	5,763,803
9	589,013	365,576	1,309,634	3,715,065	5,979,288	5,680,385
16	641,976	356,437	1,290,333	3,731,592	6,020,338	5,748,968
23	635,091	346,174	1,300,528	3,733,820	6,015,613	5,674,130
30	615,667	352,241	1,284,542	3,722,022	5,974,472	5,665,284
Aug. 6	593,375	339,001	1,246,203	3,738,317	5,916,896	5,569,774
13	590,238	327,277	1,240,314	3,739,640	5,897,469	5,553,483
20	606,860	328,609	1,240,843	3,710,649	5,886,961	5,533,597
27	599,108	325,931	1,274,025	3,709,593	5,908,657	5,527,642
Sept. 3	596,775	325,346	1,266,038	3,676,233	5,864,392	5,476,950
10	529,861	328,963	1,262,263	3,721,179	5,842,266	5,506,164
17	602,351	322,068	1,268,218	3,867,014	6,059,651	5,820,274
24	579,025	321,077	1,284,431	3,804,468	5,989,001	5,674,051
Oct. 1	534,978	322,080	1,327,009	3,788,824	5,972,891	5,666,093
8	537,570	320,653	1,318,888	3,780,443	5,957,554	5,639,194
15	549,883	317,415	1,370,820	3,751,447	5,989,565	5,716,048
22	535,799	310,550	1,311,665	3,746,712	5,904,726	5,560,344
29	525,844	299,936	1,359,100	3,627,435	5,812,315	5,483,436
Nov. 5	523,427	299,122	1,298,701	3,613,605	5,734,855	5,404,313
12	521,418	299,367	1,267,917	3,578,165	5,666,867	5,380,170
19	560,868	290,512	1,243,662	3,609,351	5,704,393	5,405,079
26	536,087	292,977	1,275,116	3,581,141	5,685,321	5,371,282
Dec. 3	512,917	296,089	1,283,742	3,471,215	5,563,963	5,288,509
10	490,065	301,350	1,286,104	3,504,376	5,581,895	5,298,439
17	583,266	302,239	1,313,960	3,621,753	5,821,218	5,510,037
24	551,934	297,338	1,330,510	3,517,549	5,679,331	5,419,674
31	551,762	314,585	1,377,299	3,565,842	5,809,488	5,567,336