

MINUTES OF MEETING OF COMMITTEE OF GOVERNORS OF CENTRALIZED EXECUTION
OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
BY FEDERAL RESERVE BANKS,
HELD AT THE FEDERAL RESERVE BANK OF BOSTON
FEBRUARY 5, 1923, AT 10:30 A. M.

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333.-a

Final
Minutes

file 2/5/23

PRESENT:

Governors Harding and McDougal ✓
Mr. Jay representing Governor Strong ✓
Mr. Wills representing Governor Fancher ✓
Mr. W. B. Matteson, Secretary of the Committee

There were also present by invitation:
Honorable John R. Mitchell of the Federal Reserve Board
Mr. Frederic H. Curtiss, Federal Reserve Agent at Boston

In the absence of the chairman, Governor Harding was, on motion,
chosen to act as chairman of the meeting.

A report was submitted describing fully the activities of the Com-
mittee for the period from May 17, 1922, to January 31, 1923. The various
exhibits shown and the transactions and activities in detail were discussed
at some length, and it was understood that a copy of the report would be
furnished to the Federal Reserve Board and to each Federal reserve bank with
the minutes of this meeting. X

Mr. Jay reviewed the orders for the account of the Treasury executed
between October 25, 1922, and January 31, 1923, and the Secretary explained
that the reason why the New York bank had executed so large a share of the
orders was that a considerable part of the Treasury orders were for execution
on recognized Stock Exchanges only, and that as Government securities are not
dealt in extensively on exchanges in other cities a large portion of such
orders had to be executed in New York. *

The question was raised as to whether, in the judgment of those
present at the meeting, the Committee was functioning properly and all present
expressed themselves in the affirmative. ✓

The policy of the Federal reserve banks with regard to open market
purchases and the functions of the Committee in respect thereto, were

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considered at length and the Secretary read an extract from the minutes of the October 2 meeting of the Committee bearing on the subject, as well as the discussion thereon at the joint conference, held in Washington, October 10 to October 12, 1922. The Secretary also read the following statement regarding the credit policy of the system which was unanimously adopted at the October Washington conference:

"That for the present the credit policy of the Federal Reserve System should aim to furnish credit and currency to member banks for their seasonal and emergency requirements, but such policy, as well as open market operations, should be administered in each district in such manner as to assist the system in discharging, as far as it may be able, its national responsibility to prevent credit expansion from developing into credit inflation."



Whereupon, on motion, duly made and seconded, the following memorandum was adopted by the Committee:

"In view of present credit conditions the Committee recommends that the present policy be continued and that for the present, or until the next Governors' Conference, open market investments be equalized between the twelve reserve banks as far as possible, without putting further Federal reserve funds into the market through open market operations."



On motion meeting adjourned at 3 p. m.

A large, handwritten signature in cursive script, likely of the Secretary, is written over the text.

Secretary.

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REPORT OF COMMITTEE OF GOVERNORS ON CENTRALIZED EXECUTION OF
PURCHASES AND SALES OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS,
SUBMITTED TO COMMITTEE AT MEETING IN BOSTON, FEBRUARY 5, 1923,
COVERING PERIOD FROM MAY 17, 1922, TO JANUARY 31, 1923, INCLUSIVE

Herewith is presented the following exhibits of the activities and operations of the Committee since its formation:

- Exhibit "A" - Government security holdings of the Federal reserve banks, as at the close of business January 31, 1923.
- Exhibit "B" - Weekly statement of United States securities (exclusive of Pittman Act Certificates) held by Federal reserve banks from January 1922, to date.
- Exhibit "C" - Comparison of the Government security holdings of all Federal reserve banks as of May 17, June 30, October 25, 1922, and January 31, 1923.
- Exhibit "D" - Synopsis of United States securities as compared with all other earning assets held by Federal reserve banks from October 4, 1922, to January 31, 1923.
- Exhibit "E" - Statement showing changes in Gold and Government security holdings of reserve banks as compared with record of gold imports and exports of the United States.
- Exhibit "F" - Statement of Estimated Earnings and Expenses of all Federal Reserve banks for the year 1923 based on expenses for 1922 and earning assets held January 31, 1923.
- Exhibit "G" - Purchases and Sales of Certificates of Indebtedness by Federal reserve banks affecting their investments - January 24 to February 2, 1923, inclusive.
- Exhibit "H" - Report of transactions in Government securities for account of the Treasury Department and Federal reserve banks, also data regarding market conditions from close of business January 24, 1923, to close of business January 31, 1923, as reported to the Committee of Governors.

Transactions in Government Securities by Federal reserve banks for Their Own Accounts

The operations by Federal reserve banks covering transactions in Government securities affecting their own investment accounts since the last report dated October 25, 1922, submitted to the Committee of Governors at the meeting held in Cleveland on October 31, 1922, have been very limited.

On October 25, 1922, the total holdings of all Federal reserve banks (including Pittman Act Certificates and Sales Contracts) were about \$408,000,000

Since that time the following deductions and additions have been made:

<u>DEDUCTIONS</u>	<u>ADDITIONS</u>
Treasury certificates maturing Dec. 15, 1922, - \$36,000,000	March 15, 1923, Treasury certs. * \$40,000,000
Victory Notes called for redemption Dec. 15, 1922 - 6,000,000	Dec. 15, 1923 Treasury certs. * 19,000,000
Uncalled Victory Notes sold in market (as suggested by Treasury, proceeds to be reinvested in part in Bankers Acceptances) - 31,000,000	Treasury Notes 2,000,000
Pittman Act Certificates - 41,000,000	
Sales Contracts - 2,000,000	
T o t a l \$116,000,000 \$61,000,000
N e t D e d u c t i o n	<u>55,000,000</u>
<u>Holdings January 31, 1923</u>	<u>\$353,000,000</u>

* With respect to this increase it is to be noted that \$40,000,000 is represented by 3 1/2% certificates maturing March 15, 1923, and \$19,000,000 by 4% certificates maturing December 15, 1923, which were taken over by several of the reserve banks as an incident to the December 15, 1922, Treasury financing.

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During the entire period covered since the Committee has been in operation, the Government security holdings of the Federal reserve banks (including Pittman Act Certificates) have shown a reduction of approximately \$276,000,000 from the high point of \$629,000,000 on June 14, 1922. Of the \$353,000,000 now on hand \$33,000,000 is in the form of Sales Contracts.

In considering the question of further reduction from the present total of \$353,000,000 it should be borne in mind that some \$82,000,000 are Treasury certificates maturing on March 15 next, a matter of 40 days. This amount has since been reduced to about \$60,000,000 which balance the Treasury may desire to take over gradually before maturity. In view of the short maturity it may be advisable, unless taken over by the Treasury, to retain these certificates in portfolio, allowing them to run off without reinvestment, and that all further sales of Government securities by the Federal reserve banks during the next month or so should be designed chiefly to accomplish liquidation of Treasury notes now carried in portfolio. In this connection we understand that it is the Treasury's hope and expectation to be able to run from now until March 15 without any new offering of securities, which may afford a favorable opportunity for disposing of some of the Treasury notes.

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Treasury Orders Treasury orders pending at the time of the last report and those subsequently given to Federal reserve banks covering the purchase and sale of Government securities are as follows:

(T O P U R C H A S E)

<u>Date of Order</u>	<u>Account</u>	<u>Issue</u>	<u>Price</u>	<u>Amount</u>
October 15 to 30, 1922	War Finance Corporation	Treasury Notes	To Yield 4 1/4% or better	\$10,000,000
" 17, 1922	Cumulative Sinking Fund	Called Victory Notes	Market	15,000,000
" 25, 1922	Alien Property Custodian	Treasury Bonds of 1952	Market	2,000,000
" 27, 1922	Alien Property Custodian	Treasury Bonds of 1952	Market	1,500,000
" 31, 1922	Cumulative Sinking Fund	Called Victory Notes	Market	10,000,000
November 14, 1922	Cumulative Sinking Fund	Called Victory Notes	Market	10,000,000
" 27, 1922	Cumulative Sinking Fund	Called Victory Notes	Market	4,975,350
December 6, 12 & 14, 1922	Cumulative Sinking Fund	Uncalled Vic- tory Notes	Market	30,000,000
" 6, 1922	Alien Property Custodian	March 4 1/4% Certificates	100 1/8	5,000,000
" 9 & 12, 1922	Alien Property Custodian	Any Certificates	Par	15,000,000
" 18, 1922	Purchases from Proceeds Treas- ury Notes	June 15, 1925 4 1/2% Notes	Par	20,000,000
" 29, 1922	Cumulative Sinking Fund	Uncalled Vic- tory Notes	Market	5,000,000
January 8, 1923	Cumulative Sinking Fund	Third 4 1/4% L.L. Bonds	Market	8,000,000
" 8, 1923	Farm Loan Board	Dec. 15, 1923 4% certificates	Par	14,400,000
Miscellaneous Orders				4,250,300
<u>(T O S E L L)</u>				
November 9, 1922	Postal Savings System	Second 4 1/4% L.L. Bonds	Market	9,375,000
<u>T O T A L</u>				\$164,500,650

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These orders have been completed through purchases by the different banks, as shown in the following figures, which figures also reflect the distribution of all Treasury orders from the time the Committee began operations to October 25, 1922, as well as during the entire period covered:

	<u>Treasury Orders Executed</u>		
	<u>From May 17, 1922 to Oct. 25, 1922</u>	<u>From Oct. 25, 1922 to Jan. 31, 1923</u>	<u>From May 17, 1922 to Jan. 31, 1923</u>
Boston	\$ 46,738,350	\$ 11,402,500	\$ 58,140,850
New York	219,711,250	104,354,850	*324,066,100
Philadelphia	27,241,500	14,095,400	41,336,900
Cleveland	3,300,000	-0-	3,300,000
Richmond	199,300	41,450	240,750
Atlanta	2,698,350	806,000	3,504,350
Chicago	56,283,500	23,970,000	80,253,500
St. Louis	6,576,700	2,026,900	8,603,600
Minneapolis	1,328,200	2,883,750	4,211,950
Kansas City	282,300	1,670,300	1,952,600
Dallas	-0-	-0-	-0-
San Francisco	<u>13,340,600</u>	<u>3,249,500</u>	<u>16,590,100</u>
	\$377,700,050	\$164,500,650	\$542,200,700

* Of this amount there were purchased and sold on the New York Stock Exchange Liberty Loan bonds and Victory notes amounting to \$124,784,300 on Treasury orders which contained instructions that these transactions be executed in this manner.

EXHIBIT "A"

**GOVERNMENT SECURITY HOLDINGS OF FEDERAL RESERVE BANKS
AS REPORTED TO THE COMMITTEE OF GOVERNORS AT THE CLOSE OF BUSINESS JANUARY 31, 1923**

<u>Maturities</u>	<u>Boston</u>	<u>New York</u>	<u>Philadelphia</u>	<u>Cleveland</u>	<u>Richmond</u>	<u>Atlanta</u>	<u>Chicago</u>	<u>St. Louis</u>	<u>Minneapolis</u>	<u>Kansas City</u>	<u>Dallas</u>	<u>San Francisco</u>	<u>Total</u>
March 15, 1923	13,525,000.	\$40,000,000.	\$ 100,500.	\$ 5,902,000.	-0-	\$1,030,000.	\$15,505,500.	\$ 47,000.	\$ 35,000.	\$ 6,351,500.	\$ 569,000.	-0-	\$ 83,065,500
Victory Notes, 5/20/23	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
June 15, 1923	3,850,000.	3,500,000.	3,600,000.	4,202,500.	-0-	2,000,000.	15,525,000.	1,356,500.	84,000.	3,785,500.	944,500.	7,149,500.	45,997,500
September 15, 1923	4,844,000.	-0-	547,000.	3,847,000.	-0-	-0-	17,549,000.	1,114,000.	410,500.	1,284,500.	2,075,000.	-0-	31,671,000
December 15, 1923	-0-	-0-	345,500.	15,000.	-0-	-0-	12,350,000.	6,010,000.	-0-	171,500.	-0-	-0-	18,892,000
Treas. Notes 1924/7	4,680,700.	11,500,000.	22,790,900.	11,408,000.	\$ 150,000.	503,500.	1,871,000.	10,915,900.	3,199,700.	23,430,600.	1,100,000.	17,459,100.	109,009,400
Miscellaneous	<u>535,150.</u>	<u>1,148,750.</u>	<u>1,799,700.</u>	<u>949,400.</u>	<u>1,190,900.</u>	<u>6,500.</u>	<u>4,425,600.</u>	<u>7,304,400.</u>	<u>6,207,910.</u>	<u>3,497,800.</u>	<u>2,569,500.</u>	<u>10,157,800.</u>	<u>39,793,410</u>
<u>T O T A L</u>	\$27,434,850.	\$56,148,750.	\$29,183,600.	\$26,323,900.	\$ 1,340,900.	\$3,540,000.	\$67,226,100.	\$26,747,800.	\$ 9,937,110.	\$38,521,400.	\$7,258,000.	\$34,766,400.	\$328,428,810
Sales Contracts	<u>1,640,150.</u>	<u>22,919,900.</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>741,000.</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>25,301,050</u>
<u>AGGREGATE</u>	\$29,075,000.	\$79,068,650.	\$29,183,600.	\$26,323,900.	\$ 1,340,900.	\$3,540,000.	\$67,967,100.	\$26,747,800.	\$ 9,937,110.	\$38,521,400.	\$7,258,000.	\$34,766,400.	\$353,729,860

EXHIBIT "B"

**WEEKLY STATEMENT OF UNITED STATES SECURITIES, (EXCLUSIVE OF PITTMAN CERTIFICATES)
HELD BY FEDERAL RESERVE BANKS
FROM JANUARY 1922 TO DATE
(In Millions)**

<u>Date</u> <u>1922</u>	<u>Boston</u>	<u>New York</u>	<u>Philadelphia</u>	<u>Cleveland</u>	<u>Richmond</u>	<u>Atlanta</u>	<u>Chicago</u>	<u>St. Louis</u>	<u>Minneapolis</u>	<u>Kansas City</u>	<u>Dallas</u>	<u>San Francisco</u>	<u>All Banks</u>	<u>Date</u> <u>1922</u>
Jan. 4	3.3	62.6	2.4	5.8	1.2	10.3	15.8	1.4	.2	9.0	2.6	3.6	118.1	Jan. 4
11	25.8	30.3	2.7	6.1	1.2	10.2	12.2	1.4	.1	8.9	2.6	4.6	106.2	11
18	26.5	20.6	9.3	6.1	1.2	7.5	24.9	1.3	.1	8.9	2.6	5.0	113.9	18
25	28.3	28.8	11.7	6.1	1.2	5.8	32.3	1.3	.1	8.9	2.6	9.9	137.1	25
Feb. 1	29.0	72.4	11.8	15.4	1.2	2.8	34.0	2.0	.6	9.0	2.6	11.4	192.4	Feb. 1
8	30.2	98.7	14.0	21.9	1.2	.9	41.7	4.4	.6	14.4	2.6	13.0	243.6	8
15	30.4	129.4	14.5	22.0	1.2	.1	45.9	8.8	1.0	17.9	2.6	12.2	286.1	15
21	29.8	92.5	14.7	26.5	1.2	.2	50.1	9.8	1.1	17.4	2.6	12.1	258.0	21
Mar. 1	29.8	130.3	14.7	22.6	1.2	.1	59.9	10.9	1.4	21.7	2.6	12.3	317.6	Mar. 1
8	30.2	143.0	14.7	35.6	1.2	.1	61.8	11.9	3.1	30.5	2.8	14.9	349.9	8
15	28.3	119.6	14.7	35.6	1.2	.1	63.5	13.4	5.4	30.5	3.1	23.8	339.4	15
22	29.2	114.8	14.8	36.8	1.2	.1	73.8	16.5	5.7	31.3	3.1	25.4	352.7	22
29	29.5	102.2	14.8	37.8	1.2	.1	79.3	16.7	6.5	35.2	3.1	25.6	351.8	29
Apr. 5	27.4	105.7	14.7	41.6	1.2	.1	80.0	18.2	7.3	35.3	3.1	40.8	375.3	Apr. 5
12	27.1	134.4	17.8	43.7	1.2	.1	79.4	21.0	8.5	37.4	3.1	51.6	424.5	12
19	28.0	139.9	18.3	45.7	1.2	.1	86.7	21.4	9.8	40.3	3.1	51.7	446.2	19
26	41.9	161.8	20.3	45.7	1.2	.2	86.7	21.4	9.3	39.4	3.1	51.7	482.6	26
May 3	42.9	187.2	24.3	55.8	1.2	.2	85.7	21.4	10.2	39.4	3.1	54.7	526.2	May 3
10	44.0	190.1	24.4	57.4	1.2	.1	88.7	24.1	10.5	37.7	3.1	54.7	536.0	10
17	42.6	166.3	24.4	59.4	1.2	.3	90.6	24.7	10.7	37.2	3.1	54.7	515.0	17
24	42.7	164.3	24.4	65.9	1.2	.2	87.9	25.7	10.6	37.2	3.1	54.7	517.7	24
31	42.6	171.8	24.4	66.5	1.2	.3	88.3	25.6	10.9	37.2	3.1	54.7	526.4	31
June 7	52.5	170.8	25.7	69.5	1.2	.2	87.2	27.1	1.2	37.5	3.3	54.7	540.9	June 7
14	54.1	184.4	26.2	70.1	1.2	1.1	81.2	28.1	12.3	37.5	3.3	54.7	554.2	14
21	38.7	119.7	24.9	66.5	1.2	.4	63.1	22.5	8.9	40.3	3.6	54.8	444.6	21
28	43.1	159.0	27.4	70.2	1.2	2.2	48.5	21.6	9.3	41.3	3.6	55.3	482.6	28
July 5	41.5	151.2	29.0	70.3	1.2	2.2	46.9	22.0	9.5	41.3	4.6	56.8	476.5	July 5
12	40.5	179.8	29.0	70.8	1.2	2.2	25.2	22.2	9.0	41.5	4.6	56.8	482.7	12
19	43.0	168.0	29.0	70.8	1.2	2.3	23.9	22.5	8.0	41.4	4.6	53.2	467.8	19
26	43.2	168.7	29.0	70.9	1.2	2.1	24.2	22.7	7.8	41.4	4.6	53.2	468.8	26
Aug. 2	37.9	139.1	29.6	62.9	1.2	2.6	25.6	21.6	7.5	41.4	4.6	53.2	426.9	Aug. 2
9	37.2	138.9	29.2	63.6	1.2	2.2	23.7	21.1	7.1	41.2	4.1	53.2	422.7	9
16	38.2	137.1	29.2	63.7	1.2	2.2	27.3	21.6	6.2	41.2	4.1	49.2	421.1	16
23	40.4	133.6	39.0	65.7	1.2	2.3	23.5	22.7	6.1	40.9	4.1	49.2	418.7	23
30	44.8	135.0	30.1	67.7	1.2	2.2	27.9	24.0	6.8	40.9	4.1	50.2	435.0	30
Sept. 6	45.8	147.6	30.1	67.8	1.2	2.1	29.9	25.2	6.7	40.9	4.1	50.2	451.6	Sept. 6
13	46.3	138.0	30.5	67.8	1.2	2.2	28.9	25.1	7.2	40.3	4.1	50.3	441.8	13
20	21.9	115.6	29.2	56.6	1.2	2.2	26.5	24.7	15.5	40.7	3.6	49.2	386.9	20
27	24.7	128.3	29.4	56.7	1.2	2.2	26.0	23.1	15.9	40.6	3.7	49.1	400.9	27
Oct. 4	28.0	151.2	31.4	57.0	1.2	2.2	28.9	23.2	16.0	40.5	6.6	49.1	435.3	Oct. 4
11	28.8	142.9	30.1	56.7	1.2	2.2	37.3	23.0	10.0	40.6	6.6	49.1	428.5	11
18	28.3	124.2	29.8	46.4	1.2	2.2	42.3	23.0	10.2	37.5	9.2	49.1	403.4	18
25	26.4	89.1	29.3	46.5	1.2	2.2	40.4	23.0	9.4	39.6	11.4	49.1	367.6	25
Nov. 1	25.0	58.5	29.3	41.1	1.2	2.2	38.3	21.1	10.1	39.4	11.1	45.0	322.3	Nov. 1
8	24.7	53.0	29.1	35.7	1.2	2.2	39.5	21.2	10.1	39.3	11.1	45.0	312.1	8
15	18.2	50.5	29.1	36.0	1.2	2.2	37.3	19.7	10.1	39.2	11.0	39.7	294.2	15
22	18.0	43.0	28.1	25.7	1.2	2.2	34.6	19.6	10.1	38.1	11.0	35.0	266.6	22
29	18.5	53.4	28.1	25.7	1.2	2.2	37.8	19.6	10.3	37.9	11.3	35.0	281.0	29
Dec. 6	18.3	60.2	28.1	25.7	1.2	2.6	40.6	19.6	10.1	37.9	11.0	35.0	290.3	Dec. 6
13	17.6	59.3	28.1	25.7	1.2	2.2	40.1	19.5	10.9	38.3	11.0	34.8	288.7	13
20	30.5	125.0	34.8	29.7	3.2	2.2	62.2	25.5	12.1	41.3	10.9	39.8	417.2	20
27	31.3	113.7	42.1	31.7	7.2	2.2	77.7	30.6	13.6	40.1	10.9	44.8	445.9	27
1923														1923
Jan. 3	40.8	121.4	34.1	48.8	6.3	9.3	56.8	24.5	17.3	45.2	13.3	38.8	456.6	Jan. 3
10	38.7	146.5	39.6	45.8	9.3	9.4	70.7	25.7	15.8	43.1	13.8	49.8	508.2	10
17	28.1	110.0	29.2	38.7	5.8	2.2	65.9	24.5	11.3	43.5	12.4	40.8	412.4	17
24	29.2	96.9	29.4	26.3	1.3	2.4	48.6	24.2	8.8	38.5	12.4	34.8	352.8	24
31	29.1	79.1	29.2	26.3	1.3	3.5	68.0	26.8	9.9	38.5	7.2	34.8	353.7	31

Committee
(Appointed)

NYGN

LOW

EXHIBIT "C"

**COMPARISON OF THE GOVERNMENT SECURITY
 HOLDINGS BY MATURITIES OF ALL RESERVE BANKS
 COMBINED AS OF MAY 17, JUNE 30, OCTOBER 25, 1922
 AND JANUARY 31, 1923**

	<u>Holdings When Committee was Formed May 17, 1922</u>	<u>Holdings on June 30, 1922</u>	<u>Holdings on October 25, 1922</u>	<u>Holdings on January 31, 1923</u>
Certificates and Victory notes matured 1922	\$ 321,622,450	\$ 218,454,900	\$ 72,938,500	\$ -0-
March 15, 1923	46,131,500	48,635,500	43,839,500	83,065,500
June 15, 1923	-0-	29,896,500	48,110,500	45,997,500
September 15, 1923	-0-	-0-	29,553,000	31,671,000
December 15, 1923	-0-	-0-	-0-	18,892,000
Treasury Notes	87,542,600	123,816,900	106,822,300	109,009,400
Miscellaneous Gov't Bonds	<u>53,681,010</u>	<u>39,201,566</u>	<u>39,146,300</u>	<u>39,793,410</u>
<u>T O T A L</u>	\$ 508,977,560	\$ 460,005,366	\$ 340,410,100	\$ 328,428,810
Pittman Act Certificates	80,000,000	74,000,000	41,000,000	-0-
Sales Contracts	<u>-0-</u>	<u>-0-</u>	<u>27,231,300</u>	<u>25,301,050</u>
<u>AGGREGATE</u>	\$ 588,977,560	\$ 534,005,366	\$ 408,641,400	\$ 353,729,860

EXHIBIT "I"

SYNOPSIS OF UNITED STATES SECURITIES AS COMPARED WITH ALL OTHER EARNING ASSETS HELD BY FEDERAL RESERVE BANKS AND REFLECTING THE NET CHANGE OF EACH CLASS DURING THE PERIOD COVERED
(000 omitted)

Federal Reserve Bank Of:	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco	TOTAL	Aggregate
October 4, 1922														
All other earning assets	44,081	139,153	58,774	63,482	43,560	42,374	83,766	37,200	24,531	22,313	32,138	78,277	669,654	
U. S. securities	30,748	162,692	34,380	59,960	4,701	5,131	35,565	26,778	19,010	43,869	8,481	51,976	483,341	1,152,995
October 11, 1922														
All other earning assets	55,044	235,856	60,122	73,041	42,562	36,517	83,572	32,203	23,861	19,788	30,625	78,195	771,406	
U. S. securities	31,549	154,401	33,071	59,711	4,201	5,170	43,514	26,564	12,519	43,408	8,481	51,975	474,564	1,245,970
October 18, 1922														
All other earning assets	54,518	187,907	68,745	78,248	44,504	43,669	99,034	34,483	23,275	24,190	30,110	79,241	767,914	
U. S. securities	31,094	134,247	32,807	49,361	4,201	5,164	47,967	26,563	12,701	40,313	11,056	51,407	446,901	1,214,815
October 25, 1922														
All other earning assets	56,241	164,596	63,129	72,010	42,996	41,997	85,172	37,930	23,958	23,557	35,623	79,881	727,090	
U. S. securities	28,633	99,111	31,762	49,016	4,201	5,232	45,039	26,614	11,939	42,416	13,275	51,407	408,636	1,135,726
November 1, 1922														
All other earning assets	70,797	240,654	68,997	76,720	42,639	48,106	93,056	41,070	23,175	26,547	33,974	82,687	848,422	
U. S. securities	27,291	67,007	31,765	43,551	4,201	4,665	42,950	23,689	12,602	42,198	13,025	47,367	360,311	1,208,733
November 8, 1922														
All other earning assets	92,966	258,947	68,488	92,908	41,641	48,905	91,779	40,237	22,420	27,862	35,028	77,887	893,063	
U. S. securities	26,440	61,522	31,619	38,217	2,701	4,155	43,136	23,715	12,594	41,098	13,025	47,367	346,589	1,245,657
November 15, 1922														
All other earning assets	100,664	269,656	70,176	93,876	44,043	45,956	87,628	41,732	21,456	30,467	36,665	71,380	913,699	
U. S. securities	19,984	57,520	31,135	37,506	3,701	4,173	40,972	22,215	12,586	40,992	12,938	41,992	325,714	1,239,413
November 22, 1922														
All other earning assets	93,416	221,202	54,217	92,965	47,205	50,306	97,969	39,298	21,340	28,884	35,596	79,498	871,596	
U. S. securities	19,244	49,521	30,135	27,202	3,701	4,189	37,704	21,709	12,104	39,943	12,864	36,903	295,119	1,166,715
November 29, 1922														
All other earning assets	105,952	193,397	76,442	108,897	49,400	50,013	105,386	42,846	21,883	29,260	36,209	89,437	909,322	
U. S. securities	19,725	58,943	29,635	26,685	3,201	3,693	39,953	21,710	11,758	39,192	13,164	36,802	304,461	1,213,783
December 6, 1922														
All other earning assets	96,959	266,971	77,093	107,318	46,989	43,522	114,076	42,230	21,445	32,128	37,472	85,569	971,772	
U. S. securities	19,519	64,727	29,635	26,719	3,201	4,074	42,761	21,210	11,593	39,197	12,864	36,302	311,802	1,283,574
December 13, 1922														
All other earning assets	91,306	235,106	73,083	115,184	51,164	42,079	96,706	40,369	21,299	31,747	39,321	84,766	922,330	
U. S. securities	18,860	63,316	29,135	26,709	2,601	3,195	42,254	21,116	12,384	39,597	11,963	36,098	307,238	1,229,568
December 20, 1922														
All other earning assets	87,629	183,581	75,351	109,805	53,094	43,670	93,958	41,475	21,431	34,668	40,437	82,187	867,286	
U. S. securities	31,214	128,468	35,343	30,233	4,601	3,209	63,828	26,118	13,107	42,092	11,939	41,098	431,240	1,298,526
December 27, 1922														
All other earning assets	95,677	190,599	76,455	103,983	58,451	40,247	99,862	42,810	21,079	30,838	37,597	78,580	876,178	
U. S. securities	32,086	116,687	42,575	32,223	8,601	2,673	79,389	31,117	14,108	40,886	11,439	46,099	457,883	1,334,061
January 3, 1923														
All other earning assets	75,287	237,380	69,953	99,108	51,002	39,348	93,889	39,447	21,251	35,135	39,558	81,469	882,827	
U. S. securities	40,806	121,369	34,100	48,759	6,291	9,344	56,795	24,546	17,311	45,158	13,308	38,767	456,554	1,339,381
January 10, 1923														
All other earning assets	58,138	205,576	59,648	75,163	43,981	32,398	80,532	28,939	19,565	25,157	38,852	69,960	737,809	
U. S. securities	38,696	146,479	39,600	45,765	9,291	9,442	70,745	25,711	15,809	43,114	13,758	49,766	508,176	1,245,985
January 17, 1923														
All other earning assets	61,177	212,127	61,216	69,047	38,621	28,905	70,838	28,300	18,372	19,134	38,264	68,579	714,680	
U. S. securities	28,099	110,049	29,214	38,756	5,841	2,167	65,904	24,450	11,308	43,519	12,358	40,767	412,432	1,127,112
January 24, 1923														
All other earning assets	67,609	248,707	66,777	70,285	39,945	29,820	77,419	30,023	18,602	18,657	38,082	68,356	774,282	
U. S. securities	29,178	96,850	29,391	26,334	1,341	2,429	48,615	24,243	8,790	38,524	12,358	34,766	352,819	1,127,101
January 31, 1923														
All other earning assets	66,193	279,649	78,575	56,599	38,594	28,801	66,168	30,353	19,041	16,694	38,111	67,039	785,817	
U. S. securities	29,069	79,069	29,184	26,324	1,341	3,541	67,965	26,756	9,941	38,521	7,258	34,766	353,735	1,139,552
Net Change														
All other earning assets	22,112 +	140,496 +	19,901 +	6,883 -	4,966 -	13,573 -	17,598 -	6,847 -	5,490 -	5,624 -	5,973 +	11,238 -	116,163 +	
U. S. securities	1,679 -	83,623 -	5,196 -	33,636 -	3,360 -	1,640 -	32,400 +	22 -	9,069 -	5,348 -	1,223 -	17,210 -	129,606 -	13,443 -
Per Cent Change														
All other earning assets	50% +	100% +	3% +	10% -	11% -	32% -	21% -	18% -	22% -	25% -	18% +	14% -	17% +	
U. S. securities	5% -	51% -	15% -	56% -	79% -	31% -	91% +	0	47% -	12% -	14% -	33% -	26% -	1% -

**STATEMENT SHOWING CHANGES IN GOLD AND GOVERNMENT SECURITY HOLDINGS OF RESERVE BANKS
AS COMPARED WITH RECORD OF GOLD IMPORTS AND EXPORTS OF THE UNITED STATES**

(In Millions)

<u>Date</u> <u>1922</u>	<u>Gold Holdings</u> <u>in System</u>	<u>Gold Imports</u> <u>of U.S.</u>	<u>Gold Exports</u> <u>of U.S.</u>	<u>Increase or</u> <u>Decrease of</u> <u>Gold In</u> <u>Circulation</u>	<u>Gov't Security</u> <u>Investments</u> <u>Excluding</u> <u>Pittman Act Cts.</u>	<u>Pittman</u> <u>Act</u> <u>Certifi-</u> <u>ates</u>
May 17	3,005.1				515.0	80.0
24	3,007.7				517.7	78.5
31	3,007.6	Monthly 9.0	Monthly 3.4	3.1 +	526.4	77.0
June 7	3,010.1				540.9	77.0
14	3,007.8				554.2	75.5
21	3,020.0				444.6	74.0
28	3,020.9	15.0	1.6	1.9 -	482.6	74.0
July 5	3,020.7				476.5	74.0
12	3,035.8				482.7	74.0
19	3,045.3				467.8	74.0
26	3,054.5	42.9	.6	8.7 +	468.8	72.0
Aug. 2	3,071.4				426.9	70.5
9	3,071.8				422.7	69.0
16	3,066.4				421.1	67.5
23	3,061.8				418.7	66.0
30	3,063.4	19.1	.9	9.3 +	435.0	63.0
Sept. 6	3,060.9				451.6	56.5
13	3,067.2				441.8	55.0
20	3,061.9				386.9	52.0
27	3,076.9	29.3	1.4	14.4 +	400.9	50.5
Oct. 4	3,089.3				435.3	48.0
11	3,090.0				428.5	46.0
18	3,086.8				403.4	43.5
25	3,085.1	20.9	17.6	2.1 +	367.6	41.0
Nov. 1	3,078.1				322.3	38.0
8	3,080.8				312.1	34.5
15	3,073.8				294.2	31.5
22	3,088.3				266.6	28.5
29	3,072.9	18.3	3.4	20.1 +	281.0	23.5
Dec. 6	3,045.8				290.3	21.5
13	3,061.2				288.7	18.5
20	3,045.9				417.2	14.0
27	3,040.4	26.4	2.7	56.2 +	445.9	12.0
* Jan. 3	3,049.5				456.6	.0
10	3,062.7				508.2	.0
17	3,077.5				412.4	.0
24	3,080.1				352.8	.0
31	3,075.8	<u>22.0</u>	<u>6.0</u>	<u>19.4 -</u>	353.7	.0
TOTALS		200.9	37.6	92.6 +		

EXHIBIT "E"

* Estimated exports and imports for January are based on figures obtainable for N.Y.C.

EXHIBIT "F"

**STATEMENT OF ESTIMATED EARNINGS AND EXPENSES OF ALL FEDERAL RESERVE BANKS FOR THE YEAR 1923
BASED ON EXPENSES FOR 1922 AND EARNING ASSETS HELD JANUARY 31, 1923**

Reproduced from the Unclassified / Declassified Holdings of the National Archives

<u>EXPENSES</u>	<u>Boston</u>	<u>New York</u>	<u>Philadelphia</u>	<u>Cleveland</u>	<u>Richmond</u>	<u>Atlanta</u>	<u>Chicago</u>	<u>St. Louis</u>	<u>Minneapolis</u>	<u>Kansas City</u>	<u>Dallas</u>	<u>San Francisco</u>	<u>TOTAL</u>
Total Expenses for Year Ending December 31, 1922	\$ 2,022,400.	\$ 6,776,530.	\$ 2,053,919.	\$ 2,461,266.	\$ 1,631,356.	\$ 1,293,053.	\$ 4,080,057.	\$ 1,623,222.	\$ 1,084,942.	\$ 2,010,820.	\$ 1,515,391.	\$ 3,006,387.	\$ 29,559,343
Less 10% Arbitrary Basis	<u>202,240.</u>	<u>677,653.</u>	<u>205,392.</u>	<u>246,127.</u>	<u>163,136.</u>	<u>129,305.</u>	<u>408,007.</u>	<u>162,322.</u>	<u>108,494.</u>	<u>201,080.</u>	<u>151,539.</u>	<u>300,639.</u>	<u>2,955,934</u>
To Give Estimated Expenses for 1923	\$ 1,820,160.	\$ 6,098,877.	\$ 1,848,527.	\$ 2,215,139.	\$ 1,468,220.	\$ 1,163,748.	\$ 3,672,050.	\$ 1,460,900.	\$ 976,448.	\$ 1,809,740.	\$ 1,363,852.	\$ 2,705,748.	\$ 26,603,409
Dividend Paid for Year Ending Dec. 31, 1922	<u>487,000.</u>	<u>1,724,000.</u>	<u>560,000.</u>	<u>703,000.</u>	<u>337,000.</u>	<u>263,000.</u>	<u>891,000.</u>	<u>290,000.</u>	<u>215,000.</u>	<u>277,000.</u>	<u>251,000.</u>	<u>465,000.</u>	<u>6,463,000</u>
Estimated Total Expenses for 1923, including Dividend	<u>\$ 2,307,160.</u>	<u>\$ 7,822,877.</u>	<u>\$ 2,408,527.</u>	<u>\$ 2,918,139.</u>	<u>\$ 1,805,220.</u>	<u>\$ 1,426,748.</u>	<u>\$ 4,563,050.</u>	<u>\$ 1,750,900.</u>	<u>\$ 1,191,448.</u>	<u>\$ 2,086,740.</u>	<u>\$ 1,614,852.</u>	<u>\$ 3,170,748.</u>	<u>\$ 33,066,409</u>

EARNINGS

Earning Assets held by													
(a) All Banks Jan. 31, 1923-													
All other earning assets	\$66,193,000.	\$279,649,000.	\$78,575,000.	\$56,599,000.	\$38,594,000.	\$28,801,000.	\$66,168,000.	\$30,353,000.	\$19,041,000.	\$16,694,000.	\$38,111,000.	\$67,039,000.	\$785,817,000
(b) U. S. Securities	<u>29,069,000.</u>	<u>79,069,000.</u>	<u>29,184,000.</u>	<u>26,324,000.</u>	<u>1,341,000.</u>	<u>3,541,000.</u>	<u>67,965,000.</u>	<u>26,756,000.</u>	<u>9,941,000.</u>	<u>38,521,000.</u>	<u>7,258,000.</u>	<u>34,766,000.</u>	<u>353,735,000.</u>
<u>TOTAL</u>	<u>\$95,262,000.</u>	<u>\$358,718,000.</u>	<u>\$107,759,000.</u>	<u>\$82,923,000.</u>	<u>\$39,935,000.</u>	<u>\$32,342,000.</u>	<u>\$134,133,000.</u>	<u>\$57,109,000.</u>	<u>\$28,982,000.</u>	<u>\$55,215,000.</u>	<u>\$45,369,000.</u>	<u>\$101,805,000.</u>	<u>\$1,139,552,000</u>
Earnings Which Present Holdings at 4% would Produce during 1923	<u>3,810,480.</u>	<u>14,348,720.</u>	<u>4,310,360.</u>	<u>3,316,920.</u>	<u>1,597,400.</u>	<u>1,293,680.</u>	<u>5,365,320.</u>	<u>2,284,360.</u>	<u>1,159,280.</u>	<u>2,208,600.</u>	<u>1,814,760.</u>	<u>4,072,200.</u>	<u>45,582,080.</u>
Balance of Earnings After Expenses are Paid	\$ 1,503,320.	\$ 6,525,843.	\$ 1,901,833.	\$ 398,781.			\$ 802,270.	\$ 533,460.		\$ 121,860.	199,908.	901,452.	\$ 12,515,671. (NET)
Deficit After Expenses are Paid					\$ 207,820.	\$ 133,068.			\$ 32,168.				

EXHIBIT "G"

PURCHASES AND SALES OF CERTIFICATES OF INDEBTEDNESS
BY FEDERAL RESERVE BANKS
AFFECTING THEIR INVESTMENTS - JANUARY 24 TO FEBRUARY 2, 1923 INCLUSIVE

<u>Bank</u>	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$ 5,000,000.	4% December 15, 1923 Certificates (from market)	\$ 5,000,000. 10,000,000. 10,000,000. 5,000,000.	3 1/2% March 15, 1923 Certificates (to market) 3 1/2% March 15, 1923 " (to Treasury) 3 1/2% June 15, 1923 " (to Chicago) 4% December 15, 1923 " (to Chicago)
Cleveland	5,000,000. 5,000,000. 10,000,000.	3 1/2% June 15, 1923 Certificates (from Treasury) 4% December 15, 1923 " (" ") Short-term Certificates (pending)		
Atlanta	1,000,000.	3 1/2% March 15, 1923 Certificates (from market)		
Chicago	2,000,000. 3,000,000. 5,000,000. 5,000,000. 10,000,000.	3 1/2% June 15, 1923 Certificates (from Dallas) 3 1/2% September 15, 1923 " (" ") 4% December 15, 1923 " (" Treasury) 4% " 15, 1923 " (" New York) 3 1/2% June 15, 1923 " (" " ")		
St. Louis	2,515,000.	4% December 15, 1923 Certificates (from market)		
Dallas	5,000,000.	4% December 15, 1923 Certificates (pending)	2,000,000. <u>3,000,000.</u>	3 1/2% June 15, 1923 Certificates (to Chicago) 3 1/2% September 15, 1923 " (" ")
<u>Totals</u>	\$ 58,515,000.		\$ 35,000,000.	

N O T E :

It will be noted that the majority of the above transactions have been executed within the system.

TRANSACTIONS IN GOVERNMENT SECURITIES FOR ACCOUNT OF THE TREASURY DEPARTMENT
AND FEDERAL RESERVE BANKS ALSO DATA REGARDING MARKET CONDITIONS
FROM CLOSE OF BUSINESS JANUARY 24, 1923, TO CLOSE OF BUSINESS JANUARY 31, 1923,
AS REPORTED TO THE COMMITTEE OF GOVERNORS ON CENTRALIZED EXECUTION
OF PURCHASES AND SALES OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS

Operations Account Treasury Department

There were no orders executed through the Committee for account of the Treasury Department during this period.

Miscellaneous Orders

At the request of the Treasury Department the Federal Reserve Bank of New York purchased on the Stock Exchange \$320,900 face amount of 4 1/4% Treasury Bonds of 1947/52 for account of the Government Life Insurance Fund.

For account of various Federal Land Banks, the following Treasury notes were sold in New York during the period:

\$250,000	4 3/4% Treas. notes due March 15, 1925, @ 100 5/16
<u>250,000</u>	4 3/4% Treas. notes due March 15, 1925, @ 100 5/16 plus 1/32
\$500,000	

Transactions by Federal Reserve Banks for Their Own Accounts and Data
Regarding Government Security Conditions in Their Districts

Boston

The period closed with all issues of bonds at lower prices. Brokers reported an increase of selling by commercial banks and also state that there has been but a small public demand. During the week Treasury notes and certificates of indebtedness were fairly steady but not active, the supply exceeding the demand. Government securities held under repurchase agreements amounted to \$1,640,150 at the close of this period.

There were no investment account transactions.

New York

The volume of business in investment securities on the Stock Exchange has fallen off during this period, in which the interest of the investors seemed to have slackened in the Stock market as well as in bonds. Municipals and First 3 1/2s still enjoy a fairly active demand, receiving impetus from the tax exemption buyers. Liberty bonds were inactive and declined during the period 25¢ per \$100 for an average of six issues. The call money market has been firm, the prevailing rate being at 4 1/2%. Treasury certificates of indebtedness and notes were more active, but without change in prices. Loans to dealers in Government securities under Sales Contract agreements amounted to \$22,919,900 at the close of this period.

Investment account transactions were as follows:

PURCHASES

\$ 5,000,000 December 4% certificates @ 100 from dealers.

SALES

\$ 5,000,000	December 4%	certificates @ 100 to Chicago
<u>10,000,000</u>	June 3 3/4%	" " 100 " "
\$15,000,000		

EXHIBIT "H"

- 2 -

Philadelphia

The market for Liberty bonds has been very quiet, with prices reactionary, there being little or no demand for bonds. The rather heavy withdrawals by the Government had a tendency, temporarily, to create a firmness in the money market, which was reflected in the somewhat sluggish condition of Liberty Bonds. Price recessions at the close of each day resulted in a lower level of prices at the end of this period. The rather heavy selling of the Second 4 1/4s and the sharp advance of the tax free 3 1/2s were the outstanding features. The new Treasury notes of 1927 are quoted at 100 to 100 1/16, which shows a yield practically the same as the Third 4 1/4s, with purchases rather favoring the latter as they are selling at a discount. The market in Treasury certificates and notes was more active with a slight increase in the demand for all issues of notes.

Investment account transactions were as follows:

PURCHASES

\$ 53,300 4 1/2% Treasury notes, due December 15, 1927, @ 100

SALES

\$236,400 4 1/2% Treasury notes, due December 15, 1927, @ 100
 25,000 " " " " June 15, 1925, @ 100
 \$261,400

Cleveland

The market in Government securities was described by one dealer as follows: "The demand from investors for Libertys in this district has not abated. The market, however, shows some weakness with an apparent downward tendency. The amount of bonds sold during the period in this district is comparatively small. Local dealers are compelled to fill orders by buying in New York."

Transactions affecting the investment account were as follows:

PURCHASES

\$ 500 March 4 1/4% certificates @ 100 (from Frisco agent)

SALES

\$10,000 March 4 1/4% certificates @ 100 to members

Richmond

The Reserve Bank of Richmond sold for account of members \$13,650 face amount of bonds and purchased \$4,800 for them during the period. Brokers in Government securities report that there have been no particular developments in the market during the past week.

There were no transactions affecting the investment account.

Atlanta

The market conditions in this district appear to be unchanged as compared with the preceding week. The demand for Second, Third and Fourth Liberty Loan bonds continues good, with very few offered for sale. Of the Treasury notes the new 4 1/2% issue due December 15, 1927, appears to be the most attractive to the small investors.

Investment account transactions were as follows:

Atlanta
(continued)

<u>PURCHASES</u>	
\$ 58,600	4 1/2% Treasury notes, due December 15, 1927
215,000	" " " " June 15, 1925
<u>1,000,000</u>	March 3 1/2% certificates
\$1,273,600	

Chicago

The market for Government securities continues very dull with further recession in prices of all issues of Libertys except the First 3 1/2s. The December 4% certificates of indebtedness are offered in large amounts at par less 1/32. There has been no change in Treasury notes during the period. Advances to dealers in Government securities amounted to \$741,000.

Transactions affecting the investment account were as follows:

<u>PURCHASES</u>	
\$ 25,000	4 1/2% Treasury notes, due December 15, 1927 @ 100
2,000,000	June 3 3/4% certificates @ 100 from Dallas
10,000,000	" " " " 100 " New York
5,000,000	December 4% " " 100 " New York
<u>3,000,000</u>	September 3 3/4% " " 100 " Dallas
\$20,025,000	

<u>SALES</u>	
\$ 159,500	4 1/2% Treasury notes, due December 15, 1927 @ 100
<u>108,000</u>	" " " " June 15, 1925 @ 100
\$ 267,500	

St. Louis

Prices in Government securities in this market have been steady and business has been quiet.

Transactions affecting the investment account were as follows:

<u>PURCHASES</u>	
\$ 579,000	4 1/2% Treasury notes, due June 15, 1925 @ 100
500,000	December 4% certificates @ 100 less 1/64
1,750,000	" " " " @ 100 " 1/32
250,000	" " " " 100 " 1/16
15,000	" " " " 100
40,000	March 3 1/2% " " 100
218,900	4 1/2% Treasury notes, due December 15, 1927 @ 100
<u>700</u>	4 1/4% " bonds of 1947/52 @ 100
\$3,353,600	

<u>SALES</u>	
\$ 515,700	4 1/2% Treasury notes, due June 15, 1925 @ 100
52,000	December 4% certificates @ 100
700	4 1/4% Treasury bonds of 1947/52
<u>272,400</u>	4 1/2% " notes, due December 15, 1927 @ 100
\$ 840,800	

Minneapolis

There has been a very good demand for short time Government securities during the past week. The small country banks are showing a renewed interest in Liberty Bonds, Treasury Notes and Treasury certificates. Local Government bond dealers say that their demand has fallen off a little from the previous week.

Transactions affecting the investment account are as follows:

<u>PURCHASES</u>			
\$ 37,000	December	4%	certificates
5,000	March	3 1/2%	"
35,000	"	4 1/4%	"
1,300	Treasury notes,		Series B-1926
231,000	"	"	" C-1925
1,107,800	"	"	" A-1927
75,100	4 1/4% Treasury bonds of 1947/52		
450	First Liberty Loan Bonds		
501,350	Second	"	"
2,150	Third	"	"
607,500	Fourth	"	"
<u>\$2,603,750</u>			

<u>SALES</u>			
\$ 37,000	December	4%	certificates
5,000	March	3 1/2%	"
1,300	Treasury notes,		Series B-1926
231,000	"	"	" C-1925
1,106,800	"	"	" A-1927
75,100	4 1/4% Treasury bonds of 1947/52		
<u>\$1,456,200</u>			

Kansas City

Local brokers report that the same condition has prevailed as for the last two months, namely a larger demand for all issues of Liberty bonds than the supply. They also report a few sales of Treasury bonds of 1947/52 and some inquiry for the last two issues of 4 1/2% Treasury notes.

Investment account transactions were as follows:

<u>SALES</u>			
\$ 2,000	4 1/2% Treasury notes,		due December 15, 1927

Dallas

The market has continued inactive in Government securities. Investment account transactions were as follows:

<u>SALES</u>			
\$2,000,000	June	3 3/4%	certificates @ 100 to Chicago
3,000,000	September	3 3/4%	" " 100 " "
100,000	2% Consols of 1930		
<u>\$5,100,000</u>			

San Francisco

The market in Government securities has been quiet during this period.

There were no investment account transactions.

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C O P Y

333.-a
Final
July 12, 1922
Minutes

CONFIDENTIAL

A meeting of the Committee of Governors on Centralized Control of Purchases and Sales of Government Securities by Federal Reserve Banks was held at the Federal Reserve Bank of New York at 12 noon this day.

PRESENT:

Governor Strong,	Federal Reserve Bank of New York - Chairman
Governor Morss,	Federal Reserve Bank of Boston
Governor McDougal,	Federal Reserve Bank of Chicago
Deputy Governor Sailer,	Federal Reserve Bank of New York
W. B. Matteson,	Secretary of the Committee

D. H. Barrows acted as secretary of the meeting

August 1, 1922
Maturity of
Certificates of
Indebtedness

Governor Strong reported that Under Secretary of the Treasury Gilbert had written him expressing the hope that any certificates of this maturity held by the Federal reserve banks would be allowed to run off. Governor McDougal stated that he had received a letter of similar purport from the Federal Reserve Board, which letter had been sent to all of the Federal reserve banks. After discussion it was voted that the Committee authorize Governor Strong to write Mr. Gilbert referring to his letter to Governor Strong in this regard and to say to Mr. Gilbert that it was reported to this meeting that the Federal Reserve Board had sent out a similar communication on this subject to all the Federal reserve banks; that representatives of New York, Chicago and Boston present at this meeting had arranged to let the certificates of indebtedness of August 1 maturity, held by the respective banks, run off; and that it was the opinion of the members of the Committee present that the other Federal reserve banks having substantial holdings of the August 1 maturity would, no doubt, follow a similar course to meet the Treasury's wishes.

✓

Reports and
Statements

The following reports and statements submitted by the Secretary of the Committee were examined and discussed:

Comparative Statement of Holdings of Government Securities by Federal Reserve Banks Showing Changes Between May 16, 1922 and June 30, 1922.

Net Earnings of Federal Reserve Banks for Six Months Ending June 30, 1922.

Government Securities Held by Federal Reserve Banks at Close of Business June 30, 1922.

Estimated Statement of Earnings and Expenses by Federal Reserve Banks for the Year 1922.

Trans letter 7/21/22 filed 333.-a

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Holdings of
Government
Securities

With regard to the statement showing reduction in the Federal Reserve Banks' holdings of all Government securities of about \$55,000,000. between May 16, 1922, the date of the formation of the Committee, and June 30, 1922, Governor Strong inquired informally of the members of the Committee present their views respecting a further reduction of investments in Government securities held by Federal reserve banks whose estimated earnings were in excess of their requirements. The members of the Committee were of the opinion that the Governor of each Federal reserve bank had no doubt presented the policy adopted at the Governors' Conference in the foregoing regard to his own directors for approval and that they would be guided accordingly.

After a short recess for lunch the activities of the Committee were generally discussed and the meeting adjourned at 3 p. m.

(Signed) D. H. Barrows,
Secretary of the Meeting.

May 16, 1922.

333.-a

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Final Minutes

A meeting of the Committee of Governors on Centralized Control of Purchases and Sales of Government Securities by Federal Reserve Banks, appointed by the last Conference of Governors, was held at the Federal Reserve Bank of New York at 10:30 o'clock a. m. this day.

Present:

- Governor Morss, Federal Reserve Bank of Boston, ✓
- Governor Norris, Federal Reserve Bank of Philadelphia, ✓
- Deputy Governor McKay, Federal Reserve Bank of Chicago, ✓
- Deputy Governor Case, Federal Reserve Bank of New York, ✓ and
- Deputy Governor Harrison, Fed. Res. Bank of N. Y., Secretary.

1. Upon motion of Governor Norris, it was voted that Governor Strong ✓ be made permanent chairman of the committee.
2. Upon motion of Governor Norris, it was voted that Mr. Case, in the absence of Governor Strong, act as chairman of the meeting.
3. It was voted that Mr. Harrison act as secretary of the meeting.
4. Upon motion of Governor Morss, it was voted that the Chairman be authorized in behalf of the committee to designate or employ a permanent Secretary of the committee who shall be the active operating man to handle the various operations of the committee subject to the orders of the committee through its Chairman. It was understood that the salary of the secretary would be apportioned among the several Federal Reserve Banks in proportion to their capital and surplus.
5. After general discussion of the present conditions under which Federal Reserve Banks are making their purchases and sales of Government securities, and after due consideration of the action of the Governors' Conference in requesting the committee to work out a program for the orderly handling of the buying and selling ✓ of Government securities by Federal Reserve Banks through some centralized control, it was voted that the committee of Governors appointed by the conference, composed of the Governors of the Federal Reserve Banks of Boston, Philadelphia, Chicago and New York, be made a standing committee with power to effect its own organization and to devise its own procedure, with its operating office at the Federal Reserve Bank of New York; that all orders to buy and sell any Government securities for account

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of any Federal Reserve Bank shall be placed through this committee; that this committee shall execute all such orders in accordance with its best judgment and shall distribute such orders among the different markets as circumstances may prompt; that in order to give the committee the benefit of the knowledge of conditions prevailing in the several local markets, and in order so far as possible to preserve those markets, each Federal Reserve Bank placing an order with the committee shall call to its attention any factors of importance in its own or other local markets that may be of interest or value to the committee, and may, if it desires, suggest that the committee place the order in any such local market if in the opinion of the committee such action is warranted; that all orders for a particular security executed by the committee shall be pro-rated among all banks having orders for that security outstanding with the committee, but the committee may use its discretion in determining whether orders of small amounts shall or shall not be so pro-rated; that the committee shall carry on its operations for the benefit of all banks alike and through such agencies and markets and in such manner as it may determine in its discretion to be for the best interests of the Reserve banks as a whole; and that although the committee will give its best efforts to promote its successful functioning, it will not be responsible for errors or losses resulting through its operations.

6. It was the sense of the conference that in order to permit Federal Reserve Banks to stay out of the market for any security for which the Treasury is in the market, as agreed at the last Conference of Governors, the Treasury should give to each Reserve Bank, through the Committee, notice when it is in the market for the purchase or sale of Government securities, and similar notice when its orders have been executed. The Committee shall promptly advise each Federal Reserve Bank of this notice. (See paragraph 64b of the Conference Minutes). X

7. Upon motion of Governor Morss, it was voted that all Federal Reserve Banks be requested to file with the committee copies of the estimates of expenses and earnings prepared in accordance with the vote of the Conference of Governors held in Washington May 2-4, 1922 (see paragraph 64 of the Conference Minutes); and that each

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bank also be requested to furnish to the committee a detailed statement of the amount and character of all Government securities now held in its investments.

8. It was informally understood that the Committee should have power from time to time to revise its procedure.

9. It was understood that the Committee will be expected to advise all Federal Reserve Banks currently of its operations and of any other facts concerning general market conditions which may be of advantage to them in determining their own investment policies within the scope of the recommendations made at the Conference of Governors in May, 1922. Furthermore, it was understood that, in order fully to carry out the purposes for which the committee is created, it would be expected from time to time to make recommendations or suggestions to the several Federal Reserve Banks concerning their Government security investment policy, if such recommendations or suggestions may seem to be desirable.

10. It was agreed that all communications to the committee should be addressed to the Governor of the Federal Reserve Bank of New York pending the appointment of a permanent Secretary, and that thereafter routine communications to the committee be addressed to the Secretary, and communications relative to general questions of policy to the Governor of the Federal Reserve Bank of New York.

11. Upon motion of Governor Norris, it was voted that all Federal Reserve Banks shall operate through the committee as soon as notified by the Chairman that it is prepared to function.

12. Upon motion, it was voted that the committee adjourn to meet again upon call by the Chairman.

Acting Secretary.

GLH,MSB