

FOURTH ANNUAL REPORT
OF THE
FEDERAL RESERVE
BOARD

COVERING OPERATIONS
FOR THE YEAR 1917



WASHINGTON
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ANNUAL REPORT OF THE FEDERAL RESERVE BOARD.

FEDERAL RESERVE BOARD,
Washington, January 15, 1918.

SIR: In conformity with the requirements of section 10 of the Federal Reserve Act, the fourth annual report of the operations of the Federal Reserve Board for the calendar year ended December 31, 1917, is submitted herewith.

The outstanding feature of the year has been the entry of the United States into the war. The declaration by Congress of a state of war, on April 6, had been preceded by a period of unprecedented activity and expansion in practically all lines of business and industry, tempered, however, in the minds of thoughtful men, by uncertainty and apprehension as to ultimate adjustments. The feverish conditions brought about by an unparalleled increase in business activity, changing our position from a debtor to a creditor nation, the great influx of gold into the country, and the large foreign credits negotiated here, had convinced the Board that the time had come when the Federal Reserve system should be strengthened and brought to the highest state of efficiency, in order that it might perform the most effective service in either one of two events which seemed likely to take place—the conclusion of a general peace in Europe, or the entry of the United States itself into the war. In the event of peace, a radical readjustment was to be expected, and there would have been a slowing down of those industries which were engaged in supplying war material, a consequent heavy falling off in our exports, accompanied, in all probability, by a strong demand upon us for credit and gold. On the other hand, in the case of our own belligerency, it was foreseen that there would be a greatly increased demand for all articles necessary for the equipment and maintenance of our own military and naval establishments, and much larger demands for the sale of goods and for credit to the countries associated with us in the war, for both of which large loans would be necessary. It was foreseen, in addition, that we should anticipate a cessation of gold shipments to us by the allied powers, as well as a contraction of our export trade to neutrals.

For these reasons, the Board felt that it should in either event, during this period of uncertainty, adhere strictly to its policy of

maintaining the liquid character of the assets of the Federal Reserve Banks, of discouraging any unnecessary expansion of credits, and that it should also cause the reduction to very moderate proportions of the holdings of the Federal Reserve Banks of such investments as bonds and warrants which had heretofore been made primarily for the sake of income. Early in the year, therefore, the Board began to carry out these policies and the end of March found the Federal Reserve Banks in a very strong position. Holdings of municipal warrants, which at times had been freely purchased by some of the banks, had then been reduced to a comparatively small amount.

In order better to provide for the strengthening of our banking structure, for the conservation and greater concentration of our gold supply, and for the more effective control of its outflow, the Board in January suggested some amendments to the Federal Reserve Act which were designed to make membership in the system more attractive to the State banks and trust companies, to modify reserve requirements in such a way as to increase the gold holdings of the Federal Reserve Banks and to make their gold more available as a basis for an elastic note issue. These amendments finally became law on June 21 and will be discussed more fully in other parts of this report. In anticipation of these changes and of future contingencies, the Board determined upon the preparation of a much larger supply of Federal Reserve notes. During the months of January and February it placed additional orders with the Bureau of Engraving and Printing, through the Comptroller of the Currency, for more than \$900,000,000 of notes, and arranged also that the stock of notes on hand should no longer be reduced through withdrawals for current needs, but that as drawn upon by the Federal Reserve Banks new orders in equal amount should be placed automatically. In order to insure immediate availability, ample supplies of notes were placed at the subtreasuries for delivery to the Federal Reserve agents as required. The precautions taken have been justified by events, as there developed a strong demand for Federal Reserve notes throughout the year.

When a state of war was declared on April 6, the reserve position of the Federal Reserve Banks was strong, and gold in the Federal Reserve Banks and with Federal Reserve agents amounted to \$943,552,000, the combined reserve against deposits and notes averaging 84.7 per cent.

FEDERAL RESERVE BANKS AS FISCAL AGENTS OF THE UNITED STATES.

The entry of the country into war resulted almost immediately in the assignment to the Federal Reserve Banks of a new and important fiscal agency function. Under authority of section 15 of the Federal Reserve

Act the banks when required by the Secretary of the Treasury shall act as fiscal agents of the United States. The Federal Reserve Banks were charged by the Secretary of the Treasury with the duty of placing issues of short-time Treasury certificates and redeeming them at maturity. During the latter part of April the Secretary of the Treasury made public the details of the first bond issue, known as the Liberty Loan of 1917, and at the same time announced that each Federal Reserve Bank would be constituted a central agency in its district for the organization of a bond campaign, for receiving subscriptions and payments, making deliveries, and managing the necessary details. These new duties have brought the banks into more intimate contact, both with the Treasury Department and with the banks of their districts, and have also increased their operating problems. It has been necessary for them to add to their working space and to more than double their clerical staffs. They have rendered especially valuable service in the prompt flotation of the various issues of Treasury certificates of indebtedness which, running for short periods only, in anticipation of receipts from the long-term bonds, were placed with banks to a greater extent than with the investing public.

The initial offering of \$50,000,000 of Treasury certificates, in anticipation of income-tax receipts accruing on June 30, was made before rates for money had advanced and before plans could be perfected for the subsequent larger operations. Accordingly, at the request of the Secretary of the Treasury, the Federal Reserve Banks themselves subscribed for the entire issue, at the rate of 2 per cent per annum. This constituted their first direct service to the Government in its war financing. This issue, however, was only a beginning. It was followed by an offering of \$250,000,000, at 3 per cent, on April 25, which was quickly distributed by the Federal Reserve Banks among the member and nonmember banks of their respective districts. Since then these issues have been repeated on eleven subsequent occasions, four having been made in anticipation of the first Liberty loan of \$2,000,000,000, which was closed on June 15, while six were anticipatory of the second Liberty loan, subscriptions to which closed on October 27. A later issue of approximately \$700,000,000, in anticipation of taxes due next June, has a longer time to run than the others and was intended primarily for the convenience of those who will have taxes to pay on account of incomes and excess profits. Subscriptions were opened during the last days of December by the Federal Reserve Banks for a new offering of the same character.

While the two classes of certificates appeal to banks and investors in varying degree, they serve similar purposes. The short-time certificates offered in anticipation of Liberty loan issues have in view the important object of enabling prospective investors. banks or

individuals, to anticipate their payments on account of their Liberty loan subscriptions. The Government in this manner absorbs accumulated savings as they become available and has thus been enabled to dispose of nearly \$6,000,000,000 of long-term bonds without creating at any time disturbance of the money market. In like manner the certificates issued in anticipation of taxes will serve the purpose of avoiding stringency conditions during the second half of June, when it is expected that over \$2,000,000,000 of internal-revenue taxes will be paid. By placing these certificates of indebtedness with taxpayers, corporations, or individuals as they become prepared to set aside the amount of their tax liability, payments to the Government are distributed over several months, and approximately \$1,000,000,000 of tax payments have thus been anticipated up to this time, and it may be expected, therefore, as was the case with the Liberty loan payments, that the entire payment on account of taxes due in June will be made without affecting the money market adversely.

In his annual report to Congress the Secretary of the Treasury made acknowledgment of the services rendered by the Federal Reserve Banks as fiscal agents as follows:

The Federal Reserve system has been of incalculable value during this period of war financing on the most extensive scale ever undertaken by any nation in the history of the world. It would have been impossible to carry through these unprecedented financing operations under our old banking system. The effective machinery afforded by the Federal Reserve Banks has permitted the Government to execute its plans without a tremor of disturbance. Great credit is due the 12 Federal Reserve Banks for their broad grasp of the situation and their intelligent and comprehensive cooperation.

The Federal Reserve Banks have from the first met with a prompt and hearty response from the member and nonmember banks in their respective districts, both in the flotation of Treasury certificates and of the Liberty bonds. The Federal Reserve Banks have co-operated with the Treasury in every possible way to avoid and relieve pressure upon the money market. Under the direction of the Treasury, and for its account, they have redeposited funds with subscribing banks and have permitted payments by credit on account of subscriptions due, passing upon and receiving for the Treasury the securities given as collateral for these deposits and deferred payments.

Funds accumulating with the Federal Reserve Banks for account of the Treasury have been returned to the market with as little delay as possible, whether funds were disbursed in settlement of purchases made by the United States or deposited with banks acting as agents for foreign Governments associated with us in the war; or whether they were redeposited with subscribing banks in order to remain

available for the usual requirements of trade and commerce. So effectively and speedily have these funds been returned to the money market in the manner above described, that the average balances maintained by the Treasury with the Federal Reserve Banks, considering the volume of business transacted, have been low, the average of balances shown in the Board's weekly statements since April 6 being \$145,268,000 for the whole system.

Notwithstanding the facility with which the transactions have been conducted, it is obvious that the shifting of several billion dollars can not be effected without creating temporary demands for funds in various places, and wherever these have arisen an adequate measure of relief has been readily afforded by the Federal Reserve Banks through open-market transactions or by means of rediscounts for member banks.

DISCOUNT POLICY.

Upon the Federal Reserve Board has fallen the responsibility of directing the policies of the system so as to insure prompt accommodation to banks whose customers required assistance either in providing for commercial demands caused by increased business activities, or in making their payments for bonds, as well as to banks which bought bonds for their own account. It was important that there be no disturbance in the money market and that interest rates should be normal and as free as possible from fluctuation. The Board accordingly, before the subscriptions to the first Liberty bond issue were closed, and in anticipation of the amendments which became law on June 21, established a preferential rate of discount for notes of member banks secured by Government obligations, whether certificates or bonds. As a further means of relief, the Board authorized Federal Reserve Banks to discount for nonmember banks, upon the indorsement of a member bank, notes secured by Government obligations, whether made by the nonmember banks themselves or by their customers, when the proceeds had been or were to be used for carrying Treasury certificates or United States bonds. These measures involved modifications in discount schedules and rates, which may be enumerated as follows:

(1) The establishment of a rate of 3 per cent per annum for the discount at Federal Reserve Banks of notes of member banks running not longer than 15 days secured by Treasury certificates of indebtedness, which certificates had been issued at rates varying from 3 to $3\frac{1}{4}$ per cent per annum.

(2) The establishment of a rate of discount at Federal Reserve Banks of $3\frac{1}{2}$ per cent per annum for customers' notes running up to 90 days, secured by Government obligations and indorsed by mem-

ber banks, when such notes had been made for the purpose of obtaining funds for the purchase of Government obligations.

(3) The authorization of Federal Reserve Banks to discount for member banks, on behalf of nonmember banks, notes of nonmember banks or their customers, secured by Government obligations, for the purpose of obtaining funds with which to purchase United States bonds or notes.

(4) The establishment of a one-day rate of from 2 to 4 per cent at New York for the purpose of restoring to the market, funds temporarily withdrawn through Government loan operations.

In addition, a general assurance was given savings banks and trust companies that the Board desired in every way to cooperate with them in avoiding stringency and that the Federal Reserve Banks were prepared to extend through member banks every reasonable accommodation not inconsistent with law for the purpose of relieving any strain which might result from withdrawals of deposits for purchases of Government securities.

The rediscount policy of the Board, which was intended to assist those desiring to subscribe for the first Liberty loan by assuring banking accommodation pending the payment in full of their subscriptions, was amply justified by results. As nearly as can be ascertained, scarcely more than \$300,000,000 of the loan was actually subscribed by banks for their own account, and of this amount a very large part was quickly transferred to private investors who had not originally subscribed for or been allotted all the bonds they desired to obtain.

The amount of rediscounts at Federal Reserve Banks of notes secured by Government obligations reached its maximum of \$83,185,000 on June 22, one week after the closing of subscriptions for the loan, but these notes were paid off so rapidly that the total of such rediscounts had on August 17 fallen to \$11,051,000. Reports from all sections of the country indicate that only a comparatively small percentage of the first issue of Liberty bonds is now being carried upon a long-term installment basis, and that as a rule both banks and private investors were able, within a few weeks, to pay for the securities which they agreed to take.

EFFECT OF ADDITIONAL LOANS.

The services rendered by the Federal Reserve Banks during the second Liberty loan campaign, which began on October 1 and ended on October 27, were even more marked than in the first instance. The experience which had been gained on the former occasion, the fact that more time had been afforded for efficient organization, a better understanding by the people of the merits of Government bonds as an investment, and a general awakening of a sense of patri-

otic duty all combined to bring about the vigorous cooperation of the public generally. The arrangements previously made to accommodate the banks and their customers who desired to subscribe to Government bonds remained effective, and there were no changes in discount rates, notwithstanding the advance of one-half of 1 per cent in the rate of interest carried by the bonds themselves, until the close of November and the middle of December, when general advances of from $\frac{1}{2}$ to 1 per cent in rates of Federal Reserve Banks were made.

The fact that the second loan, as offered to the public, was 50 per cent greater than the first, while actual subscriptions received were in an even greater proportion, naturally increased very substantially the operations of the Federal Reserve Banks in discounting paper secured by Government obligations. The total of such paper discounted at the Federal Reserve Banks reached a maximum on November 30, when the aggregate amount of notes under discount secured by Government obligations was \$499,265,000. On December 28 the total amount of discounts of this character had been reduced to \$283,421,000, but the greater part of this reduction was due to the payment of maturing Treasury certificates, and there is as yet nothing to indicate that transfers of bonds to investors have been made to so great an extent as was the case with the first Liberty loan.

Experience during the year with these operations and an analysis of the consequent changes in the banking situation demonstrate how greatly the entry of the United States into the war has increased the responsibility of the Federal Reserve system in its relations to the Treasury and to the public. Not only have new duties devolved upon the Federal Reserve system, but it has been made more directly responsible for the banking situation as a whole. The Federal Reserve Board is not responsible for the financial policy of the Government, except in so far as the Secretary of the Treasury may choose to call upon its members for service in an advisory capacity. The Board, however, is charged by law with the exercise of a general supervision over the Federal Reserve Banks, both as to their ordinary business and with respect to their functions as fiscal agents of the Government. In the latter capacity they are undertaking grave duties and responsibilities, and their activities are of such scope that any administrative mistakes or errors of judgment might entail serious consequences. This responsibility is fully appreciated by the Board, which, while it has been actuated by a desire to do all in its power to give the country every advantage accruing from the financial resources of the Federal Reserve system, has constantly realized that its primary duty is to maintain the system in the strongest possible position.

The discount policy of the Board has accordingly been governed by these two considerations. It was necessary, in order to facilitate the operations of the Treasury, that discount rates at the Federal Reserve Banks be maintained on a basis in harmony with the low interest rates borne by the Government loans during the period from the beginning of war down to the completion of the second Liberty loan. It was fortunate that this policy could be carried out without infringing too greatly upon the resources of the Federal Reserve Banks, for it is obvious that any advance in rates paid by the Government on its obligations was necessarily gradual, moving up from 3 per cent, the rate paid on the certificates issued in May, to $3\frac{1}{2}$ per cent and later to 4 per cent, the rate carried by the second Liberty loan issue. A more gradual advance might have endangered the success of the financial operations of the Treasury, while a more rapid movement might have brought about a convulsion in the securities market.

As the rates on Government issues advanced it became feasible for the Federal Reserve Banks to raise their rates. These rates were advanced after the banks had responded fully to all calls made upon them during the period when the first and second installments were being paid in on account of subscriptions to the second Liberty loan. It is obvious, however, that it must now be the serious concern of the Board to strengthen the reserves of the Federal Reserve Banks by having them reduce their investments before the opening of the next Liberty loan campaign.

WAR-TIME BANKING.

Since the beginning of the war, and more especially since the entry of this country into the war, deposits in banks have increased enormously, but it should be remembered that loans and discounts and investments have increased in an even greater degree. The country's gold holdings in three years have increased more than a billion dollars and are now larger than those of any other country, but at the same time the percentage of gold reserve against deposits has decreased. These conditions are not unusual in times of war, and to a certain extent they can not be prevented, but the banks of the country should make it their business to keep these tendencies under control and to prevent too rapid an expansion of credits as far as possible without placing in jeopardy the supreme object of our national effort—the winning of the war. We should realize that in the accomplishment of this purpose the conservation of our economic and financial strength is just as important as the augmentation of our military power, and that upon this conservation our military strength depends. There must be a conservation of credit as well as of goods, and credit, generally speaking, should not be used except where it is required for the common welfare, as in planting

crops, the manufacture of necessary articles, the extension of transportation facilities, or in such construction work as may be essential in bringing about increased production. Limitation in ordinary lines of credit is necessary to make room for the credits required by the Government for the purchase of supplies essential for war purposes.

It must be expected that the war activities of the Government will bring about a further expansion of deposits and loans in banks, and in order to keep our credit structure strong it is necessary that the banks should exert their influence and lend their energies to a more general absorption of Government loans by savings, and to limitation of private credits wherever practicable without causing hardship. We must look to the future and prepare unceasingly for further demands which may be made upon us. The products of the fields, the forests, the mines, and the manufacturing establishments of the country are not, generally speaking, in the nature of luxuries. They can, as a rule, be classed as necessities, and with the outlook ahead of us there seems to be no possibility of overproduction. It seems, therefore, that the banks of the country, from the standpoint of good business as well as from patriotism, should lend their funds and credits freely to those engaged in these productive enterprises, and their power to serve the country in this way will be increased by the curtailment of unnecessary credits and by the adoption by the people generally of a policy of common sense practical economy.

NEED OF COOPERATION.

The Federal Reserve act as amended last June provides that State banks admitted to membership may retain substantially all of their statutory and charter powers. Thus State-bank members are governed by their own State laws and remain under the supervision of their State banking departments. Their interest rates and the limitations upon their loans are determined entirely by State law. There are hundreds of good banks throughout the country not yet members, but which are eligible for membership, and it seems proper to refer here to a statement issued by the President of the United States on October 13 last in which he called attention to the fact that "the extent to which our country can withstand the financial strains for which we must be prepared will depend very largely upon the strength and staying power of the Federal Reserve banks," and in which he urged the importance of developing our banking power to the maximum degree and of providing financial machinery adequate for the very great financial requirements imposed upon our country by reason of the war. He pointed out that all banks should cooperate in strengthening the position of the Federal Reserve system, thereby strengthening the Nation's banking power, and urged upon every bank officer and director to consider the question of membership in the Federal Reserve system as a "solemn obligation."

Since the date of the President's statement the banking departments of nearly all of the States have expressed approval of membership in the Federal Reserve system on the part of the banks under their supervision, and the response of the banks has been most gratifying. However, the legal requirements in a number of States prohibit or militate against the cooperation of State banks and trust companies with the Federal Reserve system, making it impossible or impracticable for them to become members or to exchange their gold for Federal Reserve notes. The Board would suggest to the banks in these States that efforts be made to obtain such legislative action as may be necessary to enable them to cooperate with the system.

DISCOUNT RATES.

The discount rates of the Federal Reserve Banks have an important bearing upon the problems of Government financing and upon the condition of the banks of the country as a whole. Since the first adjustment of discount rates, effective shortly after the organization of the Federal Reserve Banks, changes have been comparatively infrequent and have been discussed in previous reports. At the beginning of the year 1917 money was in abundant supply and discount rates were low. The expectation of some that the entry of the United States into the war would cause an abrupt advance in rates was not realized. While market rates have advanced substantially, the process has been gradual, and there were no changes made in the rates of Federal Reserve Banks until the flotation of the first Liberty Loan was well under way. Then, in order to facilitate the disposal of the bonds, the Board indicated to the Federal Reserve Banks that it would be desirable to establish preferential rates in favor of notes secured by Government obligations. In the case of such paper, as with ordinary commercial paper, a distinction was made between short maturities and those running for a longer period. Accordingly, notes of member banks running not longer than 15 days and secured by Government obligations, were in general put upon a 3 per cent basis, while 90-day paper, secured in the same way, was given a rate of $3\frac{1}{2}$ per cent, which rates were about one-half of 1 per cent below the rates fixed for ordinary commercial paper of the same maturities.

Because of the generous cooperation of many banks throughout the country in making advances to purchasers of Government bonds at the same rate of interest as that carried by the securities, these bond purchasers have had the full advantage of the facilities afforded by Federal Reserve Banks in the rediscount of their notes. A firmer tendency became apparent during the summer at some of the financial centers, and the 4 per cent rate borne by the second Liberty Loan

(one-half per cent more than the first) suggested the desirability of a general advance of one-half of 1 per cent in Federal Reserve discount rates. As already stated, this advance has been made, but the differential in favor of paper secured by Government obligations is still maintained. The discount schedules have been consolidated and simplified by reducing the number of separate classifications.

In connection with the revision of rates, it was deemed proper to merge with the ordinary commercial rates the special rate which was made in the summer of 1915 for paper secured by warehouse receipts for staple and readily marketable products of a nonperishable character, known as commodity paper. The continuance of this rate, which had been made originally for the purpose of assisting the orderly marketing of crops in order to avoid speculation and violent fluctuations, had become unnecessary because of the great advance in the price of agricultural products, and because of the policy of price control adopted by the Government. Changed conditions made it desirable that these products should move steadily to market, and it seemed best in the circumstances not to encourage their unnecessary holding by producers or middle men. Complete tables showing these changes in discount rates, are appended to this report.

EFFECT OF THE AMENDMENTS OF JUNE 21.

The amendments to the Federal Reserve Act which became law on June 21 last, were most opportune, as they added greatly to the ability of the Federal Reserve system to assist in meeting the financial requirements of the Government, and to exercise a controlling influence in the money market, just at a time when much larger demands were being made upon it because of war financing. The amendments are substantially those recommended by the Board in its last annual report, and have brought about greatly increased holdings of gold in the Federal Reserve Banks, and more active co-operation on the part of State banks and trust companies, many of which, attracted by the more favorable conditions of membership, have now allied themselves with the system.

The process of issuing notes has been simplified by permitting their issuance against both gold alone and gold and eligible paper as security—the gold thus acquired being permitted to be counted as a part of the required gold reserve against notes. The effective gold holdings of the Federal Reserve Banks have thus been greatly augmented and their discount power commensurately increased, while the capacity of the system to adapt its operations more closely to the changing requirements of the public has been greatly enlarged.

As a result of these changes the Federal Reserve note will more speedily attain the position originally intended for it; from being an occasional emergency currency used to supplement deficiencies in

the supply of other existing forms of currency, it is becoming the most important constituent of our circulating medium responding promptly and naturally to currency requirements from whatever source proceeding, thus promising to give to our whole currency a kind and degree of elasticity it has never before possessed. When issued against gold the Federal Reserve note virtually functions as a gold certificate, taking the place in the circulating medium of the amount of gold for which it was exchanged. When issued against commercial paper it has more of the character of bank credit currency. In times when trade is active and the country needs increased currency the Federal Reserve note will be issued in increasing degree against commercial paper as collateral. In times of slackening demand for currency, commercial paper will be withdrawn and gold deposited in its place to provide for the redemption of notes which have been issued to the member banks. While giving greater flexibility to the Federal Reserve note, the recent amendments have not changed its security, for, as provided in the original act, the Federal Reserve note remains covered by an equivalent value in gold, or gold plus commercial paper held in trust for the public by the Federal Reserve agent as the representative of the Government.

Amendments to the act have also changed the former reserve requirements for member banks by fixing them at 13 per cent, 10 per cent, and 7 per cent for central reserve city, reserve city, and country banks, respectively, and have, at the same time, strengthened the position of the Federal Reserve Banks themselves by requiring the maintenance with them of the member banks' entire reserves in collected funds, the amount and character of vault cash to be carried by a member bank being left to its discretion, as determined by actual needs. This change, together with the complete transfer of reserves prior to the expiration of the time limit set by the original act, involved the transfer of a large amount of actual money to the Federal Reserve Banks. The termination of the period when funds deposited with banks in reserve cities might be counted as reserve for country banks would not, for reasons explained in the Board's last annual report, have made necessary any material transfer in cash, but the new reserve requirements led to the shifting of about \$250,000,000 and a corresponding increase in the cash holdings of Federal Reserve Banks.

Another amendment included in the act of June 21 permits non-member banks to open, for exchange or collection purposes, accounts with Federal Reserve Banks, thereby availing themselves of the facilities of the check clearing and collection system. This change, at the outset, increased still further the cash holdings of the Federal Reserve Banks, as several large nonmember institutions opened accounts of this kind with Federal Reserve Banks. Most of these

institutions have since become members of the system, so that the balances now carried by nonmember banks are relatively small, amounting on December 31 to \$16,480,000. The gain in actual cash by Federal Reserve Banks, following the amendments, may be best demonstrated by a comparison of their condition on June 1 (three weeks before the amendments were adopted), with their condition on August 3. On the earlier date the gold and lawful money held by Federal Reserve Banks and by Federal Reserve agents amounted to \$933,427,000, while on the latter date the total was \$1,421,382,000, and for the same period the free gold—that is, the surplus over required reserves—increased \$300,000,000.

MEMBERSHIP OF STATE BANKS.

Second only in importance to the change in the reserve and note issue provisions of the law must be reckoned the amendment to section 9, under which State banks and trust companies may become members of the Federal Reserve system and retain at the same time their full charter and statutory privileges. The law as originally enacted gave the Federal Reserve Board discretionary powers as to the conditions under which State banks and trust companies might become members of the Federal Reserve system. In formulating regulations for the admission of State institutions the Board had to choose between two policies. It could stipulate that State banks in becoming members should conform to the requirements made upon national banks, or else it could admit them upon conditions which would leave them undisturbed in the free exercise of their charter rights and privileges as far as might be consistent with conservative banking. The Board chose to adopt a liberal policy in dealing with the State banks and trust companies, while committing itself to the principle that greater powers should be given national banks in order that there might be, as far as practicable, a basis of equality between all member banks. The Board accordingly issued regulations which were liberal in their terms, both as to the admission of State banks as members and as to their rights to withdraw at their discretion. But there had always been a question in the minds of many as to the permanence of these regulations in the absence of definite statutory guaranties. The action of Congress in confirming what the Board had attempted to accomplish by regulation has given State banking institutions firm assurance that they may continue to carry on their lawful banking business in substantially the same way as they have heretofore done, without fear of future changes in methods prescribed, and it has given them in addition the definite right to withdraw from the system upon six months' notice, subject to conditions which they regard as reasonable.

The inducement to the State banks to become members of the system thus held out by the amendment to section 9 of the act was

further strengthened by an opinion of the Attorney General of the United States rendered on September 10, in which he expressed the view that this amendment, in reserving to the State banks as members their full statutory and charter powers, released them from the restrictions of section 8 of the Clayton Act, as to interlocking directors, to which they had been previously held to be subject, in common with the national banks. Just at a time when the principal obstacles which had previously stood in the way of the enlargement of the system by State bank membership were thus overcome by statute and by authoritative legal interpretation, an additional incentive was given the State banks and trust companies to apply for membership in the system by reason of the rapid development of the Government's requirements in war financing, the patriotic desire to assist in meeting and supplying these needs, and an appreciation of the added safety to themselves resulting from membership. Compelling reasons for membership in the system from a patriotic standpoint were brought to the attention of all the banks in a strong statement by the President on October 13, to which reference has already been made. Under all these influences many of the strongest State banks and trust companies in the United States have filed their applications and have been admitted to membership. At the time of the passage of the amendatory act 53 State banks and trust companies were members of the system, but on December 31 membership had been increased to 250. The aggregate capital and surplus of the member State banks and trust companies was on that date \$525,205,530 and aggregate resources of about \$5,000,000,000, as compared with \$78,491,165, and \$825,000,000 on June 21. It is estimated that the membership of the Federal Reserve system represents at this time about 75 per cent of the total commercial banking assets of the country. Thus it is evident that substantial progress has been made toward the complete unification of our banking system.

A table showing the titles, dates of admission, capital and surplus, and aggregate resources of State bank members appears in the appendix.

CREDIT EXPANSION.

Great as is the admitted power of the Federal Reserve system, equipped with its new resources and supported by the greater part of the banking reserve of the country, there are, nevertheless, limits to its capacity. During the past year there have been, very naturally, some expressions of anxiety on the part of the financial community as to expansion of credits. The Board has fully recognized the dangers of overexpansion and has endeavored in every way not hurtful to war financing to prevent such a condition. The question as to how far expansion may drift toward the danger point, despite concentration and careful use of our banking resources, should be

carefully considered in the development of a sound policy for the future. The following tabulation of combined statements of the 12 Federal Reserve Banks shows the changes in the reserve position of the Federal Reserve system during the year, the figures being as of December 30, 1916, March 30, June 29, August 3, November 2, and December 28, 1917, the four dates last named reflecting the changes directly attributable to the flotation of the Liberty loans:

Combined resources and liabilities of the Federal Reserve system.

[000 omitted.]

	Dec. 30, 1916.	Mar. 30, 1917.	June 29, 1917.	Aug. 3, 1917.	Nov. 2, 1917.	Dec. 28, 1917.
A.—RESOURCES.						
Gold coin and certificates in vault.....	\$283,091	\$374,903	\$484,264	\$399,785	\$501,311	\$499,917
Settlement fund.....	170,470	200,061	345,845	438,153	378,514	317,520
Gold with foreign agencies.....	.....	.....	52,362	52,500	52,500	52,500
Total gold held by banks.....	453,561	574,964	882,471	890,438	932,325	869,937
Gold with Federal Reserve agents.....	282,522	360,668	402,693	467,845	602,433	781,851
Gold-redemption fund.....	1,703	2,414	9,402	9,390	11,317	19,345
Total gold reserves.....	737,786	938,046	1,294,566	1,367,673	1,546,075	1,671,131
Legal tender notes, silver, etc.....	19,325	9,282	39,840	53,709	50,744	49,635
Total reserves.....	757,111	947,328	1,334,406	1,421,382	1,596,819	1,720,768
Bills discounted—members and Federal Reserve banks.....	28,552	20,106	197,242	130,948	503,965	680,706
Bills bought in open market.....	128,956	84,473	202,270	174,183	186,012	275,366
Total bills on hand.....	157,508	104,579	399,512	305,131	689,977	956,072
United States Government long-time securities.....	44,247	29,275	36,426	42,422	53,851	48,350
United States Government short-time securities.....	11,167	18,425	34,302	25,464	45,211	58,883
Municipal warrants.....	8,974	15,715	2,446	1,249	1,267	1,005
Loans on gold coin and bullion.....	.....	.....	21,850	.....	.....	.....
Total earning assets.....	221,896	167,994	494,536	374,266	790,306	1,064,310
Due from other Federal Reserve Banks, net.....	44,543	2,275	1,448	4,746	14,383	11,976
Uncollected items.....	.....	132,759	221,705	197,058	317,901	301,067
Total deductions from gross deposits, Redemption fund against Federal Reserve bank notes.....	44,543	135,034	223,153	201,804	332,284	313,043
Other resources.....	400	400	500	500	537	537
.....	6,544	5,393	799	492	1,588	2,813
Total resources.....	1,030,494	1,256,149	2,053,394	1,998,444	2,721,534	3,101,471
B.—LIABILITIES.						
Capital paid in.....	55,694	56,075	57,176	57,881	64,291	70,442
Government deposits.....	27,662	20,567	300,966	56,765	175,912	108,213
Due to members—reserve account.....	.....	720,411	1,033,460	1,192,887	1,372,023	1,453,166
Member bank deposits, net.....	671,793	.....	.....	.....	.....	.....
Collection items.....	.....	100,961	149,527	132,053	191,811	191,689
All other deposits, including foreign government credits.....	.....	.....	1,000	14,269	25,310	17,965
Total gross deposits.....	699,455	841,939	1,484,953	1,395,974	1,765,056	1,771,037
Net deposits.....	654,912	706,905	1,261,800	1,194,170	1,432,772	1,457,994
Federal Reserve notes in actual circulation.....	274,796	357,610	508,807	540,785	881,001	1,246,488
Federal Reserve Bank notes in circulation, net liability.....	.....	.....	934	2,828	8,000	8,000
All other liabilities.....	549	525	1,524	976	3,186	5,504
Total liabilities.....	1,030,494	1,256,149	2,053,394	1,998,444	2,721,534	3,101,471
Ratio of gold reserves to net deposit and Federal Reserve note liabilities combined.....	79.4	88.1	73.2	78.9	66.8	61.8
Ratio of total reserves to net deposit and Federal Reserve note liabilities combined.....	81.4	89.0	75.4	81.9	69.0	63.6

From the foregoing it will be noted that the increase in the total invested funds grouped as bills discounted and bought, during the months intervening between the beginning and the close of the year 1917, is about \$798,564,000. Of this sum, \$515,143,000 is represented by purchase or discount of commercial paper, the remaining \$283,421,000 representing the discount by the banks of paper secured by Government obligations, for the purpose of enabling buyers of bonds and certificates to carry them during the period necessary for the liquidation of their own obligations thus incurred. The reduction in the reserve percentages of the Federal Reserve Banks against notes and deposits was most marked during the periods between March 30 and June 29 and between August 3 and November 2. During the month of July there was a notable strengthening of the reserve position, but a similar recovery subsequent to the closing of the second Liberty loan had not taken place up to December 31.

Taking the year as a whole, it will be noted that, although there has been a great increase in the total assets of the system, there has been a reduction of gold and lawful money reserves from 81.4 per cent at the beginning, to 63.6 per cent at the end of the year, but it should not be overlooked that the figures for December 28, 1917, represent the condition existing at a time when the process of distributing the second Liberty loan was still uncompleted. The question whether the final absorption by the ultimate investor of the second Liberty loan and the resulting financial adjustments would bring about as favorable a situation as that which existed at the closing of the first loan, is still an open one, but indications are that there will be a larger amount of bonds left in the hands of the banks and that a correspondingly greater volume of discounts secured by Government obligations may remain with the Federal Reserve Banks than was the case at the close of the first Liberty loan. The existing condition is susceptible of improvement and will be improved as the public performs its duty of absorbing the Government loans out of savings. The position of the banks with respect to credit expansion is indicated by the condensed statement of the deposits, loans, discounts, and investments of the national banks as reported to the Comptroller of the Currency on November 20, 1917, as compared with corresponding figures on December 31, 1914; November 10, 1915, and November 17, 1916.

[In thousands of dollars; 000 omitted.]

	Dec. 31, 1914.	Nov. 10, 1915.	Nov. 17, 1916.	Nov. 20, 1917.
Deposits, net, on which reserve is computed.	6,668,325	8,256,662	9,976,980	10,348,800
Loans and discounts, including overdrafts.	6,363,435	7,241,140	8,355,101	9,550,571
United States bonds.	791,995	777,765	724,473	\$2,354,183
Other stocks, bonds, and securities ¹ .	1,313,787	1,343,822	1,747,794	1,949,619

¹ Exclusive of Federal Reserve Bank stock.

² Includes United States certificates of indebtedness and payments on account of subscriptions for Liberty loan bonds.

It is proper to point out that while, during the year 1917, there has been a lessening of the fluidity and immediate availability of the country's banking resources, the change is not surprising when there is considered the extent of the requirements which have been made upon our banking system. It is evident also, from an analysis of the figures, that the decrease in reserve strength is attributable only in a minor degree to normal commercial discounts and that it is mainly the result of Government financing and the consequent demands upon our resources.

What effect the credit expansion which has taken place in the United States during the past year and the years preceding—since the beginning of the European war—may have exerted on prices should not pass unnoted. Wholesale prices are estimated by the Bureau of Labor Statistics to have advanced during the year 1917 by about 24 per cent, which may be compared with an estimated advance of 47 per cent from July, 1914, to December 31, 1916. Retail prices of principal articles of food are shown by the same office to have risen 23 per cent between July 15, 1914, and December 15, 1916, and 24 per cent between the latter date and December 15, 1917. The fact that there has been a rise of the general price level is incontestable. Indeed, it has recently become the subject of general observation and comment. There is, however, difference of opinion as to the precise degree of influence to be attributed to the several factors which have produced the result. The entire world is passing through a period of profound economic disturbance. In many of the richest producing countries a large part of the able-bodied population has been withdrawn from productive employment for service in the Army. Industry has suffered much dislocation and disorganization. Overseas trade has been suspended or interrupted. There has been much destruction of industrial capital and an enormous consumption of products by the armies. Inevitably, such a condition, involving either an absolute or relative shortage of many primary materials and necessities, must have advanced values and prices to a very appreciable extent, even had there been no considerable change in the volume of credit and currency.

In thus stating the influence upon prices of unprecedented industrial conditions the Board would not, however, convey the impression that it does not appreciate to its full importance the effect on recent price movements of the rapid and abnormal growth of the volume of credit created by all the warring nations. Indeed, so alive is the Board to the dangers that attend this phenomenon that it regards it as one of its most important duties to prevent, as far as practicable, expansion of banking credit from running an uncontrolled course.

Banking expansion, it may be admitted, is an unavoidable incident of war finance, but every effort should nevertheless be made to counteract it as far as possible by limiting banking credit not clearly needed for the purpose of producing or carrying goods necessary for the life of a Nation at war. Goods and credit must be saved to the utmost of our ability in order to check the upward movement of prices and in order to free for the use of the Government the goods and savings required for the winning of the war.

To encourage and to foster necessary business and to discourage and curtail unnecessary business must be our national endeavor, and will require the intelligent and zealous cooperation of the banking community. The problem of exercising an effective and proper control over credit involved in the public offering of securities does not present great difficulty. An effective and proper control over individual credits no doubt offers greater, though not insurmountable, difficulties. How to accomplish these results without bringing about unnecessary hardship or acute disturbance or injustice is a matter that will receive the close study and attention of the Federal Reserve Board.

PRIVATE AND CORPORATE FINANCING.

A feature of the banking and financial situation which has been developing during the past year, and to which the attention of the Board has been frequently directed, is the position of firms and private corporations having short-term obligations maturing in the near future, and which have been accustomed to procure accommodations upon terms not now obtainable. The action of the President in taking control of the railroads and the plans outlined by him for maintaining their revenues and their credit have disposed for the present of a most serious financial problem, but there remains to be considered the question of meeting the requirements of many corporations heretofore accustomed to appeal to the securities market for the purpose of providing themselves with necessary capital. The effect of the Government's borrowing on a very large scale has been to withdraw from the market a large proportion of the funds normally available for other short term or long term loans.

The adverse influence thus exerted upon the loan and investment market is necessarily incidental to heavy Government operations of this kind. The resulting situation is more or less disturbing to all who have been accustomed to resort to banks for loans on collateral, but it is particularly distressing to the larger borrowers who rely upon the securities market. The situation has been further complicated by the continuous return of our securities from Europe, and by a comparatively large volume of obligations of foreign Governments carried by member and nonmember banks, resulting in a dimi-

nution of their percentage of liquid assets. These conditions are reflected in the requests which the Board has for some time past been receiving from many quarters that the rediscount privilege be extended to paper of a character and form which had never been regarded as eligible. Perhaps the most urgent appeal of this kind has been that the Board permit Federal Reserve Banks to discount notes which have been placed upon the market under an agreement between the borrowers and their bankers, providing for a considerable number of successive renewals, the advances having been made to the borrowers for a definite term of years. Had the Board permitted such paper to be rediscounted, Federal Reserve Banks would in a short time have been burdened with paper which the makers did not expect to liquidate at maturity. The discount of paper based upon such an agreement for repeated renewals is not consistent with the underlying principles of the Federal Reserve Act, and the Board had no hesitation in stating that it did not regard paper subject to such agreements as a proper investment for Federal Reserve Banks. The Board's attitude does not imply any question of the legitimacy of the purpose for which the funds were desired, or of the inherent soundness of the paper itself, but rather that such transactions are not of a kind which Federal Reserve Banks ought to facilitate, as they should never overlook their obligation to preserve the genuine and liquid character of their assets.

Other propositions of a somewhat similar character were submitted to the Board for consideration, and their significance is that there is pressure on the part of commercial and manufacturing enterprises to gain access to the rediscount facilities of the Federal Reserve Banks and use the system to supply funds which, properly or in normal circumstances, should be provided by the securities market. The policy of the Board, however, has invariably been to interpret and apply the law in accordance with its manifest intent and underlying principles, with the end in view always of safeguarding and maintaining the liquid character of the assets of the Federal Reserve Banks. This duty, always present, has become imperative because of the fact that the entire reserves of the member banks, so far as based upon legal requirements, are now, by the act of June 21, 1917, carried on the books of the Federal Reserve Banks. Upon these banks and upon the Federal Reserve Board, therefore, falls the responsibility for the maintenance of a liquid condition, and upon them will justly fall censure for any unauthorized use of these reserve funds which are held under a trusteeship of the highest character.

Therefore, in no circumstances, can the Board admit the eligibility of paper, by whomsoever made, which in its essential character fails to conform to sound banking principles and to the provisions

of the Federal Reserve Act. In making this statement of its attitude, however, the Board does not ignore or overlook the very serious problems which now confront private enterprises in providing for their financial requirements both as to new money and maturing obligations.

Reference has already been made to the position of the savings banks and investment institutions in general. Undoubtedly some effective measure, not so much of actual relief as of organization to afford relief if required, is desirable, and if made available will be of great benefit to the banking situation.

The resulting problem is one which does not come within the scope of the Federal Reserve system, but it is nevertheless one to which the Board can not be indifferent, because, until some satisfactory solution is found, it will be under pressure to sanction practices and to make rulings designed to open the resources of the system to uses manifestly foreign to the intent of the act. The Board therefore respectfully suggests early consideration by Congress of the problem of corporate financing in the belief that no satisfactory solution will be found that does not involve some degree of governmental intervention. The Board is of the opinion that some plan for governmental intervention or aid can be worked out which would meet the requirements of the situation satisfactorily.

CONSERVATION OF GOLD.

As a result of the entry of the country into the war and of the large credits given the allied Governments there was an almost complete cessation of the movement of gold to this country which had been continuous since the early months of the year 1915. In fact, the movement had begun to slacken as early as November, 1916. Foreign Governments had found it convenient to liquidate their obligations due in other countries by purchasing remittances in our own markets, frequently against credits opened by our banks or by our Government. The aggregate trade balance has continued in favor of this country, even though balances are against it in some cases. During the second quarter of the year there developed a strong tendency to withdraw gold by those neutrals whose supplies of raw materials had been drawn upon by our own Government and by other Governments associated with us in the war, and during the months of June, July, and August, our net loss of gold amounted to about \$100,000,000. The movement of gold having already been restricted in all of the belligerent countries, demands for it in settling international accounts, in adjusting exchange rates, and in strengthening reserves, were naturally made in our own markets.

As the movement began to assume larger proportions, the President, on September 7, issued a proclamation to the effect that—

“except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: Coin, bullion, and currency shall not, on and after the 10th day of September, in the year 1917, be exported from or shipped from or taken out of the United States or its territorial possessions * * *.”

By Executive order of the same date the President directed that—

“1. Any individual, firm, or corporation desiring to export from the United States or any of its territorial possessions to any foreign country named in the proclamation dated September 7, 1917, any coin, bullion, or currency, shall first file an application in triplicate with the Federal reserve bank of the district in which such individual, firm, or corporation is located, such application to state under oath and in detail the nature of the transaction, the amount involved, the parties directly and indirectly interested, and such other information as may be of assistance to the proper authorities in determining whether the exportation for which a license is desired will be compatible with the public interest.

“2. Each Federal reserve bank shall keep a record copy of each application filed with it under the provisions of this regulation and shall forward the original application and a duplicate to the Federal Reserve Board at Washington together with such information or suggestions as it may believe proper in the circumstances and shall in addition make a formal recommendation as to whether or not in its opinion the exportation should be permitted.

“3. The Federal Reserve Board, subject to the approval of the Secretary of the Treasury, is hereby authorized and empowered upon receipt of such application and the recommendation of the Federal reserve bank, to make such ruling as it may deem proper in the circumstances and if in its opinion the exportation in question be compatible with the public interest, to permit said exportation to be made; otherwise to refuse it.”

In pursuance of this order the Federal Reserve Board, with the approval of the Secretary of the Treasury, issued regulations governing the administrative procedure with regard to the exportation of coin, bullion, and currency,¹ and now considers and passes upon all applications for such shipments.

Applications for permission to ship gold to European neutral countries have, except for a few days following the date of the order, been invariably declined. A different problem, however, presented itself in the case of applications for shipments of gold to the Orient, to Canada, to Mexico, and to South American countries, which had been furnishing necessary raw materials. It was

¹ See page 183.

deemed important to continue these trade relationships, while reducing shipments of gold to a minimum. For a short time gold shipments were permitted to go to India, in order to give importers reasonable time to adjust themselves to the new conditions. Silver has been permitted to flow freely to the Orient as a means of payment for Asiatic balances. In addition, as a result of negotiations between the Treasury Department and representatives of the Indian Government, provision has been made for rupee exchange to the extent of 10,000,000 rupees, which were allotted by Federal Reserve Banks to importers according to their necessities.¹ In a few cases shipments of gold are being permitted to South American countries, although it is hoped that arrangements can be concluded at an early date which will facilitate exchanges with these countries and obviate the necessity of making further gold shipments in any considerable volume.

Applications for shipments of gold into Mexico have been granted only for Government account and in cases where such shipments have been shown to be necessary to effect the importation into the United States of necessary products. The exportations have been limited, as far as possible, and the greater part of the gold which has been shipped has been applied to the payment of Mexican export duties and to meeting the requirements of Mexican law as to the return into Mexico of the value of the full gold content and 25 per cent of silver content of ores and bullion exported from Mexico. Each application has been considered upon its own merits, the Board having given notice in its regulations dated September 21, 1917, that the granting of any specific application would not constitute a precedent. In considering applications the Board has adhered strictly to the principle laid down in the Executive order that if, in its opinion, the exportation applied for was not compatible with the public interest it should be refused, and has acted also in close cooperation with the State and Treasury Departments and the War Trade Board.

Foreign exchange rates have been abnormal throughout the year, and in many of the countries which send us necessary material, American bills are at a heavy discount due partly to the restrictions placed on our export trade and partly to the adverse trade balances of countries associated with us in the war. The Board is making a close study of our trade relationships with neutral countries and has secured the services of Mr. Frederick I. Kent, of New York, as its foreign exchange adviser.

¹ Later an additional credit of 10,000,000 rupees was arranged, and since Jan. 1, 1918, an exchange agreement with the Government of Argentina was entered into.

CLEARING AND COLLECTION.

The volume of checks handled by the Federal Reserve Banks during the year has increased enormously, although there have been no great additions to the number of nonmember banks which remit at par to Federal Reserve Banks. Section 13 of the act was amended last June as recommended by the Board, so as to allow Federal Reserve Banks to receive accounts for collection and exchange purposes from such nonmember banks and trust companies as may agree to remit to Federal Reserve Banks at par for checks drawn upon themselves and which will, in addition, maintain balances with the Federal Reserve Bank sufficient to offset the items in transit held for their account by the Federal Reserve Bank. Comparatively few nonmember banks have, however, availed themselves of this privilege, and the Federal Reserve Banks are still unable to collect checks drawn on many nonmember banks except at heavy expense. An effort was made, in the interest of some member and nonmember banks to amend the act by providing for a standardized exchange charge not to exceed one-tenth of 1 per cent, to be made by member banks against Federal Reserve Banks for checks sent for collection. It was not successful, and the act as finally amended provides that a member or nonmember bank may make "reasonable charges, to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per hundred dollars or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise; but no such charges shall be made against the Federal Reserve Banks." The Attorney General has been requested to give his opinion as to whether this proviso applies to nonmember banks. An affirmative opinion will make possible the establishment of an universal par clearing system, but if, on the contrary, it should be held that the proviso applies to member banks only, the further development of the collection system will necessarily be slow, and in the absence of further legislation will depend upon the voluntary action of many small banks.

In order to enlarge the facilities of the clearing and collection system, and to render greater service to the banks and to their customers, the Board authorized the Federal Reserve Banks on July 1 to receive for collection for account of member banks maturing notes and bills and miscellaneous drafts, subject to a moderate collection charge. Consequently, member banks which were obliged to rely upon other banks for service of this sort can now obtain it from the Federal Reserve Banks. There has also been put into operation by all Federal Reserve Banks a system of transfer drafts, which enables any member bank to have its draft drawn upon the Federal Reserve

Bank of its own district paid immediately without time allowance or deduction at any other Federal Reserve Bank, adjustments between the respective Federal Reserve Banks being made through the gold-settlement fund. In this way any member bank has, under the proper and necessary restrictions provided, the same exchange facilities it would have by carrying accounts in each of the 12 Federal Reserve cities.

GOLD-SETTLEMENT FUND.

The operation of this fund has been described in former reports of the Board and no extended comments upon it seem necessary at this time. Under the act as amended additional safeguards have been thrown around the fund by permitting the Treasurer of the United States to carry a special account upon his books to the credit of the Federal Reserve Board as agent for the respective Federal Reserve Banks and Federal Reserve agents. Payments are now made by checks signed by officials of the Board. The practice of issuing gold-order certificates in denominations of \$10,000, representing gold deposited with the Treasurer by Federal Reserve Banks, which were held in the custody of the Federal Reserve Board pending transfers between the banks and the Treasury, is no longer necessary and has been discontinued.

The operation of this fund, which is in effect a clearing house for the 12 Federal Reserve Banks, has been particularly useful during the past year by reason of the continuous transfers of very large amounts which have grown out of the sale of Government bonds and Treasury certificates and the redistribution and disbursement of the funds realized. The total volume of clearings and transfers through the gold-settlement fund during the year amounted to \$26,962,946,500, as compared with \$5,757,836,000 during 1916. The net balances, representing the change of ownership between the Federal Reserve Banks, of gold held in the fund were \$272,033,000. Without such an arrangement actual settlements between Federal Reserve Banks would have been accompanied with great expense and loss of time, but by its aid these enormous transfers have been automatic and instantaneous and have been made without the inconvenience and expense which would have been unavoidable had physical transfers or shipments of money been necessary.

BRANCHES OF FEDERAL RESERVE BANKS.

Questions relating to the establishment and operation of branch banks have been simplified by the amendment to section 3 of the Federal Reserve Act. As originally enacted, this section provided that each Federal Reserve Bank "shall establish branch banks" to

be "operated by a board of directors under rules and regulations approved by the Federal Reserve Board," and provided also that there be seven directors having the same qualifications as directors of Federal Reserve Banks. The section as now amended provides that the Federal Reserve Board may permit or require any Federal Reserve Bank to establish branches within its district, and that such branches, subject to such rules and regulations as the Federal Reserve Board may prescribe, shall be operated under the supervision of a board of directors to consist of not more than seven or less than three directors, of whom a majority of one shall be appointed by the Federal Reserve Bank of the district and the remaining directors by the Federal Reserve Board.

During the year branches have been established at Omaha by the Federal Reserve Bank of Kansas City, at Louisville by the Federal Reserve Bank of St. Louis, and at Portland, Seattle, and Spokane, by the Federal Reserve Bank of San Francisco, and are now in operation. The Board has, in addition, authorized the establishment of branches at Pittsburgh and Cincinnati by the Federal Reserve Bank of Cleveland, at Detroit by the Federal Reserve Bank of Chicago, at Baltimore by the Federal Reserve Bank of Richmond, and at Denver by the Federal Reserve Bank of Kansas City. It is expected that all of these branches will begin business at an early date.

The policy of the Board in the establishment of these new branches has been to recognize the unity and paramount responsibility of the Federal Reserve Bank, while extending full facilities to the banks in the territory served by the branch. By avoiding duplications in bookkeeping, and by a consolidated control of accounts at the Federal Reserve Bank, it is expected that branches can be operated at a comparatively small expense.

INTERLOCKING DIRECTORATES.

In its report for the year 1916 the Board gave full details of its work in the application of the provisions of section 8 of the Clayton Act and the Kern amendment thereto. Under authority of the Kern amendment 186 officers or directors of member banks applied to the Board during the year 1917 for its permission to serve at the same time as officers or directors of not more than two other banks or trust companies, coming within the prohibitions of the Clayton Act. In one case the permission applied for was refused on the ground that the banks involved were deemed to be in substantial competition. In three cases, where the applying member-bank director desired the permission of the Federal Reserve Board to serve as a director of two other institutions, the Board determined that substantial competition existed between the member bank and one of

the other institutions. As a result it gave its consent to the applying director to serve on only one of those other institutions. In the remaining 182 cases the consent applied for was granted by the Board. In its annual report for 1916 the Board noted that "in a large number of other cases the directors affected recognized that substantial competition did unquestionably exist, and so withdrew voluntarily from one or more directorates, thereby bringing themselves into compliance with the act." This was doubtless true in 1917, as in the preceding year.

FIDUCIARY POWERS.

On June 11, 1917, the Supreme Court of the United States handed down its decision in the case of *Bank v. Fellows*,¹ appealed from the Supreme Court of Michigan, which was referred to in the Board's last annual report to Congress. The lower court was reversed and the court sustained the constitutionality of section 11 (k) of the Federal Reserve Act, which authorizes the Federal Reserve Board "to grant by special permit to national banks applying therefor when not in contravention of State or local law the right to act as trustee, executor, administrator, and registrar of stocks and bonds under such rules and regulations as the said Board may prescribe." The decision in this case is of far-reaching and vital importance to the Federal Reserve system, in that it not only sustains the right of Congress to vest in national banks the powers enumerated in section 11 (k), but fully recognizes the right of Congress to grant to such banks any and all powers that are necessary to enable them to meet the competition of corporations organized under State law.

Prior to this decision the Federal Reserve Board had granted permits to applicant banks except in those cases where the laws of the State in which the bank was located expressly or by necessary implication prohibited such banks from exercising these powers. The language of the court, in the decision handed down on June 11, seemed to be susceptible of the interpretation that these permits might be granted in any case in which the State laws permitted competing banks to exercise such powers. In view of its importance the matter was referred to the Attorney General, who reached the conclusion that while Congress is fully empowered to authorize the Board to grant permits under such circumstances, the act as it now stands does not vest this authority in the Board. There are some States which authorize banks or trust companies created and organized under their own laws to exercise such powers but which expressly prohibit any other corporations from doing so. In order to coordinate the powers

¹ *First National Bank of Bay City v. Grant Fellows, attorney general, and others.*

of National with State banks it is recommended that section 11 (k) be amended so as to permit the granting of these powers to national banks in any case in which competing corporations organized under State laws are permitted to exercise such powers.

By direction of the Board its counsel, with the consent of the court, took part in the proceedings both in the Supreme Court of Michigan and on appeal before the Supreme Court of the United States. The Board has granted during the year 1917, 112 permits for the exercise of fiduciary powers, making a total to date of 481.

EARNINGS AND EXPENSES.

The rediscount demands which have been made upon the Federal Reserve Banks during the past year, and the greater employment of their funds, have been reflected in very greatly increased earnings. The combined net earnings of the 12 banks for the year were \$11,202,993, or at the rate of 18.9 per cent on an average aggregate capital for the year of \$59,260,000.

Section 7 of the Act provides that "after all necessary expenses of a Federal Reserve Bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to 40 per cent of the paid-in capital stock of such bank."

The Board construes the foregoing as meaning that no contingent fund may be set up against future expenditures or as a reserve for unforeseen losses, but that the surplus fund, which under the law can accumulate until it reaches 40 per cent of the capital of the Federal Reserve Bank, is intended to take care of all such contingencies as ordinarily would be provided for by a profit-and-loss account. The Board has advised the banks that in computing earnings available for dividends and surplus market values of securities held should be taken into account. It has also permitted banks to charge off furniture and fixtures accounts in full, and a reasonable proportion of the cost of vaults. It has authorized the writing off of the amounts actually paid for the printing of Federal Reserve notes, whether the notes have been put in circulation by the bank or held by the Federal Reserve Agent. It has also authorized those banks which own their premises to write off 5 per cent of the total cost per annum as a depreciation allowance. The gross and net earnings of all the banks for the calendar year 1917, and the divi-

dends declared by them during 1917, are shown in the following table:

Federal reserve bank.	Gross earnings.	Net earnings.	Amount of dividends.	Fully paid to—
Boston.....	\$1,198,009	\$912,294	\$597,829	Dec. 31, 1917
New York.....	4,848,291	3,718,955	1,941,641	Do.
Philadelphia.....	1,015,958	753,874	622,150	June 30, 1917
Cleveland.....	1,297,244	963,152	715,615	Do.
Richmond.....	770,009	512,223	240,945	Dec. 31, 1917
Atlanta.....	541,323	327,313	215,972	Do.
Chicago.....	2,022,278	1,509,871	860,057	Do.
St. Louis.....	736,774	502,156	284,566	Dec. 31, 1916
Minneapolis.....	628,338	418,137	363,876	Dec. 31, 1917
Kansas City.....	955,950	654,499	360,236	June 30, 1917
Dallas.....	569,430	353,475	187,744	Do.
San Francisco.....	854,755	547,044	394,490	Dec. 31, 1916
Total.....	15,838,859	11,202,993	1 6,785,121	

¹ Exclusive of \$16,603, representing dividends paid on surrendered stock and miscellaneous adjustments in dividend account.

It will be seen from the foregoing that the Federal Reserve Banks of St. Louis and San Francisco have paid their accumulated dividends up to December 31, 1916, that four others—the Federal Reserve Banks of Philadelphia, Kansas City, Cleveland, and Dallas—have paid their accumulated dividends up to June 30, 1917, and that six banks, viz, those of Boston, New York, Richmond, Atlanta, Chicago, and Minneapolis, have paid all accumulated dividends to the end of 1917. These six banks, after charging off their expenses and making the depreciation allowances, which have been previously described, have set aside surplus funds and have paid equal amounts to the Government as a franchise tax, making the total payment to the Government \$1,134,234.

The Board wishes to repeat the statements made in previous reports that the banks are not operated primarily for profit, but in meeting the demands which are expected to be made upon them during the coming year their earnings will undoubtedly continue to be large. It is hoped that all accumulated dividends will be paid during the year, and that the excess to be paid to the Government as a franchise tax in future will be greater than the payment which has just been made.

ADMINISTRATIVE POLICIES.

During the period of organization and of development which extended over the first two years of the operation of the system, the Board deemed it advantageous to obtain frequent suggestions from the officials of the Federal Reserve Banks, and to have them confer with each other in order that definite understandings might be reached and uniform methods of operation determined upon. Many of the problems which had to be worked out were entirely new, and

because of widely different conditions in the various districts frequent consultations seemed necessary to insure a better knowledge of administrative details. Thus periodical conferences with the Federal Reserve agents and with the governors of the banks were deemed advisable in order to secure more speedily an effective organization. The banks had, however, by the end of the year 1916 become well established and, having had two years of actual experience to guide them in the future conduct of their business, frequent conferences were found to be no longer necessary. Moreover, the activities of the year have been so great as to require the constant presence of the executive officers at their banks. There have in consequence been no meetings of the Federal Reserve agents during the year, and but two meetings of the Board with the governors of the banks. The events of the past year have done much to bring into their proper relationship as parts of a working whole the several component elements of the Federal Reserve system. Experience has demonstrated that in all vital matters of general policy calling for prompt and decisive action concentration of responsibility without division of authority is indispensable. The position of the Federal Reserve Board, as the coordinating agency for all of the 12 banks and as the governing body of the Federal Reserve system, is now well defined and the line of distinction between the local management of each one of the 12 banks as a district bank, and the operation of all of the 12 banks as a system, has become more marked.

The Board has, from time to time, advised purchases of acceptances by Federal Reserve Banks from each other, and on two occasions during the year has exercised its powers of requiring Federal Reserve Banks to make rediscounts for other Federal Reserve Banks as provided in section 11 of the act.

It is the policy of the Board to maintain an approximately uniform reserve position for all of the Federal Reserve Banks and to correct wherever necessary, by means of interbank rediscounts, the inequalities which result from seasonal movements of trade, or, more particularly, from the operations of Government financing.

FEDERAL ADVISORY COUNCIL.

The Federal Advisory Council, composed of 12 members, chosen by and representative of the Federal Reserve Banks, has held, in conformity with the requirements of section 4 of the Act, four meetings during the year, thus giving the Board, at frequent intervals, the benefit of its views as to the trend of the money market and the proper adjustment of discount rates. Members of the council have reported also upon the general financial, agricultural, commercial, and industrial conditions in their respective districts.

RESERVE CITIES.

The Federal Reserve Act confers authority upon the Federal Reserve Board to add to the number of cities classified as reserve and central reserve cities, or to reclassify existing reserve and central reserve cities, or to terminate their designation as such. As the reserves of member banks are now carried exclusively with the Federal Reserve Banks, the designation of any city as a reserve city relates only to the percentage of reserve which must be carried by the member banks located therein. The Board has retained the old classification of central reserve and reserve cities and has also designated as reserve cities, making the banks therein subject to increased reserve requirements, the cities of Buffalo, N. Y.; Grand Rapids, Mich.; Memphis, Tenn.; Oakland, Cal.; Ogden, Utah; Peoria, Ill.; Toledo, Ohio; and Tulsa, Okla. Without this classification the banks in those cities would have continued to carry the reserve prescribed for country banks—7 per cent—and the Board deemed it equitable to bring their reserves up to the requirements of other cities of their class. The three central reserve cities under the old national banking laws—New York, Chicago, and St. Louis—have been continued in that classification, and the member banks of those cities are required to carry the maximum reserve of 13 per cent. Philadelphia and Boston, although important banking centers, each having a greater population than the city of St. Louis, continue to be classified as reserve cities, and reserves of 10 per cent only are required of the banks located therein. It is difficult to make an equitable and uniform adjustment of reserves under the present law, and the Board is making a careful study of the subject, with the view of considering a recommendation to Congress at a later date of a change in the law which would provide for a differential in reserves to be carried in all towns and cities alike upon certain classes of deposits, with a minimum for time deposits, a maximum for bank deposits, and an intermediate percentage for individual or commercial deposits subject to check. This is a matter, however, which will require careful study and analysis, and the Board is not prepared at the moment to make a recommendation for a change of the law in this respect.

The Board desires, however, to call attention to the situation of many banks located in outlying districts of larger cities, or in boroughs, formerly independent municipalities, which are now parts of a greater city. The business of these banks is often local, and it is suggested that Congress authorize the Board to classify banks in outlying districts of large cities as though they were located in independent municipalities.

OTHER AMENDMENTS SUGGESTED.

The Board sees no occasion at this time to recommend any material changes in the act. It would suggest, however, the following for the consideration of Congress:

(1) An amendment of section 4 relating to the election of directors. The law provides that the member banks shall be classified into three general groups or divisions, each group to contain as nearly as may be one-third of the aggregate number of member banks of the district and to consist as nearly as possible of banks of similar capitalization, and that each member bank shall elect by ballot a district reserve elector, and it provides also that each director shall signify his first, second, and third choice, the second and third choice votes being counted in cases where no candidate has received a majority of first-choice votes.

This system, which is designed to secure a representative board of directors, is complicated and has resulted in many cases in the choice of directors by a very small minority of the banks. Most of the banks since 1914 have neglected to choose district electors, and there seems to be no reason why the directors of each bank should not be permitted to authorize the president or cashier to cast the vote of the bank. The Board has ruled that electors once chosen may continue to serve until their successors are elected, but since the first year the banks have not as a rule participated fully in these elections. In the election held in December, 1917, by the various groups in the respective districts in nearly every case less than one-half of the banks participated. In the New York district 84 votes were cast out of a total of 224 in the group; in the Richmond district, 72 out of 172; in the Atlanta district, 66 out of 140; in the Chicago district, 86 out of 360; in the St. Louis district 35 out of 162; in the Minneapolis district, 45 out of 283; in the Dallas district, 15 out of 201; in the San Francisco district, 71 out of 178; and in one instance the successful candidate was chosen by 15 votes out of a possible total of 201, and in another by 26 votes out of 162.

The Board would suggest, in order to simplify elections, that this section be amended by permitting each member bank, through its president or cashier, to cast a vote for director, and that there be no requirement that the groups be as nearly equal numerically as may be, but that the grouping be left to the discretion of the Federal Reserve Board. The average capitalization of the banks differs so greatly in the various districts that it is impossible to carry out the evident intent of Congress to give the large banks, the medium-size banks, and the small banks equal representation unless the banks can be

grouped more strictly with reference to their capitalization than is possible under the law as it now stands.

(2) An amendment of section 16, which now permits Federal Reserve notes to be issued in denominations of \$5, \$10, \$20, \$50, and \$100 only, so as to permit their issue in the larger denominations of \$500, \$1,000, \$5,000, and \$10,000. It is thought that such an amendment would tend to increase the gold holdings of the Federal Reserve Banks, particularly those in the larger financial centers. The Federal Reserve Banks receive gold at the present time chiefly from two sources—by registered mail or express from National or State banks, and over the counter in cases where new currency in convenient denominations is required for pay rolls or for other purposes. All avenues for loss of gold are now under control, except direct withdrawals over the counter, and an analysis of counter transactions at some of the Federal Reserve Banks discloses the fact that from \$100,000 to \$1,000,000 of gold certificates are paid out every business day mainly because many member banks prefer to keep as part of their vault money notes of large denominations, which can now be furnished only in the form of gold certificates.

(3) An amendment of section 22. This is a penal section, not altogether definite in its terms, and the Board is constantly receiving requests for an authoritative construction. It has, however, uniformly adhered to the position that a section of this character can be construed only by the courts, and has declined in all cases to express any opinion as to the liability which might be incurred by any bank which acted upon an incorrect interpretation. As amended on June 21 this section permits transactions relating to the discount of notes, drafts, or bills of exchange by a director with his own bank, upon the affirmative vote or written consent of at least a majority of the board of directors of the bank; but there are other transactions, such as the purchase by directors of goods or property taken by the bank for debt, which might in some circumstances be permitted by affirmative vote of not less than three-fourths of its directors. There may be times when a bank can best save itself from loss by being permitted to have a transaction of this kind with one of its own directors.

(4) An amendment of section 25 to provide for the Federal incorporation of banking associations whose stock is owned by national banks which operate under the control of the Federal Reserve Banks and which are engaged solely in international and foreign banking. The present law permits any national bank to invest an amount not exceeding in the aggregate 10 per cent of its paid in capital stock and surplus in the stock of one or more banks or corporations chartered or incorporated under the laws of the United States or any State thereof, and principally engaged in international or foreign banking, or banking in a dependency or insular possession of the

United States. This language appears to indicate an intention by Congress to permit incorporation under the laws of the United States, and several national banks have become stockholders in banks which have been organized under State laws for the purpose of carrying on a foreign banking business in accordance with the terms of this section. The arguments in favor of Federal incorporation are:

(a) The time will probably come when the conflict of the dual control exercised by the Federal Reserve Board and by the banking department of a State may be a matter of embarrassment or operate to restrict the activities of the banking corporation.

(b) Such a banking corporation, being essentially a national enterprise, whose stock ownership by national banks was authorized by an act of Congress, would appear to be entitled to the benefits and protection of a Federal charter, which would be of great value in competing for business in foreign countries.

(5) An amendment of sections 5208 and 5209 of the Revised Statutes. These are penal sections relating to the overcertification of checks, to embezzlement, abstraction or willful misapplication of moneys, funds, or credits of national banks by officers, directors, agents, or employees of national banks, and to false entries in books, reports, or statements of national banks with intent to injure or defraud on the part of any officer, director, agent, or employee of a national bank. It is suggested that these sections be amended so as to apply to similar acts committed by officers, directors, agents, or employees of Federal Reserve Banks.

(6) An amendment of section 25 to provide that any national bank located in a city or incorporated town of more than 100,000 inhabitants, and possessing a capital and surplus of \$1,000,000 or more, may, under such rules and regulations as the Federal Reserve Board may prescribe, establish branches, not to exceed 10 in number, within the corporate limits of the city or town in which it is located, provided that no such branch shall be established in any State in which neither State banks nor trust companies may lawfully establish branches.

State banks which become members of the Federal Reserve system are allowed by law to retain any branches which may already be in existence and, with the approval of the Board, to establish new branches. National banks which have taken over State banks having branches are permitted to continue the operation of these branches. There seems to be no reason for such discrimination between members of the Federal Reserve system, and with the view of placing them more nearly upon terms of equality, besides affording in many cases better service to the public, it is recommended that provision be made for the establishment of branches by national banks, under proper limitations.

ORGANIZATION, STAFF, AND EXPENDITURES.

There have been no changes in the organization of the Board during the past year. The growth of the system and the expansion of the work of the Board have required some additions to its clerical and examining force. There have been some minor changes due mainly to the fact that several of the Board's staff have engaged in military service, but the Board has thus far been able to fill their places satisfactorily. There are now 76 persons on the staff of the Board. The total cost of conducting its work during the year 1917, including printing of the Bulletin and salaries of members, was \$249,302,220. Two assessments totaling \$237,776.82 were levied upon the Federal Reserve Banks for the year 1917. This amounts to 0.4 per cent of their average paid-in capital for the year. The cost of operating the gold-settlement fund for the year 1917 was \$3,539.79, as compared with \$1,343.37 in 1916, the net cost being 0.013 cents per \$1,000, as against 0.025 cents the previous year.

Further details relating to the operation of the Federal Reserve Board and of the system will appear as exhibits in the appendix of this report, as will the annual reports of the Federal Reserve agents.

CONCLUSION.

The Federal Reserve system is to-day the ultimate resource of the business and financial community, and its position as such is unquestioned. It is the Nation's banking reserve and through its control of discount rates its influence in the money market is paramount. The Federal Reserve Board, as the governing body of the system, is charged with the responsibility of so administering it as most effectively to aid the Government in its financial operations, while at the same time assuring beyond peradventure the maintenance of sound and solvent banking conditions. Every step taken and every policy decided upon must be with the view not only of maintaining and strengthening the financial position of the country in these critical times but also of providing for the readjustments which must follow the war.

The Board has a profound appreciation of the serious nature of its responsibilities, and its purpose is to exercise its powers and direct the policies of the Federal Reserve system so that, while always rendering the fullest measure of patriotic service, the system shall never fail to arouse the confidence and sense of security which it now inspires as the country's great financial bulwark.

By direction of the Federal Reserve Board.

W. P. G. HARDING,

Governor.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

EXHIBITS.

Exhibit A.—DISCOUNT RATES.

Changes in discount rates during calendar year 1917.

DISCOUNTS, INCLUDING MEMBER BANKS' COLLATERAL NOTES, MATURING WITHIN 15 DAYS.

Bank.	In effect Jan. 1, 1917.	Jan. 24.	Mar.—			Apr. 23.	May 10.	June 11.	Nov.—		Dec.—					In effect Jan. 1, 1918.
			1	15	21				26	30	1	5	10	11	21	
Boston.....	¹ 4				3½							4				4
New York.....	3														3½	3½
Philadelphia.....	3½						3	3½	4							4
Cleveland.....	3½										4					4
Richmond.....	² 4					3½			4							4
Atlanta.....	² 4			3½							4					4
Chicago.....	3½								4							4
St. Louis.....	3½													4		4
Minneapolis.....	4															4
Kansas City.....	4															4
Dallas.....	² 4	3½										4				4
San Francisco.....	³ 4		3½										4			4

¹ Discounts maturing within 10 days, 3½ per cent.

² Member banks' collateral notes maturing within 15 days, 3½ per cent.

³ Discounts maturing within 10 days, 3 per cent, and from 11 to 30 days, 3½ per cent.

PAPER, INCLUDING MEMBER BANKS' COLLATERAL NOTES, SECURED BY UNITED STATES CERTIFICATES OF INDEBTEDNESS OR LIBERTY LOAN BONDS MATURING WITHIN 15 DAYS.

Bank.	May—							June—			Sept. 25.	Nov. 30.	Dec.—			In effect Jan. 1, 1918.
	7	8	10	19	22	23	25	1	11	12			3	5	21	
Boston.....										3½						3½
New York.....					3										3½	3½
Philadelphia.....								3	3½							3½
Cleveland.....			3								3½					3½
Richmond.....							3½									3½
Atlanta.....						3½										3½
Chicago.....				3								3½				3½
St. Louis.....							3½									3½
Minneapolis.....		3												3½		3½
Kansas City.....	3												3½			3½
Dallas.....						3½										3½
San Francisco.....						3½										3½

¹ Rate of 2 to 4 per cent on member banks' 1-day collateral notes in connection with the loan operations of the Government established May 25, 1917, and raised to 3-4½ per cent Dec. 7, 1917.

*Changes in discount rates during calendar year 1917—Continued.*PAPER SECURED BY UNITED STATES CERTIFICATES OF INDEBTEDNESS OR
LIBERTY LOAN BONDS MATURING WITHIN 16 TO 90 DAYS.

Bank.	May—					June—				Sept. 25.	Nov.—			Dec—					In effect Jan. 1, 1918.
	22	23	24	25	28	1	4	12	15		25	26	30	1	3	5	11	21	
Boston.....								3½								4			4
New York.....	3½																	4	4
Philadelphia.....						3½					4								4
Cleveland.....								3½		4									4
Richmond.....				3½								4							4
Atlanta.....	3½													4					4
Chicago.....		3½										4							4
St. Louis.....				3½												4			4
Minneapolis.....						3½										4			4
Kansas City.....					3½										4				4
Dallas.....	3½															4			4
San Francisco.....	3½										4								4

PAPER MATURING WITHIN 16 TO 60 DAYS, INCLUSIVE.

Bank.	In effect Jan. 1, 1917.	Mar. 1	Nov.—		Dec.—						In effect Jan. 1, 1918.
			26	30	1	5	10	11	12	21	
Boston.....	4					4½			5		5
New York.....	4									4½	4½
Philadelphia.....	4		4½								4½
Cleveland.....	4				4½						4½
Richmond.....	4			4½							4½
Atlanta.....	4				4½						4½
Chicago.....	4			4½							4½
St. Louis.....	4							4½			4½
Minneapolis.....	4					4½					4½
Kansas City.....	4½										4½
Dallas.....	4					4½					4½
San Francisco.....	3½	4					4½				4½

¹ Rate of 4½ per cent for paper maturing within 31 to 60 days.

PAPER MATURING WITHIN 61 TO 90 DAYS.

Bank.	In effect Jan. 1, 1917.	Jan.—		Nov.—			Dec.—			In effect Jan. 1, 1918.
		15	24	7	26	30	5	12	21	
Boston.....	4						4½	5		5
New York.....	4								4½	4½
Philadelphia.....	4				4½					4½
Cleveland.....	4½									4½
Richmond.....	4					4½				4½
Atlanta.....	4	4½								4½
Chicago.....	4½					5				5
St. Louis.....	4			4½						4½
Minneapolis.....	4½						5			5
Kansas City.....	4½									4½
Dallas.....	4		4½							4½
San Francisco.....	4½									4½

Changes in discount rates during calendar year 1917—Continued.

AGRICULTURAL AND LIVE-STOCK-PAPER MATURING AFTER 90 DAYS.

Bank.	In effect Jan. 1, 1917.	Jan. 24.	Feb. 9.	Nov. 30.	Dec.—		In effect Jan. 1, 1918.
					5	11	
Boston.....	5						5
New York.....	5						5
Philadelphia.....	4½			5			5
Cleveland.....	5						5
Richmond.....	4½						4½
Atlanta.....	5						5
Chicago.....	5			5½			5½
St. Louis.....	4½		5			5½	5½
Minneapolis.....	5				5½		5½
Kansas City.....	5						5
Dallas.....	4½	5					5
San Francisco.....	5½						5½

TRADE ACCEPTANCES MATURING WITHIN 1 TO 60 DAYS.

Bank.	In effect Jan. 1, 1917.	Jan. 5	Mar. 1	Apr. 16	June 26	Nov. 30	Dec.—					In effect Jan. 1, 1918.
							1	7	10	11	21	
Boston.....	3½				4							4
New York.....	3½										4	4
Philadelphia.....	3½							4				4
Cleveland.....	1 3½			3½					4			4
Richmond.....	3½					4						4
Atlanta.....	3½						4					4
Chicago.....	3½											3½
St. Louis.....	3	3½								4		4
Minneapolis.....	3½											3½
Kansas City.....	4											4
Dallas.....	3½											3½
San Francisco.....	3		1 3½						4			4

¹ Rate of 3 per cent for paper maturing within 30 days.² Rate of 4 per cent for paper maturing 16-60 days effective Nov. 26.

TRADE ACCEPTANCES MATURING WITHIN 61 TO 90 DAYS.

Bank.	In effect Jan. 1, 1917.	Apr. 4	June 26	Oct. 20	Nov.—		Dec.—				In effect Jan. 1, 1918.
					26	30	1	5	11	21	
Boston.....	3½		4								4
New York.....	3½									4	4
Philadelphia.....	3½				4						4
Cleveland.....	4										4
Richmond.....	3½					4					4
Atlanta.....	3½						4				4
Chicago.....	3½						4				4
St. Louis.....	3½								4		4
Minneapolis.....	3½	4									4
Kansas City.....	4										4
Dallas.....	3½							4			4
San Francisco.....	3½			4							4

Changes in discount rates during calendar year 1917—Continued.

COMMODITY PAPER MATURING WITHIN 90 DAYS.

Bank.	In effect Jan. 1, 1917.	Jan.—		Mar. 1	Apr.—		Oct. 20	Dec. 5	(1)
		15	24		4	16			
Boston.....	4								Dec. 5
New York.....									
Philadelphia.....	3½								Nov. 2
Cleveland.....						4			Do.
Richmond.....	3½								Nov. 5
Atlanta.....	3	3½							Nov. 2
Chicago.....									Nov. 7
St. Louis.....	3½								Nov. 7
Minneapolis.....	3½				4			4½	Dec. 11
Kansas City.....	4								Nov. 5
Dallas.....	3		3½						Nov. 2
San Francisco.....	(2)			3½			(3)		Do.

¹ Rates for commodity paper merged with those for commercial paper of corresponding maturities on dates specified.

² Commodity paper rates for bills maturing within 30 days, 3½ per cent; 31 to 60 days, 4 per cent; 61 to 90 days, 4½ per cent; 91 days to 6 months, 5 per cent.

³ Rate of 3½ per cent for paper maturing within 60 days and 4 per cent for paper maturing after 60 days within 90 days.

NOTE.—Rates for acceptances purchased in open market, which ranged from 2 to 4 per cent for all Federal Reserve Banks on January 1, had risen to 3 to 4½ per cent by the end of the year at all Federal Reserve Banks except Boston, Chicago, and Minneapolis, whose rates ranged from 3 to 5 per cent.

Discount rates (high and low) in force during the period from Nov. 16, 1914, to Dec. 31, 1917.

MATURITIES.

	Within 10 days.		11 to 30 days.		Within 15 days, including member banks' collateral notes.		16 to 30 days.		31 to 60 days.		61 to 90 days.		Over 90 days.		Trade acceptances within 60 days.		Trade acceptances, 61 to 90 days.		Commodity paper within 90 days. ¹	
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.
Boston:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	3	6	4					6	4	6	4	6	5	3½	3½	3½	3½	3½	3½
Jan. 1, 1916, to Dec. 31, 1916.....	3½	3	4	3½					4	4	4	4	5	5	3½	3	3½	3	4	3½
Jan. 1, 1917, to Dec. 31, 1917.....					4	3½	5	4	5	4	5	4	5	5	4	3½	4	3½	4	4
New York:																				
Nov. 16, 1914, to Dec. 31, 1915.....	5½	3	5½	4					6	4	6	4	6	5	3½	3½	3½	3½		
Jan. 1, 1916, to Dec. 31, 1916.....	3	3	4	4					4	4	4	4	5	5	3½	3½	3½	3½		
Jan. 1, 1917, to Dec. 31, 1917.....					3½	3	4½	4	4½	4	4½	4	5	5	4	3½	4	3½		
Philadelphia:																				
Nov. 16, 1914, to Dec. 31, 1915.....	5½	3	5½	4					6	4	6	4	6	4½	3	3	3	3	3	3
Jan. 1, 1916, to Dec. 31, 1916.....	3½	3	4	4					4	4	4	4	4½	4½	3½	3	3½	3	3½	3
Jan. 1, 1917, to Dec. 31, 1917.....					4	3	4½	4	4½	4	4½	4	5	4½	4	3½	4	3½	3½	3½
Cleveland:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	3½	6	4					6	4	6	4½	6	5	3½	3½	4	4		
Jan. 1, 1916, to Dec. 31, 1916.....	3½	3½	4	4					4½	4	4½	4½	5	5	3½	3	4	3½		
Jan. 1, 1917, to Dec. 31, 1917.....					4	3½	4½	4	4½	4	4½	4½	5	5	4	3	4	4	4	4
Richmond:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	4	6	4					6	4	6	4	6	5	3½	3½	4	4	3	3
Jan. 1, 1916, to Dec. 31, 1916.....	4	4	4	4					4	4	4	4	5	4½	3½	3½	4	3½	3½	3
Jan. 1, 1917, to Dec. 31, 1917.....					4	3½	4½	4	4½	4	4½	4	4½	4½	4	3½	4	3½	3½	3½

MATURITIES--Continued.

	Within 10 days.		11 to 30 days.		Within 15 days, including member banks' collateral notes.		16 to 30 days.		31 to 60 days.		61 to 90 days.		Over 90 days.		Trade acceptances within 60 days.		Trade acceptances, 61 to 90 days.		Commodity paper within 90 days. ¹	
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.
Atlanta:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	4	6	4	.....	.....	.....	.....	6½	4	6½	4	6½	4½	3½	3½	3½	3½	3	3
Jan. 1, 1916, to Dec. 31, 1916.....	4	4	4	4	.....	.....	.....	.....	4	4	4	4	5	5	3½	3½	3½	3½	3½	3
Jan. 1, 1917, to Dec. 31, 1917.....	.....	.....	.....	.....	4	3½	4½	4	4½	4	4½	4	5	5	4	3½	4	3½	3½	3
Chicago:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	3½	6	4	.....	.....	.....	.....	6	4	6	4½	6	5	.....	.....	.....	.....	.....	.....
Jan. 1, 1916, to Dec. 31, 1916.....	3½	3½	4	4	.....	.....	.....	.....	4½	4	4½	4½	5	5	3½	3½	3½	3½	.....	.....
Jan. 1, 1917, to Dec. 31, 1917.....	.....	.....	.....	.....	4	3½	4½	4	4½	4	5	4½	5½	5	3½	3½	4	3½	.....	.....
St. Louis:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	3	6	4	.....	.....	.....	.....	6	4	6	4	6	5	3½	3½	3½	3½	3	3
Jan. 1, 1916, to Dec. 31, 1916.....	3	3	4	4	.....	.....	.....	.....	4	4	4	4	5	4½	3½	3	3½	3½	3½	3
Jan. 1, 1917, to Dec. 31, 1917.....	.....	.....	.....	.....	4	3½	4½	4	4½	4	4½	4	5½	4½	4	3	4	3½	3½	3½
Minneapolis:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	4	6	4	.....	.....	.....	.....	6½	4	6½	4½	6½	5	.....	.....	.....	.....	3	3
Jan. 1, 1916, to Dec. 31, 1916.....	4	4	4	4	.....	.....	.....	.....	4	4	4½	4½	5	5	3½	3½	3½	3½	3½	3
Jan. 1, 1917, to Dec. 31, 1917.....	.....	.....	.....	.....	4	4	4½	4	4½	4	5	4½	5½	5	3½	3½	4	3½	4½	3½
Kansas City:																				
Nov. 16, 1914, to Dec. 31, 1915.....	6	3½	6	4	.....	.....	.....	.....	6½	4	6½	4	6½	5	3½	3½	3½	3½	3	3
Jan. 1, 1916, to Dec. 31, 1916.....	4½	3½	4½	4	.....	.....	.....	.....	4½	4	4½	4	5	5	4	3½	4	3½	4	3
Jan. 1, 1917, to Dec. 31, 1917.....	.....	.....	.....	.....	4	4	4½	4½	4½	4½	4½	4½	5	5	4	4	4	4	4	4

Dallas:																					
Nov. 16, 1914, to Dec. 31, 1915.....	6	4	6	4	-----	-----	-----	6½	4	6½	4	6½	4½	3½	3½	4	4	3	3		
Jan. 1, 1916, to Dec. 31, 1916.....	4	4	4	4	-----	-----	-----	4	4	4	4	4½	4½	3½	3½	4	3½	3	3		
Jan. 1, 1917, to Dec. 31, 1917.....	-----	-----	-----	-----	4	3½	4½	4	4½	4	4½	4	5	4½	3½	3½	4	3½	3½	3	
San Francisco:																					
Nov. 16, 1914, to Dec. 31, 1915.....	6	3	6	3½	-----	-----	-----	6½	4	6½	4½	6½	6	3	3	3½	3½	(²)	(²)		
Jan. 1, 1916, to Dec. 31, 1916.....	3	3	3½	3½	-----	-----	-----	4	4	4½	4½	6	5½	3	3	3½	3½	(²)	(²)		
Jan. 1, 1917, to Dec. 31, 1917.....	-----	-----	-----	-----	4	3½	4½	3½	4½	3½	4½	5½	5½	4	3	4	3	(²)	(³)		

¹ Commodity rates were established during September and October, 1915, and merged with those for commercial paper of corresponding maturities in November and December, 1917.

² Commodity paper rates for bills maturing within 30 days, 3½ per cent; 31 to 60 days, 4 per cent; 61 to 90 days, 4½ per cent.

³ Oct. 20, 1917, rate of 3½ per cent for commodity paper maturing within 60 days and 4 per cent for paper maturing after 60 days but within 90 days.

Exhibit B.—FEDERAL RESERVE NOTES.

Net amount of Federal Reserve notes received from the Comptroller of the Currency, issued to each Federal Reserve Bank, and in actual circulation; gold and eligible paper held by each Federal Reserve Agent, also amounts of Federal Reserve notes held by each Federal Reserve Bank on the last Friday in each month during the calendar year 1917.

[In thousands of dollars; i. e., 000's omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes received from the Comptroller of the Currency less returned for destruction:													
Jan. 26.....	21,108	125,510	24,140	13,614	22,098	31,291	10,161	19,803	25,506	25,807	30,257	15,727	365,022
Feb. 23.....	25,254	184,546	30,376	19,132	21,125	31,800	15,833	19,267	30,864	26,161	29,373	16,208	449,939
Mar. 30.....	24,724	231,590	31,510	22,345	20,337	31,227	30,679	19,350	28,716	33,981	29,107	16,217	519,783
Apr. 27.....	30,133	261,494	35,273	26,859	19,722	30,791	49,003	20,422	29,013	35,762	29,049	18,954	586,475
May 25.....	29,390	310,620	48,713	29,974	19,694	30,335	62,816	20,668	29,205	34,295	28,405	21,854	665,969
June 29.....	39,960	350,352	51,846	42,068	20,606	29,796	94,383	21,639	30,662	35,680	27,790	24,388	769,170
July 27.....	44,841	367,890	56,705	45,820	21,245	30,303	103,553	25,188	32,452	35,111	27,404	26,103	816,615
Aug. 31.....	50,296	377,492	60,472	57,464	25,094	30,621	113,788	27,194	31,660	37,105	32,815	28,435	872,436
Sept. 28.....	56,074	394,620	62,118	63,684	34,191	41,358	129,397	31,927	38,691	40,042	43,766	36,483	972,351
Oct. 26.....	64,651	426,744	78,360	75,155	45,993	50,179	146,532	48,372	48,711	46,260	52,686	39,134	1,122,777
Nov. 30.....	74,221	490,337	95,435	94,435	58,485	70,097	185,658	61,738	52,283	59,375	55,689	58,402	1,356,155
Dec. 28.....	83,817	553,939	107,486	119,650	62,680	78,757	226,080	64,153	55,606	66,862	56,242	73,905	1,549,177
Federal Reserve notes issued to Federal Reserve Banks (net amount):													
Jan. 26.....	13,898	107,490	16,880	10,514	18,098	23,156	7,161	16,763	19,886	20,849	22,271	14,727	291,693
Feb. 23.....	14,694	134,546	21,136	13,232	17,225	21,415	13,333	16,227	20,344	22,623	20,486	16,208	331,469
Mar. 30.....	17,124	165,910	25,710	15,645	16,737	20,422	25,139	15,010	20,271	23,223	21,156	16,217	382,564
Apr. 27.....	21,383	193,594	30,433	21,919	16,522	19,836	40,303	15,482	22,563	24,992	20,563	18,954	446,544
May 25.....	22,640	208,620	33,373	27,334	17,014	19,130	52,476	16,408	23,365	25,955	19,919	21,854	488,088
June 29.....	27,460	229,252	41,906	34,428	17,496	19,391	67,763	17,979	24,772	26,140	19,529	24,388	550,504

July 27.....	31,891	240,170	42,205	39,880	18,155	21,563	73,653	20,368	25,862	25,671	18,943	26,103	584,464
Aug. 31.....	35,796	257,572	45,472	44,024	21,994	24,661	84,688	23,204	26,870	27,825	24,370	28,435	644,911
Sept. 28.....	40,674	282,300	53,318	52,244	31,871	34,428	99,497	28,317	32,761	30,162	35,021	36,483	757,076
Oct. 26.....	51,251	315,224	63,320	64,215	44,313	47,069	116,632	41,322	40,421	37,580	42,906	39,134	903,387
Nov. 30.....	63,641	376,917	81,355	80,495	55,485	59,157	147,358	58,828	47,193	49,475	48,039	58,402	1,126,345
Dec. 28.....	74,297	456,339	97,326	105,710	60,840	66,887	187,780	61,863	51,016	58,062	47,727	73,905	1,341,752
Gold coin and certificates held by or to credit of Federal Reserve agent:													
Jan. 26.....	13,898	107,490	16,880	10,514	13,808	18,525	7,161	12,416	17,386	18,914	21,601	14,727	273,320
Feb. 23.....	14,694	134,546	17,076	13,232	10,565	17,634	13,333	12,380	17,244	18,788	20,486	16,208	306,186
Mar. 30.....	17,124	165,910	22,360	15,645	10,209	17,591	25,139	11,663	16,971	21,818	20,019	16,219	360,668
Apr. 27.....	21,383	193,594	26,283	21,919	5,935	17,265	40,303	13,435	20,553	24,046	19,235	18,954	422,905
May 25.....	22,640	208,620	30,463	27,334	5,655	16,859	52,476	9,781	19,205	24,090	17,634	21,854	456,611
June 29.....	22,460	139,252	33,606	34,428	7,318	16,320	62,003	9,472	21,576	14,830	16,986	24,388	402,639
July 27.....	21,891	173,670	32,905	30,880	7,483	18,072	56,653	14,911	21,366	14,635	15,624	26,103	434,193
Aug. 31.....	25,796	208,072	32,072	33,024	8,714	20,650	70,568	16,537	16,274	17,428	15,615	28,435	493,185
Sept. 28.....	25,623	212,300	40,418	36,244	15,955	30,117	88,537	17,270	21,965	20,748	22,471	26,579	558,227
Oct. 26.....	35,371	187,224	48,220	47,715	28,729	40,058	81,372	27,075	35,625	30,620	26,308	26,380	614,692
Nov. 30.....	29,921	171,097	52,025	51,995	31,867	42,341	104,783	45,831	34,197	30,146	29,023	38,598	661,824
Dec. 28.....	37,897	250,599	56,946	55,410	31,602	49,821	124,400	32,366	31,920	42,052	25,037	43,801	781,851
Eligible paper held by Federal Reserve agent:													
Jan. 26.....					4,649	4,655		4,347	2,500	1,941	1,023		19,115
Feb. 23.....			4,062		8,119	3,809		3,850	3,100	3,836	1,842		28,618
Mar. 30.....			3,390		6,728	2,856		3,352	3,300	1,423	2,001		23,050
Apr. 27.....			4,186		11,285	2,575		2,053	2,010	1,114	2,758		25,981
May 25.....			2,917		11,987	2,279		6,635	4,160	1,892	2,815		32,685
June 29.....	5,026	90,523	8,306		14,134	3,078	5,876	8,513	3,196	11,528	3,218		153,398
July 27.....	10,116	77,860	9,301	9,069	18,389	3,498	17,199	5,462	4,496	11,099	4,175		170,664
Aug. 31.....	10,017	50,155	13,404	11,000	16,428	4,017	14,339	6,670	10,596	10,402	9,191		156,219
Sept. 28.....	15,069	70,822	12,906	16,012	19,182	4,329	11,178	11,054	11,139	9,992	12,647	10,137	204,467
Oct. 26.....	15,899	133,130	15,105	16,508	17,051	9,331	35,783	14,258	8,886	7,380	17,297	13,076	303,704
Nov. 30.....	33,758	207,362	29,359	29,558	30,147	16,875	43,186	13,012	13,392	19,777	20,000	34,506	490,932
Dec. 28.....	36,668	213,400	40,981	50,825	43,386	17,805	64,133	38,765	19,836	16,244	23,241	41,421	606,705

Net amount of Federal Reserve notes received from the Comptroller of the Currency, issued to each Federal Reserve Bank, and in actual circulation; gold and eligible paper held by each Federal Reserve Agent, also amounts of Federal Reserve notes held by each Federal Reserve Bank on the last Friday in each month during the calendar year 1917—Continued.

[In thousands of dollars; i. e., 000's omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes held by banks:													
Jan. 26.....	1,069	18,927	1,342	893	541	734	1,695	702	2,642	111	276	2,993	31,925
Feb. 23.....	839	14,958	974	859	620	846	2,738	1,020	2,108	654	236	2,446	28,298
Mar. 30.....	1,754	10,035	1,529	753	818	942	4,559	850	589	828	401	1,896	24,954
Apr. 27.....	2,772	10,974	1,364	1,397	776	785	4,061	490	828	1,266	224	1,098	26,035
May 25.....	2,051	17,225	729	1,699	965	502	5,425	928	974	932	246	2,010	33,686
June 29.....	2,930	22,080	2,202	1,512	712	544	6,029	742	1,060	797	429	2,660	41,697
July 27.....	5,407	26,988	780	2,398	609	1,653	4,841	1,966	1,593	726	482	3,006	50,449
Aug. 31.....	5,381	27,948	2,269	1,642	635	1,559	5,030	1,510	2,385	3,665	398	3,674	56,996
Sept. 28.....	3,759	25,901	2,291	2,754	2,714	1,910	4,664	1,846	1,872	2,231	212	6,710	56,864
Oct. 26.....	3,319	26,426	3,707	3,217	1,417	1,522	4,488	2,740	1,182	2,997	292	4,574	55,881
Nov. 30.....	2,198	34,581	3,720	3,585	1,912	1,355	4,795	4,762	1,408	2,782	342	7,922	69,362
Dec. 28.....	2,083	59,369	3,683	3,489	2,645	1,379	9,695	1,590	1,412	2,763	551	6,605	95,264
Federal Reserve notes issued by each Federal Reserve Bank and in actual circulation:													
Jan. 26.....	12,829	88,563	15,538	9,621	17,557	22,422	5,466	16,061	17,244	20,738	21,995	11,734	259,768
Feb. 23.....	13,855	119,588	20,162	12,373	16,605	20,569	10,595	15,207	18,236	21,969	20,250	13,762	303,171
Mar. 30.....	15,370	155,875	24,181	14,892	15,919	19,480	20,580	14,160	19,682	22,395	20,755	14,321	357,610
Apr. 27.....	18,611	182,620	29,069	20,522	15,746	19,051	36,242	14,992	21,735	23,726	20,339	17,856	420,509
May 25.....	20,589	191,395	32,644	25,635	16,049	18,628	47,051	15,480	22,391	25,023	19,673	19,844	454,402
June 29.....	24,530	207,172	39,704	32,916	16,784	18,847	61,734	17,237	23,712	25,343	19,100	21,728	508,807
July 27.....	26,484	213,182	41,425	37,482	17,546	19,910	68,812	18,402	24,269	24,945	18,461	23,097	534,015
Aug. 31.....	30,415	229,624	43,203	42,382	21,359	23,102	78,758	21,694	24,485	24,160	23,972	24,761	587,915
Sept. 28.....	36,915	256,399	51,027	49,490	29,157	32,518	94,833	26,471	30,889	27,931	34,809	29,773	700,212
Oct. 26.....	47,932	288,798	59,613	60,998	42,896	45,547	112,144	38,582	39,239	34,583	42,614	34,560	847,506
Nov. 30.....	61,443	342,336	77,635	76,910	53,573	57,802	142,563	54,066	45,785	46,693	47,697	50,480	1,056,983
Dec. 28.....	72,214	396,970	93,643	102,221	58,195	65,508	178,085	60,273	49,604	55,299	47,176	67,300	1,246,488

Federal Reserve notes outstanding (i. e., net amount issued to banks), in actual circulation, and gold and paper collateral held by Federal Reserve Agents against outstanding notes.

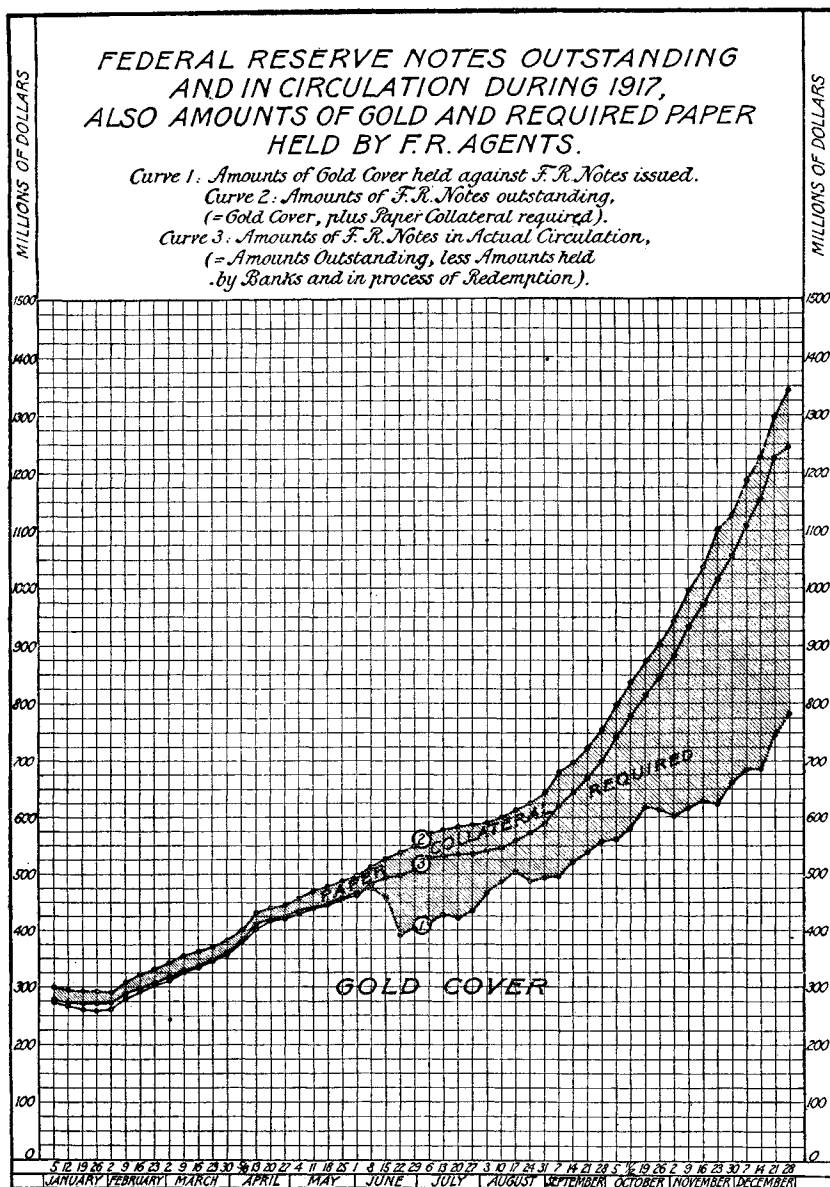
[In thousands of dollars; i. e., 000's omitted.]

	Federal Reserve notes issued to Federal Reserve Banks, net amount.	Gold cover for notes issued.				Paper collateral for notes issued.			Federal Reserve notes held by Federal Reserve Banks.	Federal Reserve notes in actual circulation.
		Gold coin and certificates in vault.	In gold redemption fund, United States Treasurer.	In gold settlement fund, Federal Reserve Board.	Total gold.	Amount required.	Actual amount held.	Excess of paper held.		
1917.										
Jan. 5.....	300,280	166,827	14,855	99,610	281,292	18,988	20,272	1,284	27,407	272,873
12.....	293,440	162,877	14,125	97,510	274,512	18,928	20,845	1,917	25,272	268,168
18-19.....	292,014	163,877	13,554	95,710	273,141	18,873	20,366	1,493	29,047	262,967
26.....	291,693	166,174	13,436	93,710	273,320	18,373	19,115	742	31,925	259,768
Feb. 2.....	290,577	166,374	12,650	95,050	274,074	16,503	19,692	3,189	30,547	260,030
9.....	308,348	178,344	15,126	95,250	288,720	19,628	21,715	2,087	29,825	278,523
16.....	321,453	188,144	15,006	94,120	297,270	24,183	26,746	2,563	29,614	291,839
23.....	331,469	194,094	14,722	96,560	306,186	25,283	28,618	3,335	28,298	303,171
Mar. 2.....	343,847	204,194	15,587	97,800	317,581	26,266	28,700	2,424	29,589	314,258
9.....	355,263	212,094	14,959	101,380	328,433	26,830	29,686	2,856	28,651	326,612
16.....	363,278	218,609	15,379	104,620	338,608	24,670	26,189	1,519	27,217	336,061
23.....	372,244	219,836	14,353	115,330	349,519	22,725	24,386	1,661	25,440	346,804
30.....	382,564	222,377	17,631	120,660	360,668	21,898	23,050	1,152	24,799	357,765
Apr. 5-6.....	400,698	234,573	17,697	126,180	378,450	22,253	23,554	1,301	24,188	376,510
13.....	431,788	248,313	18,583	143,900	410,796	20,998	22,594	1,596	29,979	401,809
20.....	440,539	252,194	18,644	147,700	418,538	22,001	23,826	1,825	26,182	414,357
27.....	446,544	253,944	20,931	148,030	422,905	23,639	25,981	2,342	26,035	420,509
May 4.....	458,874	258,885	20,634	153,570	433,089	25,785	27,343	1,558	30,372	428,502
11.....	470,401	261,025	21,028	156,270	438,323	32,078	32,776	698	32,183	438,218
18.....	478,906	264,635	20,596	163,080	448,311	30,595	32,421	1,826	32,405	446,501
25.....	488,088	264,468	23,233	168,910	456,611	31,477	32,685	1,208	33,686	454,402
June 1.....	499,844	271,365	23,314	172,290	466,969	32,875	34,441	1,566	34,979	464,865
8.....	512,527	273,682	24,339	177,180	475,201	37,326	37,930	606	31,058	481,469
15.....	527,971	255,674	24,538	179,730	459,942	68,029	69,151	1,122	36,356	491,615
22.....	539,976	187,667	24,268	178,830	390,765	149,211	153,136	3,925	40,255	499,721
29.....	550,504	198,239	23,620	180,780	402,639	147,865	153,398	5,533	41,697	508,807
July 6.....	570,725	203,120	22,805	187,790	413,715	157,010	162,733	5,723	43,266	527,459
13.....	579,957	218,118	23,190	187,030	428,338	151,619	158,473	6,854	47,449	532,508
20.....	583,937	218,358	22,801	182,730	423,889	160,048	168,233	8,185	49,711	534,226
27.....	584,464	230,331	21,568	182,294	434,193	150,271	170,664	20,393	50,449	534,015
Aug. 3.....	590,389	262,328	22,864	182,653	467,845	122,544	133,478	10,934	49,604	540,785
10.....	601,227	277,698	24,676	183,093	485,467	115,760	125,588	9,828	51,983	549,244
17.....	613,646	287,793	25,051	189,744	502,588	111,058	120,711	9,653	54,864	558,782
24.....	627,307	269,015	25,780	193,741	488,536	138,771	146,664	7,893	54,258	573,049
31.....	644,911	269,170	24,974	199,041	493,185	151,726	156,219	4,493	56,996	587,915
Sept. 7.....	680,073	256,127	25,232	213,420	494,779	185,294	187,218	1,924	58,774	621,299
14.....	700,430	272,682	26,452	221,336	520,470	179,960	192,200	12,240	55,863	644,567
21.....	725,397	278,534	28,801	228,674	536,009	189,328	198,887	9,559	55,151	670,246
28.....	757,076	276,645	28,028	253,554	558,227	198,849	204,467	5,618	56,864	700,212
Oct. 5.....	797,630	269,471	29,097	261,543	560,111	237,519	248,912	11,393	56,714	740,916
11-12.....	837,425	274,221	30,430	276,083	580,734	256,691	263,164	6,473	57,540	779,885
19.....	875,278	282,351	31,604	304,872	618,827	256,451	270,185	13,734	60,068	815,210
26.....	903,387	267,166	33,204	314,322	614,692	288,695	303,704	15,009	55,881	847,506

Federal Reserve notes outstanding (i. e., net amount issued to banks), in actual circulation, and gold and paper collateral held by Federal Reserve Agents against outstanding notes—Continued.

[In thousands of dollars; i. e., 000's omitted.]

	Federal Reserve notes issued to Federal Reserve Banks, net amount.	Gold cover for notes issued.				Paper collateral for notes issued.			Federal Reserve notes held by Federal Reserve Banks.	Federal Reserve notes in actual circulation.
		Gold coin and certificates in vault.	In gold redemption fund, United States Treasurer.	In gold settlement fund, Federal Reserve Board.	Total gold.	Amount required.	Actual amount held.	Excess of paper held.		
1917.										
Nov. 2....	941,284	249,495	32,111	320,827	602,433	338,851	365,107	26,256	60,283	881,001
9....	995,384	250,689	32,187	333,378	616,254	379,130	439,202	60,072	62,872	932,512
16....	1,038,620	243,030	31,843	355,033	629,906	408,714	431,182	22,468	66,035	972,585
23....	1,102,287	243,111	32,524	348,313	623,948	478,339	532,411	54,072	86,395	1,015,892
30....	1,126,345	242,985	33,714	385,125	661,824	464,521	490,932	26,411	69,362	1,056,983
Dec. 7....	1,184,667	240,351	35,773	407,815	683,939	500,728	536,473	35,745	74,130	1,110,537
14....	1,229,007	239,833	39,471	404,074	683,378	545,629	602,967	57,338	75,622	1,153,385
21....	1,295,069	227,302	41,281	477,524	746,107	548,962	602,074	53,112	67,427	1,227,642
28....	1,341,752	250,423	41,479	489,949	781,851	559,901	606,705	46,804	95,264	1,246,488



Statement of Federal Reserve notes, by denominations, printed, shipped to Federal Reserve agents and United States subtreasuries, and on hand in reserve vault Dec. 31, 1917.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Boston:						
Printed.....	\$43,320,000	\$49,080,000	\$19,280,000	\$12,800,000	\$20,000,000	\$144,480,000
Shipped.....	27,160,000	48,920,000	18,560,000	6,600,000	12,000,000	113,240,000
On hand.....	16,160,000	160,000	720,000	6,200,000	8,000,000	31,240,000
New York:						
Printed.....	332,600,000	339,280,000	168,080,000	47,400,000	126,800,000	1,014,160,000
Shipped.....	156,200,000	251,160,000	155,520,000	46,200,000	95,600,000	704,680,000
On hand.....	176,400,000	88,120,000	12,560,000	1,200,000	31,200,000	309,480,000
Philadelphia:						
Printed.....	29,000,000	37,960,000	44,560,000	16,000,000	20,400,000	147,920,000
Shipped.....	26,440,000	37,960,000	44,080,000	12,800,000	14,400,000	135,680,000
On hand.....	2,560,000	.....	480,000	3,200,000	6,000,000	12,240,000
Cleveland:						
Printed.....	27,160,000	43,320,000	66,480,000	23,200,000	11,200,000	171,360,000
Shipped.....	15,040,000	32,040,000	60,400,000	19,400,000	9,600,000	136,480,000
On hand.....	12,120,000	11,280,000	6,080,000	3,800,000	1,600,000	34,880,000
Richmond:						
Printed.....	23,340,000	28,560,000	27,920,000	7,600,000	7,600,000	95,020,000
Shipped.....	16,940,000	25,640,000	26,720,000	5,200,000	3,600,000	78,100,000
On hand.....	6,400,000	2,920,000	1,200,000	2,400,000	4,000,000	16,920,000
Atlanta:						
Printed.....	24,740,000	32,280,000	35,600,000	8,000,000	10,400,000	111,020,000
Shipped.....	23,880,000	31,680,000	30,240,000	4,200,000	5,200,000	95,200,000
On hand.....	860,000	600,000	5,360,000	3,800,000	5,200,000	15,820,000
Chicago:						
Printed.....	64,080,000	87,080,000	103,120,000	32,400,000	30,000,000	316,680,000
Shipped.....	36,460,000	87,080,000	103,120,000	19,000,000	17,600,000	263,260,000
On hand.....	27,620,000	.....	.....	13,400,000	12,400,000	53,420,000
St. Louis:						
Printed.....	29,940,000	27,760,000	24,800,000	5,000,000	4,800,000	92,300,000
Shipped.....	21,380,000	27,680,000	23,600,000	4,000,000	4,400,000	81,060,000
On hand.....	8,560,000	80,000	1,200,000	1,000,000	400,000	11,240,000
Minneapolis:						
Printed.....	29,900,000	27,520,000	24,880,000	3,400,000	4,400,000	90,100,000
Shipped.....	24,900,000	26,200,000	22,080,000	1,600,000	3,200,000	77,980,000
On hand.....	5,000,000	1,320,000	2,800,000	1,800,000	1,200,000	12,120,000
Kansas City:						
Printed.....	43,520,000	32,080,000	31,120,000	7,200,000	6,400,000	120,320,000
Shipped.....	29,180,000	26,560,000	28,560,000	4,600,000	3,600,000	92,500,000
On hand.....	14,340,000	5,520,000	2,560,000	2,630,000	2,800,000	27,820,000

Statement of Federal Reserve notes, by denominations, printed, shipped to Federal Reserve agents and United States subtreasuries, and on hand in reserve vault Dec. 31, 1917—Continued.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Dallas:						
Printed.....	20,040,000	26,320,000	24,880,000	6,000,000	7,600,000	84,840,000
Shipped.....	17,720,000	24,000,000	23,920,000	2,800,000	4,000,000	72,440,000
On hand.....	2,320,000	2,320,000	960,000	3,200,000	3,600,000	12,400,000
San Francisco:						
Printed.....	20,640,000	29,320,000	30,480,000	14,000,000	16,400,000	110,840,000
Shipped.....	20,340,000	24,080,000	30,320,000	13,000,000	16,000,000	103,740,000
On hand.....	300,000	5,240,000	160,000	1,000,000	400,000	7,100,000
Vault balance:						
Total printed.....	688,280,000	750,560,000	601,200,000	183,000,000	266,000,000	2,499,040,000
Total shipped.....	415,640,000	643,000,000	567,120,000	139,400,000	189,200,000	1,954,360,000
Total on hand.....	272,640,000	117,560,000	34,080,000	43,600,000	76,800,000	544,680,000

Federal Reserve notes by denominations issued through the Federal Reserve agents to the banks, also amounts retired and outstanding Dec. 31, 1917.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Boston:						
Issued.....	\$22,546,600	\$48,525,600	\$14,488,200	\$4,102,000	\$7,002,300	\$96,664,700
Retired.....	9,712,440	8,048,170	693,120	352,650	561,500	19,367,880
Outstanding.....	12,834,160	40,477,430	13,795,080	3,749,350	6,440,800	77,296,820
New York:						
Issued.....	133,290,350	£13,247,800	133,958,400	37,002,450	84,014,000	601,513,000
Retired.....	55,390,660	49,191,995	13,228,530	882,750	26,480,500	145,174,435
Outstanding.....	77,899,690	164,055,805	120,729,870	36,119,700	57,533,500	456,338,565
Philadelphia:						
Issued.....	20,692,700	38,594,800	44,830,200	5,890,000	7,550,000	117,557,700
Retired.....	7,818,955	7,644,000	4,302,290	106,400	360,300	20,231,945
Outstanding.....	12,873,745	30,950,800	40,527,910	5,783,600	7,189,700	97,325,755
Cleveland:						
Issued.....	11,620,000	26,640,000	54,800,000	16,000,000	5,600,000	114,660,000
Retired.....	2,672,250	2,931,940	2,934,860	299,250	152,000	8,990,300
Outstanding.....	8,947,750	23,708,060	51,865,140	15,700,750	5,448,000	105,669,700
Richmond:						
Issued.....	18,194,300	27,067,700	28,529,400	5,512,200	3,482,000	82,785,600
Retired.....	7,157,645	7,160,650	5,647,520	1,505,950	543,700	22,015,465
Outstanding.....	11,036,655	19,907,050	22,881,880	4,006,250	2,938,300	60,770,135

Federal Reserve notes by denominations issued through the Federal Reserve agents to the banks, also amounts retired and outstanding Dec. 3, 1917—Continued.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Atlanta:						
Issued.....	25, 144, 050	33, 645, 800	28, 860, 980	3, 730, 450	2, 442, 900	93, 824, 180
Retired.....	9, 971, 965	8, 912, 195	5, 343, 600	1, 511, 000	1, 218, 000	26, 956, 760
Outstanding.....	15, 172, 085	24, 733, 605	23, 517, 380	2, 219, 450	1, 224, 900	66, 867, 420
Chicago:						
Issued.....	22, 920, 050	70, 000, 000	82, 800, 600	11, 600, 250	10, 800, 100	198, 121, 000
Retired.....	3, 775, 000	1, 560, 730	1, 727, 840	221, 900	47, 000	7, 332, 470
Outstanding.....	19, 145, 050	68, 439, 270	81, 072, 760	11, 378, 350	10, 753, 100	190, 788, 530
St. Louis:						
Issued.....	18, 632, 950	28, 672, 940	23, 452, 160	2, 960, 050	2, 550, 000	76, 268, 100
Retired.....	6, 073, 900	4, 439, 950	2, 248, 670	740, 550	901, 600	14, 404, 670
Outstanding.....	12, 559, 050	24, 232, 990	21, 203, 490	2, 219, 500	1, 648, 400	61, 863, 430
Minneapolis:						
Issued.....	21, 082, 000	22, 695, 000	19, 655, 000	1, 010, 000	1, 670, 000	66, 112, 000
Retired.....	8, 151, 565	3, 998, 565	2, 604, 420	148, 900	202, 600	15, 105, 050
Outstanding.....	12, 930, 435	18, 696, 435	17, 050, 580	861, 100	1, 467, 400	51, 005, 950
Kansas City:						
Issued.....	25, 984, 000	22, 090, 000	26, 954, 000	6, 610, 000	1, 790, 000	83, 428, 000
Retired.....	10, 070, 640	4, 977, 690	5, 437, 050	5, 054, 100	5, 100	25, 544, 580
Outstanding.....	15, 913, 360	17, 112, 310	21, 516, 950	1, 555, 900	1, 784, 900	57, 883, 420
Dallas:						
Issued.....	15, 380, 000	28, 440, 900	26, 618, 600	3, 270, 650	4, 635, 000	78, 345, 150
Retired.....	7, 138, 565	11, 229, 565	7, 499, 770	1, 566, 700	3, 193, 600	30, 628, 200
Outstanding.....	8, 241, 435	17, 211, 335	19, 118, 830	1, 703, 950	1, 441, 400	47, 716, 950
San Francisco:						
Issued.....	17, 140, 000	20, 960, 000	30, 320, 000	6, 400, 000	11, 600, 000	86, 420, 000
Retired.....	4, 657, 540	2, 539, 890	1, 763, 070	166, 050	195, 900	9, 322, 450
Outstanding.....	12, 482, 460	18, 420, 110	28, 556, 930	6, 233, 950	11, 404, 100	77, 097, 550
RECAPITULATION.						
Total issued.....	352, 627, 000	580, 580, 540	515, 267, 540	104, 088, 050	143, 136, 300	1, 695, 699, 430
Total retired.....	132, 591, 125	112, 635, 340	53, 430, 740	12, 556, 200	33, 861, 800	345, 075, 205
Total outstanding.....	220, 035, 875	467, 945, 200	461, 836, 800	91, 531, 850	109, 274, 500	1, 350, 624, 225

Statement of Federal Reserve notes, by denominations, received by agents, issued to the banks, returned to the Comptroller for destruction, since organization of banks, and on hand Dec. 31, 1917, as reported by Federal Reserve agents.

RECEIVED FROM COMPTROLLER OF THE CURRENCY.

Federal Reserve agent at—	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Boston.....	\$24,160,000	\$48,920,000	\$14,880,000	\$5,600,000	\$5,600,000	\$103,160,000
New York.....	151,200,000	241,160,000	151,520,000	44,200,000	91,600,000	679,680,000
Philadelphia.....	22,440,000	37,960,000	44,080,000	9,800,000	11,200,000	125,480,000
Cleveland.....	13,040,000	29,640,000	59,840,000	18,400,000	7,600,000	128,520,000
Richmond.....	16,940,000	25,640,000	26,720,000	5,200,000	3,600,000	78,100,000
Atlanta.....	22,820,000	30,680,000	28,720,000	3,800,000	3,600,000	89,620,000
Chicago.....	28,460,000	77,600,000	97,120,000	16,600,000	15,200,000	234,980,000
St. Louis.....	16,580,000	27,520,000	23,600,000	3,000,000	2,400,000	73,100,000
Minneapolis.....	19,700,000	24,240,000	20,240,000	1,400,000	2,400,000	67,980,000
Kansas City.....	25,540,000	22,160,000	25,040,000	3,200,000	2,800,000	78,740,000
Dallas.....	15,140,000	23,280,000	23,280,000	2,800,000	4,000,000	68,500,000
San Francisco.....	15,340,000	19,880,000	30,320,000	6,400,000	11,600,000	83,540,000
Total.....	371,360,000	608,680,000	545,360,000	120,400,000	165,600,000	1,811,400,000

RETURNED BY FEDERAL RESERVE BANKS.

Boston.....	\$9,712,440	\$8,048,170	\$693,120	\$352,650	\$561,500	\$19,367,880
New York.....	55,390,660	49,191,995	13,228,530	882,750	26,480,500	145,174,435
Philadelphia.....	7,818,955	7,644,000	4,302,290	106,400	360,300	20,231,945
Cleveland.....	2,672,250	2,931,940	2,934,860	299,250	152,000	8,990,300
Richmond.....	7,157,645	7,160,650	5,647,520	1,505,950	543,700	22,015,465
Atlanta.....	9,971,965	8,912,195	5,343,600	1,511,000	1,218,000	26,956,760
Chicago.....	3,775,000	1,560,730	1,727,840	221,900	47,000	7,332,470
St. Louis.....	6,073,900	4,439,950	2,248,670	740,550	901,000	14,404,670
Minneapolis.....	8,151,565	3,998,565	2,604,420	148,900	202,600	15,105,050
Kansas City.....	10,070,640	4,977,690	5,437,050	5,054,100	5,100	25,544,580
Dallas.....	7,138,565	11,229,565	7,499,770	1,566,700	3,193,600	30,628,200
San Francisco.....	4,657,540	2,539,890	1,763,070	166,050	195,900	9,322,450
Total.....	132,591,125	112,635,340	53,430,740	12,556,200	33,861,800	345,075,205

TOTAL AMOUNTS FOR WHICH FEDERAL RESERVE AGENTS ARE ACCOUNTABLE.

Boston.....	\$33,872,440	\$56,968,170	\$15,573,120	\$5,952,650	\$10,161,500	\$122,527,880
New York.....	206,590,660	290,351,995	164,748,530	45,082,750	118,080,500	824,854,435
Philadelphia.....	30,258,955	45,604,000	48,382,290	9,906,400	11,560,300	145,711,945
Cleveland.....	15,712,250	32,571,940	62,774,860	18,699,250	7,752,000	137,510,300
Richmond.....	24,097,645	32,800,650	32,367,520	6,705,950	4,143,700	100,115,465
Atlanta.....	32,791,965	39,592,195	34,063,600	5,311,000	4,818,000	116,576,760
Chicago.....	32,235,000	79,160,730	98,847,840	16,821,900	15,247,000	242,312,470
St. Louis.....	22,053,900	31,959,950	25,848,670	3,740,550	3,301,600	87,504,670
Minneapolis.....	27,851,565	28,238,565	22,844,420	1,548,900	2,602,600	83,086,050
Kansas City.....	35,610,640	27,137,690	30,477,050	8,254,100	2,805,100	104,284,580
Dallas.....	22,278,565	34,509,565	30,779,770	4,366,700	7,193,600	99,128,200
San Francisco.....	19,997,540	22,419,890	32,083,070	6,566,050	11,795,900	92,862,450
Total.....	503,951,125	721,315,340	598,790,740	132,956,200	199,461,800	2,156,475,205

Statement of Federal Reserve notes, by denominations, received by agents, issued to the banks, returned to the Comptroller for destruction, since organization of banks, and on hand Dec. 31, 1917, as reported by Federal Reserve agents—Continued.

ISSUED TO FEDERAL RESERVE BANKS.

Federal Reserve agent at—	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Boston.....	\$22,546,600	\$48,525,600	\$14,488,200	\$4,102,000	\$7,002,300	\$96,664,700
New York.....	133,290,350	213,247,800	133,958,400	37,002,450	84,014,000	601,513,000
Philadelphia.....	20,692,700	38,594,800	44,830,200	5,890,000	7,550,000	117,557,700
Cleveland.....	11,620,000	26,640,000	54,800,000	16,000,000	5,600,000	114,660,000
Richmond.....	18,194,300	27,067,700	28,529,400	5,512,200	3,482,000	82,785,600
Atlanta.....	25,144,050	33,645,800	28,860,980	3,730,450	2,442,900	93,824,180
Chicago.....	22,920,050	70,000,000	82,800,600	11,600,250	10,800,100	198,121,000
St. Louis.....	18,632,950	28,672,940	23,452,160	2,960,050	2,550,000	76,268,100
Minneapolis.....	21,082,000	22,695,000	19,655,000	1,010,000	1,670,000	66,112,000
Kansas City.....	25,984,000	22,090,000	26,954,000	6,610,000	1,790,000	83,428,000
Dallas.....	15,380,000	28,440,900	26,618,600	3,270,650	4,635,000	78,345,150
San Francisco.....	17,140,000	20,960,000	30,320,000	6,400,000	11,600,000	86,420,000
Total.....	352,627,000	580,580,540	515,267,540	104,088,050	143,136,300	1,695,699,430

RETURNED TO COMPTROLLER FOR DESTRUCTION.

Boston.....	\$9,705,840	\$8,042,570	\$684,920	\$350,650	\$559,200	\$19,343,180
New York.....	55,300,310	49,104,195	12,390,130	680,300	1,666,500	119,141,435
Philadelphia.....	7,406,255	7,009,200	3,552,090	16,400	10,300	17,994,245
Cleveland.....	2,672,250	2,931,940	2,854,860	299,250	152,000	8,910,300
Richmond.....	5,743,345	5,012,950	3,678,120	793,750	261,700	15,489,865
Atlanta.....	5,128,915	3,609,895	1,928,120	90,550	125,100	10,882,580
Chicago.....	3,134,950	1,560,730	1,727,240	221,650	46,900	6,691,470
St. Louis.....	3,780,950	3,167,010	1,436,510	40,500	1,600	8,426,570
Minneapolis.....	5,269,565	3,223,565	1,349,420	18,900	22,600	9,884,050
Kansas City.....	7,706,640	3,167,690	1,123,050	54,100	5,100	12,056,580
Dallas.....	5,028,565	4,713,665	2,411,170	96,050	18,600	12,268,050
San Francisco.....	2,857,540	1,459,890	1,763,070	166,050	195,900	6,442,450
Total.....	113,735,125	93,003,300	34,898,700	2,828,150	3,065,500	247,530,775

IN HANDS OF FEDERAL RESERVE AGENTS DEC. 31, 1917.

Boston.....	\$1,620,000	\$400,000	\$400,000	\$1,500,000	\$2,600,000	\$6,520,000
New York.....	18,000,000	28,000,000	18,400,000	7,400,000	32,400,000	104,200,000
Philadelphia.....	2,160,000			4,000,000	4,000,000	10,160,000
Cleveland.....	1,420,000	3,000,000	5,120,000	2,400,000	2,000,000	13,940,000
Richmond.....	160,000	720,000	160,000	400,000	400,000	1,840,000
Atlanta.....	2,519,000	2,336,500	3,274,500	1,490,000	2,250,000	11,870,000
Chicago.....	6,180,000	7,600,000	14,320,000	5,000,000	4,400,000	37,500,000
St. Louis.....	240,000	120,000	960,000	740,000	750,000	2,810,000
Minneapolis.....	1,500,000	2,320,000	1,840,000	520,000	910,000	7,090,000
Kansas City.....	1,920,000	1,880,000	2,400,000	1,590,000	1,010,000	8,800,000
Dallas.....	1,870,000	1,355,000	1,750,000	1,000,000	2,540,000	8,515,000
San Francisco.....						
Total.....	37,589,000	47,731,500	48,624,500	26,040,000	53,260,000	213,245,000

Statement of Federal Reserve notes, by denominations, received by agents, issued to the banks, returned to the Comptroller for destruction, since organization of banks, and on hand Dec. 31, 1917, as reported by Federal Reserve agents—Continued.

TOTAL AMOUNTS OF FEDERAL RESERVE NOTES ACCOUNTED FOR.

Federal Reserve Agent at—	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Boston	\$32,252,440	\$56,568,170	\$15,173,120	\$4,452,650	\$7,561,500	\$116,007,880
New York	188,590,660	262,351,995	146,348,530	37,682,750	85,680,500	720,654,435
Philadelphia	28,098,955	45,604,000	48,382,290	5,906,400	7,560,300	135,551,945
Cleveland	14,292,250	29,571,940	57,654,860	16,299,250	5,752,000	123,570,300
Richmond	23,937,645	32,080,600	32,207,520	6,305,950	3,743,700	98,275,465
Atlanta	30,272,965	37,255,695	30,789,100	3,821,000	2,568,000	104,706,760
Chicago	26,055,000	71,560,730	84,527,840	11,821,900	10,847,000	204,812,470
St. Louis	22,413,900	31,839,950	24,888,670	3,000,550	2,551,600	84,694,670
Minneapolis	26,351,565	25,918,565	21,004,420	1,028,900	1,692,600	75,996,050
Kansas City	33,690,640	25,257,690	28,077,050	6,664,100	1,795,100	95,484,580
Dallas	20,408,565	33,154,565	29,029,770	3,366,700	4,653,600	90,613,200
San Francisco	19,997,540	22,419,890	32,083,070	6,566,050	11,795,900	92,862,450
Total	466,362,125	673,583,840	550,166,240	106,916,200	146,201,800	1,943,230,205

RECAPITULATION.

Received from Comptroller	\$371,360,000	\$608,680,000	\$545,360,000	\$120,400,000	\$165,600,000	\$1,811,400,000
Returned by bank	132,591,125	112,635,340	53,430,740	12,556,200	33,861,800	345,075,205
Total	503,951,125	721,315,340	598,790,740	132,956,200	199,461,800	2,156,475,205
Issued to banks	352,627,000	580,580,540	515,267,540	104,088,050	143,136,300	1,695,699,430
Return for destruction ..	113,735,125	93,003,300	34,898,700	2,828,150	3,065,500	247,530,775
On hand	37,589,000	47,731,500	48,624,500	26,040,000	53,260,000	213,245,000
Total	503,951,125	721,315,340	598,790,740	132,956,200	199,461,800	2,156,475,205

Mutilated Federal Reserve notes, by denominations, received and destroyed since organization of banks and on hand in vault Dec. 31, 1917.

RECEIVED FOR DESTRUCTION.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Boston	\$9,635,840	\$7,912,570	\$664,920	\$350,650	\$559,200	\$19,123,180
New York	55,300,855	49,106,405	12,390,310	680,300	1,666,600	119,144,470
Philadelphia	7,406,255	7,009,200	3,552,090	16,400	10,300	17,994,245
Cleveland	2,672,260	2,931,940	2,854,860	299,250	152,000	8,910,300
Richmond	5,743,345	5,012,950	3,678,120	793,750	261,700	15,489,865
Atlanta	5,128,915	3,609,895	1,928,120	90,550	125,100	10,882,580
Chicago	3,121,450	1,554,730	1,715,240	221,650	46,900	6,659,970
St. Louis	3,780,950	3,167,010	1,436,510	40,500	1,600	8,426,570
Minneapolis	5,269,565	3,223,565	1,349,420	18,900	22,600	9,884,050
Kansas City	7,706,640	3,167,690	1,123,050	54,100	5,100	12,056,580
Dallas	5,028,565	4,713,665	2,411,170	96,050	18,600	12,268,050
San Francisco	2,857,540	1,469,890	1,763,070	166,050	195,900	6,452,450
Total received	113,652,170	92,879,510	34,866,880	2,828,150	3,065,600	247,292,310
Total destroyed ..	110,695,020	90,408,220	33,777,150	2,742,450	2,990,700	240,613,540
Balance on hand ..	2,957,150	2,471,290	1,089,730	85,700	74,900	6,678,770

NOTE.—During the year burned, badly mutilated, and fractional parts of Federal Reserve notes amounting to \$11,060 have been identified, valued, and the bank of issue determined.

Total amount of Federal Reserve bank currency received since organization of banks, by Comptroller of the Currency from Bureau of Engraving and Printing, issued and on hand, Dec. 31, 1917.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Total.
Philadelphia:					
Printed.....	\$320,000	\$440,000	\$240,000	0	\$1,000,000
Issued.....	0	0	0	0	0
On hand.....	320,000	440,000	240,000	0	1,000,000
Cleveland:					
Printed.....	1,000,000	2,000,000	2,000,000	0	5,000,000
Issued.....	0	0	0	0	0
On hand.....	1,000,000	2,000,000	2,000,000	0	5,000,000
Richmond:					
Printed.....	200,000	400,000	400,000	0	1,000,000
Issued.....	0	0	0	0	0
On hand.....	200,000	400,000	400,000	0	1,000,000
Atlanta:					
Printed.....	640,000	480,000	480,000	400,000	2,000,000
Issued.....	0	0	0	0	0
On hand.....	640,000	480,000	480,000	400,000	2,000,000
Chicago:					
Printed.....	1,600,000	1,800,000	1,600,000	0	5,000,000
Issued.....	0	0	0	0	0
On hand.....	1,600,000	1,800,000	1,600,000	0	5,000,000
Minneapolis:					
Printed.....	1,320,000	2,680,000	0	0	4,000,000
Issued.....	0	0	0	0	0
On hand.....	1,320,000	2,680,000	0	0	4,000,000
Kansas City:					
Printed.....	4,360,000	5,040,000	3,600,000	0	13,000,000
Issued.....	3,414,980	4,000,000	2,640,000	0	10,054,980
On hand.....	945,020	1,040,000	960,000	0	2,945,020
Dallas:					
Printed.....	1,640,000	2,400,000	2,000,000	0	6,040,000
Issued.....	1,012,400	1,960,000	1,760,000	0	4,732,400
On hand.....	627,600	440,000	240,000	0	1,307,600
San Francisco:					
Printed.....	1,680,000	1,960,000	1,360,000	0	5,000,000
Issued.....	0	0	0	0	0
On hand.....	1,680,000	1,960,000	1,360,000	0	5,000,000
RECAPITULATION.					
Total printed.....	12,760,000	17,200,000	11,680,000	400,000	42,040,000
Total issued.....	4,427,380	5,960,000	4,400,000	0	14,787,380
Total on hand.....	8,332,620	11,240,000	7,280,000	400,000	27,252,620

NOTE.—Plates for fives, tens, twenties, fifties, and hundreds have been engraved for both Boston and New York, and fives, tens, and twenties for St. Louis, but no currency ordered printed.

Federal Reserve bank notes issued, redeemed, and outstanding, by denominations.

	Issued.	Redeemed.	Outstanding.
Fives.....	\$4, 427, 380	\$706, 355	\$3, 721, 025
Tens.....	5, 960, 000	1, 014, 820	4, 945, 180
Twenties.....	4, 400, 000	461, 040	3, 938, 960
Total.....	14, 787, 380	2, 182, 215	12, 605, 165

COST OF FEDERAL RESERVE NOTES.

The cost to each Federal Reserve Bank of Federal Reserve notes, including paper, preparing plates, and printing, but exclusive of cost of transmittal, for the calendar year 1917 was as follows:

Boston.....	\$79, 552. 41
New York.....	548, 146. 61
Philadelphia.....	55, 324. 87
Cleveland.....	71, 378. 22
Richmond.....	44, 072. 58
Atlanta.....	42, 020. 45
Chicago.....	171, 841. 46
St. Louis.....	49, 879. 01
Minneapolis.....	49, 278. 45
Kansas City.....	64, 147. 60
Dallas.....	34, 214. 69
San Francisco.....	35, 368. 18
Total.....	1, 245, 224. 53

Amounts of Federal Reserve notes received from and returned to other Federal Reserve Banks for redemption or credit by each Federal Reserve Bank during the calendar year 1917.

	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....			\$3,064,200	\$9,552,800	\$368,000	\$634,700	\$38,915	\$352,900	\$47,500	\$263,900	\$135,400	\$193,200
New York.....	\$9,482,800	\$3,018,450			11,169,902	5,818,700	1,250,300	1,725,105	999,100	3,600,750	1,236,500	3,030,710
Philadelphia.....	634,700	368,000	5,876,300	11,553,902			258,495	883,000	323,920	798,000	150,650	311,000
Cleveland.....	352,900	36,415	1,720,700	1,216,800	835,000	247,995			133,950	100,600	282,150	72,180
Richmond.....	263,900	50,500	3,680,305	993,100	798,005	336,670	101,100	145,200			862,450	268,520
Atlanta.....	193,200	135,400	3,116,410	1,236,100	311,000	151,400	72,680	285,900	278,520	862,450		
Chicago.....	347,800	218,500	1,760,420	3,425,000	406,000	357,500	420,040	939,500	128,610	332,000	224,550	747,500
St. Louis.....	99,700	53,450	664,500	878,700	113,000	90,600	176,520	226,705	34,250	122,080	424,450	820,635
Minneapolis.....	142,200	16,000	844,375	390,500	122,000	17,000	77,030	53,000	44,390	17,000	95,900	29,000
Kansas City.....	126,600	8,815	976,600	127,750	129,000	12,100	64,240	25,000	34,240	18,990	212,550	68,950
Dallas.....	141,400	283,695	1,014,415	566,920	101,000	312,450	36,410	295,390	33,500	91,980	960,500	525,830
San Francisco.....	156,500	30,200	2,656,490	383,415	163,000	31,370	32,595	67,955	12,700	184,485	69,245	50,450
Total.....	11,941,700	4,219,425	25,374,715	30,324,987	14,515,907	8,010,485	2,528,325	4,999,655	2,070,680	6,392,235	4,654,345	6,117,975

	Chicago.		St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$232,500	\$347,800	\$53,450	\$100,900	\$15,000	\$142,200	\$8,815	\$126,600	\$283,695	\$141,400	\$31,360	\$156,500	\$4,278,835	\$12,012,900
New York.....	3,425,000	1,698,920	922,200	661,150	390,500	792,325	127,750	929,160	599,420	964,265	393,580	2,560,440	29,997,052	24,799,975
Philadelphia.....	357,500	419,000	90,600	113,000	17,000	122,000	11,600	129,000	314,450	101,000	31,575	163,000	8,066,790	14,960,902
Cleveland.....	1,178,650	418,040	226,705	183,020	51,500	116,030	25,000	66,740	299,640	39,410	69,545	36,840	5,175,740	2,534,070
Richmond.....	312,000	128,610	122,080	34,250	17,000	44,390	18,990	34,240	89,330	33,750	185,015	14,200	6,450,175	2,083,430
Atlanta.....	747,500	223,550	820,630	424,450	20,000	95,900	68,950	217,550	521,830	950,600	50,990	66,850	6,210,710	4,650,150
Chicago.....	.....	.....	1,050,350	1,205,000	219,500	3,418,000	142,150	2,776,500	128,835	974,000	301,010	875,000	5,129,265	15,268,500
St. Louis.....	1,135,000	1,050,350	.....	.....	54,500	328,300	211,150	2,298,500	373,720	1,961,500	58,170	148,950	3,344,960	7,979,770
Minneapolis.....	3,418,000	219,500	328,300	54,500	.....	.....	133,400	224,500	66,250	58,000	266,140	272,000	5,537,985	1,351,000
Kansas City.....	2,652,500	145,550	2,298,000	211,150	215,000	133,400	.....	.....	754,820	310,950	319,635	56,100	7,783,185	1,118,755
Dallas.....	921,000	129,335	1,961,500	373,720	58,000	66,250	310,950	754,820	.....	.....	226,605	106,560	5,765,280	3,506,950
San Francisco.....	700,000	223,460	148,950	57,540	260,000	249,295	52,100	337,765	104,060	225,145	.....	.....	4,355,640	1,843,080
Total.....	15,079,650	5,008,115	8,022,765	3,418,680	1,327,000	5,508,090	1,110,855	7,895,375	3,536,050	5,760,020	1,933,625	4,456,440	92,095,617	92,109,482

Exhibit C.—STATEMENTS OF CONDITION OF FEDERAL RESERVE BANKS.

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Combined resources and liabilities of all Federal Reserve Banks as at close of business on the last Friday of each month during calendar year 1917.

RESOURCES.

[In thousands of dollars; i. e., 000's omitted.]

	Jan. 26.	Feb. 23.	Mar. 30.	Apr. 27.	May 25	June 29.	July 27.	Aug. 31.	Sept. 28.	Oct. 26.	Nov. 30.	Dec. 28.
Gold coin and certificates in vault.....	302,341	281,355	374,903	311,798	334,265	484,126	460,764	416,797	445,597	461,113	499,887	499,917
Gold settlement fund.....	213,771	213,861	200,061	207,920	183,590	345,845	405,739	383,937	342,337	363,967	395,236	317,520
Gold with foreign agencies.....						52,500	52,500	52,500	52,500	52,500	52,500	52,500
Total gold held by banks.....	516,112	495,216	574,964	519,718	517,855	882,471	919,003	853,234	840,434	877,580	947,623	869,937
Gold with Federal Reserve agents.....	273,320	306,186	360,668	422,905	456,611	402,639	434,193	493,185	558,227	614,692	661,824	781,851
Gold redemption fund.....	1,813	1,922	2,414	2,518	2,905	9,402	9,067	7,079	9,809	11,164	12,278	19,345
Total gold reserve.....	791,245	803,324	938,046	945,141	977,371	1,294,512	1,362,263	1,353,498	1,408,470	1,503,436	1,621,725	1,671,133
Legal-tender notes, silver, etc.....	17,579	15,249	9,282	30,340	36,892	39,840	51,789	52,610	49,089	49,506	54,486	49,635
Total reserves.....	808,824	818,573	947,328	975,481	1,014,263	1,334,352	1,414,052	1,406,108	1,457,559	1,552,942	1,676,211	1,720,768
Bills discounted—members and Federal Reserve banks.....	15,711	20,266	20,106	35,043	47,587	197,242	138,459	147,315	233,539	397,094	750,398	680,706
Bills bought in open market.....	97,697	123,966	84,473	71,400	107,377	202,270	195,097	154,591	176,169	177,590	205,454	275,366
Loans on gold coin and bullion.....						21,850						
United States Government long-term securities.....	36,122	29,471	29,275	36,223	36,513	36,426	41,135	45,406	55,129	54,166	47,304	48,350
United States Government short-term securities.....	19,647	18,647	18,425	81,595	81,145	34,302	35,818	32,521	39,876	55,876	41,792	58,883
Municipal warrants.....	12,249	17,124	15,715	14,999	14,675	2,446	1,469	1,230	224	233	1,429	1,005
Total earning assets.....	181,426	209,474	167,994	239,260	287,297	494,536	411,978	381,063	504,937	684,959	1,052,377	1,064,310
Due from other Federal Reserve banks—net.....	2—4,123	732	2,275	132	10,641	1,448	2—11,106	10,233	5,929	6,896	2—7,091	11,976
Uncollected items.....	126,437	136,940	132,759	204,842	328,779	221,705	204,756	260,184	234,361	281,677	373,160	301,067
Total deductions from gross deposits.....	122,314	137,672	135,034	204,974	339,420	223,153	193,650	270,417	240,290	288,573	366,069	313,043

ANNUAL REPORT OF THE FEDERAL RESERVE BOARD.

5 per cent redemption fund against Federal Reserve bank notes.....	400	400	400	400	400	500	500	500	500	537	537	537
All other resources.....	13,609	8,271	5,393	5,757	6,424	799	1,057	293	387	1,354	2,499	2,813
Total resources.....	1,126,573	1,174,390	1,256,149	1,425,872	1,647,804	2,053,340	2,021,237	2,058,381	2,203,673	2,528,365	3,097,693	3,101,471

LIABILITIES.

Capital paid in.....	55,694	55,989	56,075	56,409	56,991	57,176	57,825	58,904	59,379	62,629	68,500	70,442
Government deposits.....	25,607	13,407	20,567	99,689	76,114	300,966	143,032	154,358	71,289	132,221	220,962	108,213
Due to members—reserve account.....	687,841	692,475	720,411	719,785	813,326	1,033,460	1,135,456	1,069,804	1,136,930	1,264,323	1,489,370	1,453,166
Collection items.....	97,374	108,826	100,961	129,032	170,151	149,527	137,815	140,278	157,524	174,492	231,776	191,689
Other deposits, including foreign Government credits.....					76,000	1,000	9,547	39,903	68,433	36,335	19,473	17,969
Total gross deposits.....	810,822	814,708	841,939	948,506	1,135,591	1,484,053	1,425,850	1,404,343	1,434,176	1,607,371	1,961,581	1,771,037
Federal Reserve notes in actual circulation.....	259,768	303,171	357,610	420,509	454,402	508,753	534,015	587,915	700,212	847,506	1,056,983	1,246,488
Federal Reserve bank notes in circulation—net liability.....						934	2,459	6,023	8,000	8,000	8,000	8,000
All other liabilities.....	289	522	525	448	820	1,524	1,088	1,196	1,906	2,859	2,629	5,504
Total liabilities.....	1,126,573	1,174,390	1,256,149	1,425,872	1,647,804	2,053,340	2,021,237	2,058,381	2,203,673	2,528,365	3,097,693	3,101,471

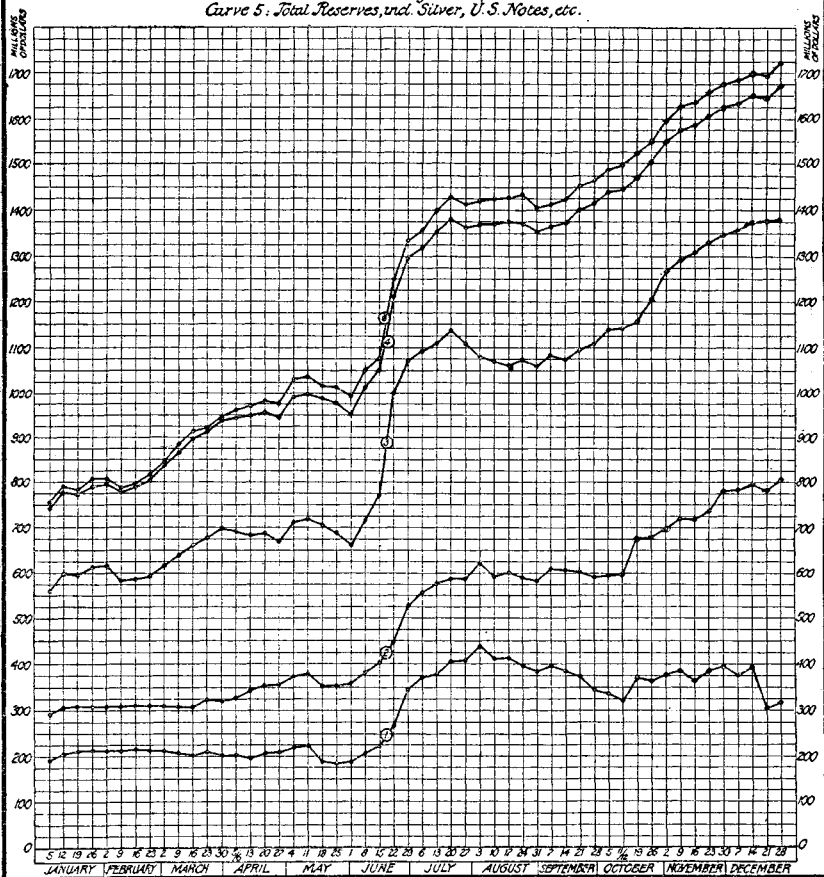
2 MATURITIES OF BILLS ON HAND.

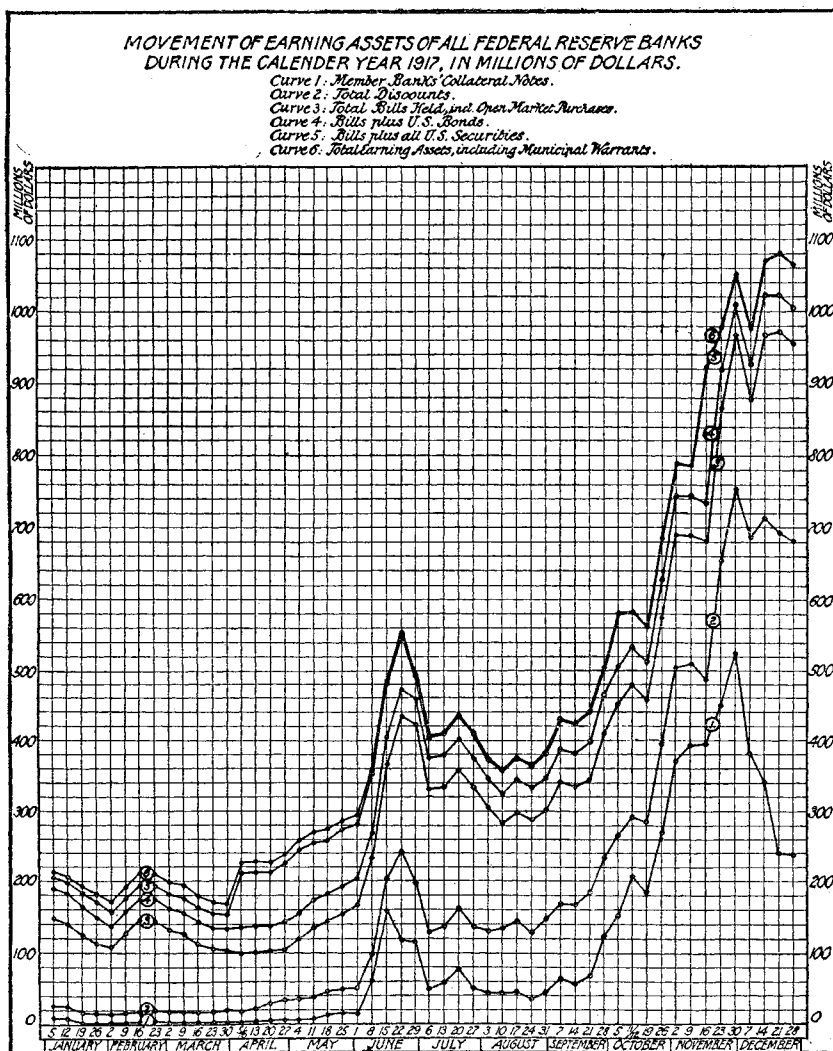
Within 15 days.....	29,402	36,912	31,061	38,021	43,844	172,168	115,223	108,291	178,383	344,190	581,704	395,697
Over 15 but within 30 days.....	18,794	23,925	30,320	20,900	22,370	53,754	44,799	55,508	63,712	51,887	91,556	118,545
Over 30 but within 60 days.....	51,790	49,617	30,636	29,620	50,808	91,213	94,431	89,170	96,234	101,512	140,417	280,136
Over 60 but within 90 days.....	12,414	23,915	11,735	16,735	35,145	77,420	73,893	46,124	69,936	75,211	141,927	152,708
Over 90 days.....	1,008	863	827	1,167	2,797	4,957	5,210	2,813	1,443	1,884	6,248	8,986
Total.....	113,408	144,232	104,579	106,443	154,964	399,512	333,556	301,906	409,708	574,684	961,852	956,072

2 Net amounts due to other Federal Reserve Banks.

MOVEMENT OF RESERVES OF ALL FEDERAL RESERVE BANKS DURING THE CALENDAR YEAR 1917, IN MILLIONS OF DOLLARS.

Curve 1: Banks Gold Settlement Fund.
Curve 2: Total Gold held with the F.R. Board,
incl. Amounts standing to the credit of F.R. Agents.
Curve 3: Total Gold Reserve against Deposits, plus Gold held
with the F.R. Board to the credit of F.R. Agents.
Curve 4: Total Gold Reserves against Deposits and F.R. Notes.
Curve 5: Total Reserves, incl. Silver, U. S. Notes, etc.





Principal resources and liabilities of all Federal Reserve Banks at close of business on each Friday, Jan. 7 to Dec. 28, 1917.

[In thousands of dollars; i. e., 000's omitted.]

	Gold coin and certificates in vault.	Gold settlement fund.	Gold with foreign agencies.	Gold with Federal Reserve agents.	Gold redemption fund.	Total gold reserves.	Total cash reserves, including legal tenders, silver, etc.	Bills discounted for mem- bers and Federal Reserve banks.	Bills bought in open market.	United States Govern- ment long-term securities.	United States Govern- ment short-term securities.
Jan. 5.....	267,169	192,001		281,292	1,600	742,062	758,242	26,217	121,807	41,052	14,857
Jan. 12.....	292,829	206,541		274,512	1,782	775,664	792,433	24,355	115,979	41,106	14,857
Jan. 19.....	286,509	212,051		273,141	1,783	773,484	783,822	17,219	108,447	37,899	18,314
Jan. 26.....	302,341	213,771		273,320	1,813	791,245	808,824	15,711	97,697	36,122	19,647
Feb. 2.....	306,904	212,961		274,074	1,835	795,834	808,019	14,707	93,112	30,550	18,647
Feb. 9.....	274,194	212,961		288,720	1,734	777,609	788,242	16,200	112,092	29,470	18,647
Feb. 16.....	274,367	216,221		297,270	1,804	789,662	797,271	19,553	126,054	29,471	18,647
Feb. 23.....	281,355	213,861		306,186	1,922	803,324	818,573	20,266	123,966	29,471	18,647
Mar. 2.....	304,163	212,031		317,581	2,347	836,122	846,093	18,840	114,058	28,650	19,468
Mar. 9.....	330,184	205,561		328,433	2,325	866,503	885,616	18,500	108,860	29,126	19,468
Mar. 16.....	355,318	201,661		338,608	2,339	897,926	914,102	17,234	97,002	29,155	19,368
Mar. 23.....	350,736	209,281		349,519	2,519	912,055	922,720	18,473	87,798	29,275	18,818
Mar. 30.....	374,903	200,061		360,668	2,414	938,046	947,328	20,106	84,473	29,275	18,425
Apr. 6.....	362,472	200,125		378,450	2,505	943,552	962,662	17,928	82,735	36,629	23,042
Apr. 13.....	338,369	198,271		410,796	2,434	949,870	971,006	22,000	80,604	36,213	23,370
Apr. 20.....	330,152	206,830		418,538	2,651	958,171	982,633	29,737	72,925	36,215	23,360
Apr. 27.....	311,798	207,920		422,905	2,518	945,141	975,481	35,043	71,400	36,223	23,450
May 4.....	336,118	218,910		433,089	2,669	990,786	1,030,201	35,916	83,871	36,222	23,450
May 11.....	336,841	221,759		438,323	2,687	999,610	1,035,759	39,534	97,155	36,222	23,450
May 18.....	350,269	187,969		448,311	2,754	989,303	1,016,745	44,846	100,177	36,386	23,338
May 25.....	334,265	183,590		456,611	2,905	977,371	1,014,263	47,587	107,377	36,513	23,338
June 1.....	299,225	187,556		466,969	3,053	956,803	993,427	50,854	116,100	36,387	23,338
June 8.....	330,001	205,886		475,201	2,730	1,013,818	1,051,511	98,021	135,270	36,387	23,338
June 15.....	365,020	221,970		459,942	3,958	1,050,890	1,075,408	202,824	164,525	36,400	23,344
June 22.....	492,842	267,910	52,500	390,765	8,001	1,212,018	1,247,698	240,984	194,303	36,427	78,491
June 29.....	484,125	345,845	52,500	402,639	9,402	1,294,512	1,334,352	197,242	202,270	36,426	34,302

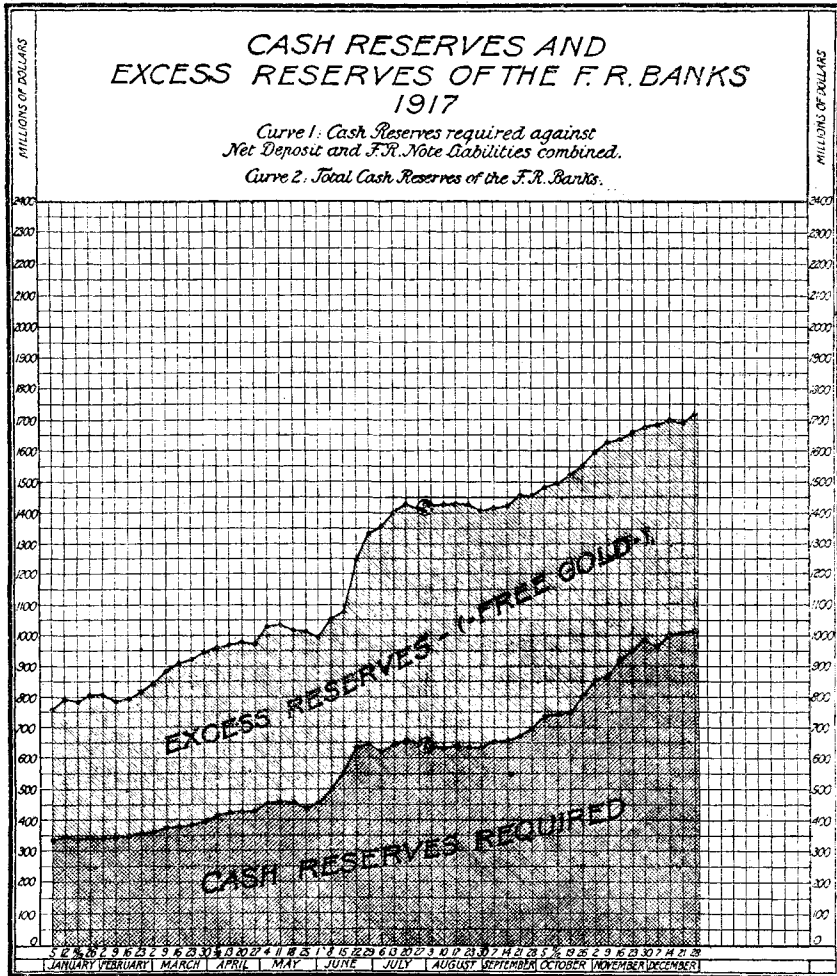
	Gold coin and certificates in vault.	Gold settlement fund.	Gold with foreign agencies.	Gold with Federal Reserve agents.	Gold redemption fund.	Total gold reserves.	Total cash reserves, including legal tenders, silver, etc.	Bills discounted for mem- bers and Federal Reserve banks.	Bills bought in open market.	United States Govern- ment long-term securities.	United States Govern- ment short-term securities.
July 6.....	470,360	371,380	52,500	413,715	9,748	1,317,703	1,356,017	129,853	201,664	42,935	28,659
July 13.....	471,493	388,353	52,500	428,338	12,687	1,353,371	1,400,916	140,163	194,937	43,961	30,359
July 20.....	488,119	403,821	52,500	423,889	11,691	1,380,020	1,430,321	161,386	197,725	42,265	33,050
July 27.....	460,764	405,739	52,500	434,193	9,067	1,362,263	1,414,052	138,459	195,097	41,135	35,818
Aug. 3.....	399,785	438,153	52,500	467,845	9,390	1,367,673	1,421,382	130,948	174,183	42,422	25,464
Aug. 10.....	413,849	409,852	52,500	485,467	9,274	1,370,942	1,424,059	134,229	149,790	41,276	32,604
Aug. 17.....	399,198	410,502	52,500	502,588	9,795	1,374,583	1,427,489	143,946	155,329	45,129	30,552
Aug. 24.....	426,741	397,067	52,500	488,536	7,375	1,372,219	1,424,769	128,407	159,557	45,226	30,480
Aug. 31.....	416,797	383,937	52,500	493,185	7,079	1,353,498	1,406,108	147,315	154,591	45,406	32,521
Sept. 7.....	414,433	395,853	52,500	494,779	7,218	1,364,783	1,415,391	168,217	173,199	45,394	42,441
Sept. 14.....	408,206	384,646	52,500	520,470	9,127	1,374,949	1,426,034	167,333	168,445	45,358	42,366
Sept. 21.....	430,979	373,387	52,500	536,009	9,442	1,402,317	1,452,251	183,758	161,012	53,929	41,070
Sept. 28.....	445,597	342,337	52,500	558,227	9,809	1,408,470	1,457,821	233,539	176,169	55,129	39,876
Oct. 5.....	481,614	334,787	52,500	560,111	9,465	1,438,477	1,486,715	265,251	186,162	55,727	73,632
Oct. 12.....	482,716	321,778	52,500	580,734	9,717	1,447,445	1,495,558	293,164	185,775	54,878	48,517
Oct. 19.....	419,195	369,799	52,500	618,827	11,218	1,471,539	1,520,512	286,615	171,611	55,088	47,255
Oct. 26.....	461,113	363,967	52,500	614,692	11,164	1,503,436	1,552,942	397,094	177,590	54,166	55,876
Nov. 2.....	501,311	378,514	52,500	602,433	11,317	1,546,075	1,596,819	503,965	186,012	53,851	45,211
Nov. 9.....	507,403	385,724	52,500	616,254	11,496	1,573,377	1,625,585	510,154	181,001	53,743	42,367
Nov. 16.....	526,792	363,710	52,500	629,906	11,420	1,584,328	1,636,853	487,850	193,869	54,002	187,904
Nov. 23.....	530,045	386,662	52,500	623,948	11,549	1,604,704	1,658,762	656,002	209,505	53,962	57,850
Nov. 30.....	499,887	395,236	52,500	661,824	12,278	1,621,725	1,676,211	756,398	205,454	47,304	41,792
Dec. 7.....	500,656	376,778	52,500	683,939	17,485	1,631,358	1,683,307	686,902	190,682	49,198	50,424
Dec. 14.....	502,840	393,810	52,500	683,378	17,710	1,650,238	1,700,384	713,431	254,428	53,774	48,046
Dec. 21.....	524,350	304,604	52,500	746,107	17,982	1,645,543	1,693,670	693,509	277,943	50,438	58,130
Dec. 28.....	499,917	317,520	52,500	781,851	19,345	1,671,133	1,720,768	680,706	275,366	48,350	58,883

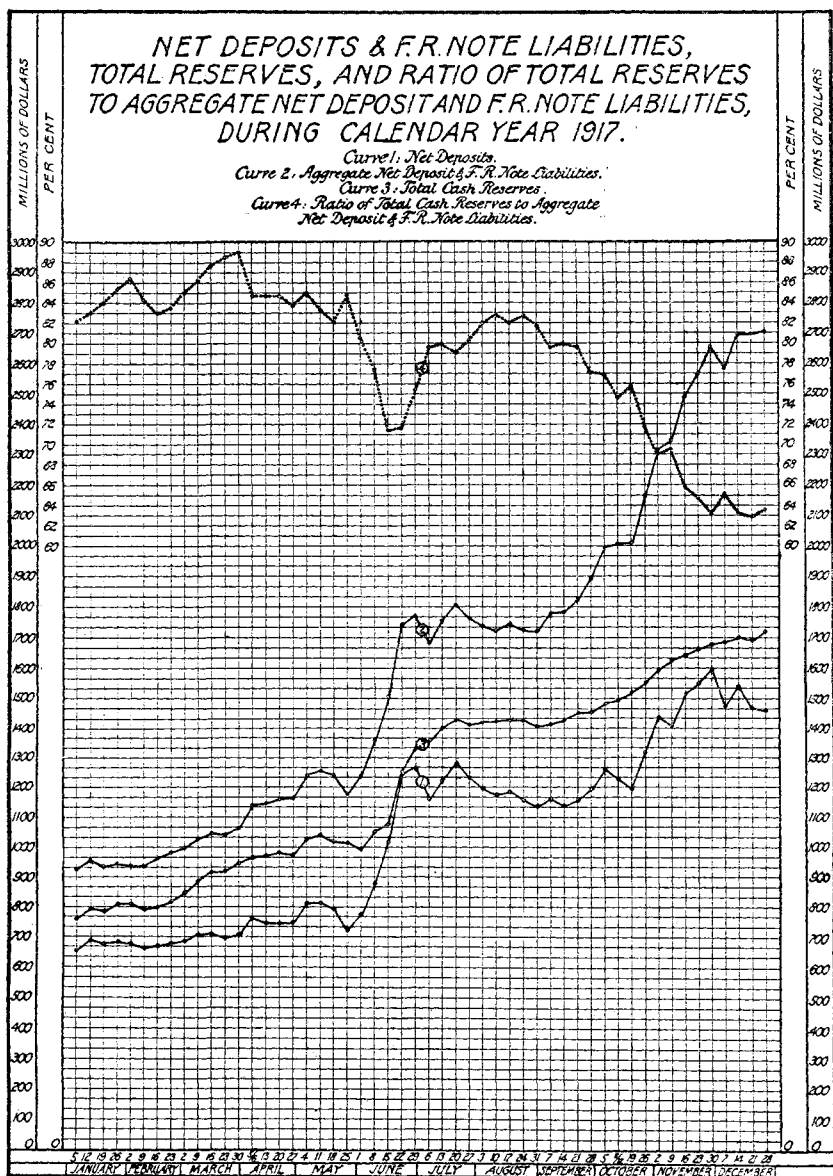
Principal resources and liabilities of all Federal Reserve Banks at close of business on each Friday, Jan. 7 to Dec. 28, 1917—Continued.

[In thousands of dollars; i. e., 000's omitted.]

	Total United States securities.	Municipal warrants.	Total earning assets.	Uncollected items.	Total resources and liabilities.	Capital paid in.	Government deposits.	Due to members— reserve account.	Collection items.	Other deposits, including foreign Government credits.	Federal Reserve notes in actual circulation.	Federal Reserve Bank notes in circulation, net liability.
Jan. 5.....	55,909	8,736	212,669	142,629	1,129,358	55,695	25,566	656,422	118,559	.....	272,873	.....
Jan. 12.....	55,963	9,859	206,156	120,846	1,143,728	55,706	27,759	680,586	111,238	.....	268,168	.....
Jan. 19.....	56,213	10,596	192,475	132,416	1,126,896	55,642	28,410	669,874	109,734	.....	262,967	.....
Jan. 26.....	55,769	12,249	181,426	126,437	1,126,573	55,694	25,607	687,841	97,374	.....	259,768	.....
Feb. 2.....	49,197	12,664	169,680	126,611	1,130,550	55,725	23,333	689,878	101,232	.....	260,030	.....
Feb. 9.....	48,117	14,833	191,242	121,225	1,125,442	55,713	15,525	678,170	97,207	.....	278,523	.....
Feb. 16.....	48,118	16,678	210,403	144,249	1,168,782	55,773	10,851	688,591	121,218	.....	291,839	.....
Feb. 23.....	48,118	17,124	209,474	136,940	1,174,390	55,989	13,407	692,475	108,826	.....	303,171	.....
Mar. 2.....	48,118	16,798	197,814	154,026	1,210,177	56,045	14,162	708,893	116,330	.....	314,258	.....
Mar. 9.....	48,594	16,932	192,886	130,411	1,218,857	56,028	12,401	720,488	102,824	.....	328,433	.....
Mar. 16.....	48,523	16,029	178,788	155,976	1,258,843	56,054	18,594	726,104	121,550	.....	336,061	.....
Mar. 23.....	48,093	15,761	170,125	145,757	1,247,980	56,057	19,702	711,117	113,784	.....	346,804	.....
Mar. 30.....	47,700	15,715	167,994	132,759	1,256,151	56,075	20,567	720,411	100,961	.....	357,610	.....
Apr. 6.....	59,671	15,207	225,541	146,422	1,343,346	56,100	46,461	758,219	105,436	.....	376,510	.....
Apr. 13.....	59,588	15,212	227,413	169,184	1,373,684	56,408	42,247	741,542	131,064	.....	401,809	.....
Apr. 20.....	59,575	15,163	227,400	166,966	1,384,642	56,411	41,988	742,584	128,856	.....	414,357	.....
Apr. 27.....	59,673	14,999	239,260	204,842	1,425,872	56,409	99,689	719,785	129,032	.....	420,509	.....
May 4.....	59,672	14,755	258,811	184,639	1,484,706	56,859	107,868	743,143	122,761	25,000	428,502	.....
May 11.....	59,672	14,688	269,138	310,685	1,623,405	56,859	242,421	740,726	134,447	10,000	438,218	.....
May 18.....	59,724	14,639	274,052	192,830	1,577,526	56,868	187,127	748,499	136,750	1,000	448,311	.....
May 25.....	59,851	14,675	287,297	328,779	1,647,804	56,991	76,114	813,326	170,151	1,000	454,402	.....
June 1.....	59,725	13,912	294,748	177,092	1,475,400	56,985	96,478	721,146	134,091	1,000	464,865	.....
June 8.....	59,725	5,524	358,500	304,730	1,725,540	57,000	228,125	775,771	181,321	1,000	481,469	.....
June 15.....	59,744	2,470	483,947	290,320	1,860,934	57,171	262,581	870,734	176,424	1,000	491,615	.....
June 22.....	114,918	2,444	552,649	195,826	1,999,642	57,171	495,807	806,209	137,581	1,000	499,721	776
June 29.....	70,728	2,446	494,536	221,705	2,053,340	57,176	300,966	1,033,460	149,527	1,000	508,753	934

	Total United States securities.	Municipal warrants.	Total earning assets.	Uncollected items.	Total resources and liabilities.	Capital paid in.	Government deposits.	Due to members— reserve account.	Collection items.	Other deposits, including foreign Government credits.	Federal Reserve notes in actual circulation.	Federal Reserve Bank notes in circulation, net liability.
July 6.....	71,594	2,442	405,553	251,334	2,033,760	57,657	143,626	1,112,347	164,588	6,000	527,459	1,175
July 13.....	74,320	2,441	411,861	253,722	2,074,790	57,681	300,872	1,019,672	153,363	7,847	532,508	1,960
July 20.....	75,315	2,186	436,612	242,967	2,116,124	57,723	184,631	1,164,995	165,284	5,767	534,226	2,306
July 27.....	76,953	1,469	411,978	204,756	2,021,237	57,825	143,032	1,135,456	137,815	9,547	534,015	2,459
Aug. 3.....	67,886	1,249	374,266	197,058	1,998,444	57,881	56,765	1,192,887	132,053	14,269	540,785	2,828
Aug. 10.....	73,880	1,274	359,173	205,761	1,988,263	57,970	140,447	1,101,614	122,493	11,274	549,244	4,182
Aug. 17.....	75,681	1,223	376,179	230,704	2,048,442	58,093	110,110	1,130,817	171,916	12,637	558,782	4,907
Aug. 24.....	75,706	1,232	364,902	210,387	2,001,140	58,484	59,972	1,121,129	137,955	43,933	573,049	5,473
Aug. 31.....	77,927	1,230	381,063	260,184	2,058,381	58,904	154,358	1,069,804	140,278	39,903	587,915	6,023
Sept. 7.....	87,835	204	429,455	216,960	2,074,714	59,256	39,926	1,138,542	154,112	53,339	621,299	6,894
Sept. 14.....	87,724	214	423,716	224,622	2,081,734	59,368	21,602	1,139,291	156,268	51,621	644,567	7,561
Sept. 21.....	94,999	214	439,983	236,794	2,132,179	59,354	25,030	1,151,704	164,449	51,779	670,246	8,000
Sept. 28.....	95,005	224	504,937	234,361	2,203,673	59,379	71,289	1,136,930	157,524	68,433	700,212	8,000
Oct. 5.....	129,359	79	580,851	230,423	2,301,633	61,027	86,310	1,148,887	159,258	95,029	740,916	8,000
Oct. 12.....	103,395	101	582,435	321,205	2,417,845	61,104	74,167	1,265,309	173,825	52,377	779,885	8,000
Oct. 19.....	102,343	233	590,802	332,302	2,447,841	61,847	76,365	1,230,557	210,048	43,262	815,210	8,000
Oct. 26.....	110,042	233	684,959	281,677	2,528,365	62,629	132,221	1,264,323	174,492	36,335	847,506	8,000
Nov. 2.....	99,062	1,267	790,306	317,901	2,721,534	64,291	175,912	1,372,023	191,811	25,310	881,001	8,000
Nov. 9.....	96,110	1,273	788,538	271,796	2,697,170	65,345	59,198	1,406,982	187,022	34,866	932,512	8,000
Nov. 16.....	241,906	1,273	924,898	428,544	3,012,406	66,691	128,887	1,480,498	240,437	21,925	972,585	8,000
Nov. 23.....	111,812	1,422	979,141	302,525	2,956,130	67,136	196,411	1,426,648	215,169	23,291	1,015,892	8,000
Nov. 30.....	89,096	1,429	1,032,377	373,160	3,104,784	68,500	220,962	1,489,370	231,776	19,473	1,056,983	8,000
Dec. 7.....	99,622	914	978,120	310,572	3,001,836	69,048	168,568	1,437,174	189,861	15,586	1,110,537	8,000
Dec. 14.....	101,820	994	1,070,673	319,656	3,125,554	69,440	129,285	1,549,030	196,767	14,282	1,153,385	8,000
Dec. 21.....	108,568	1,102	1,081,122	323,574	3,142,956	69,852	221,761	1,389,434	205,819	14,258	1,227,642	8,000
Dec. 28.....	107,233	1,005	1,064,310	301,067	3,101,471	70,442	108,213	1,453,166	191,689	17,969	1,246,488	8,000





Required reserves against net deposit and Federal Reserve note liabilities and amounts of gold held in excess of required reserves.

[In thousands of dollars; i. e., 000's omitted.]

1917.	Net deposits.		Federal Reserve notes in circulation.		Total amount of required reserves.	Total cash reserves held.	Gold in excess of required reserves (free gold).
	Amount.	Required reserve of 35 per cent.	Amount.	Required reserve of 40 per cent.			
Jan. 5.....	\$651,252	\$227,938	\$272,873	\$109,149	\$337,087	\$758,242	\$421,155
Jan. 12.....	687,105	240,487	268,168	107,267	347,754	792,433	444,679
Jan. 18-19.....	670,548	234,692	262,967	105,187	339,879	783,822	443,943
Jan. 26.....	680,262	238,092	259,768	103,907	341,999	808,824	466,825
Feb. 2.....	675,145	236,301	260,030	104,012	340,313	808,019	467,706
Feb. 9.....	656,422	229,748	278,523	111,409	341,157	788,242	447,085
Feb. 16.....	668,571	234,000	291,839	116,736	350,736	797,271	446,535
Feb. 23.....	677,036	236,963	303,171	121,268	358,231	818,573	460,342
Mar. 2.....	681,336	238,468	314,258	125,703	364,171	846,093	481,922
Mar. 9.....	702,159	245,756	326,612	130,645	376,401	885,616	509,215
Mar. 16.....	706,893	247,413	336,061	134,424	381,837	914,102	532,265
Mar. 23.....	695,548	243,442	346,804	138,722	382,164	922,720	540,556
Mar. 30.....	706,905	247,417	357,610	143,044	390,461	947,328	556,867
Apr. 5-6.....	760,282	266,099	376,510	150,604	416,703	962,662	545,959
Apr. 13.....	744,598	260,609	401,809	160,724	421,333	971,606	549,673
Apr. 20.....	743,989	260,396	414,357	165,743	426,139	982,633	556,494
Apr. 27.....	743,532	260,237	420,509	168,204	428,441	975,481	547,040
May 4.....	808,890	283,111	428,502	171,401	454,512	1,030,201	575,689
May 11.....	815,564	285,447	438,218	175,287	460,734	1,035,759	575,025
May 18.....	793,028	277,560	446,501	178,600	456,160	1,016,745	560,585
May 25.....	721,171	252,409	454,402	181,761	434,170	1,014,263	580,093
June 1.....	771,946	270,181	464,865	185,946	456,127	993,427	537,300
June 8.....	876,676	306,837	481,460	192,588	499,425	1,051,511	552,086
June 15.....	1,014,777	355,171	491,615	196,646	551,817	1,075,408	525,591
June 22.....	1,242,210	434,774	499,721	199,888	634,662	1,247,698	613,036
June 29.....	1,261,600	441,630	508,753	203,501	645,131	1,334,352	689,221
July 6.....	1,155,722	404,503	527,450	210,984	615,487	1,356,017	740,330
July 13.....	1,221,027	427,359	532,508	213,063	640,362	1,400,916	760,554
July 20.....	1,273,597	445,759	534,226	213,690	659,449	1,430,321	770,872
July 27.....	1,232,200	431,270	534,015	213,606	644,876	1,414,052	769,176
Aug. 3.....	1,194,170	417,960	540,785	216,314	634,274	1,421,382	787,108
Aug. 10.....	1,171,722	410,103	549,244	219,698	629,801	1,424,059	794,258
Aug. 17.....	1,183,068	414,081	558,782	223,513	637,594	1,427,489	789,895
Aug. 24.....	1,152,359	403,326	573,049	229,220	632,546	1,424,769	792,223
Aug. 31.....	1,133,926	396,874	587,915	235,166	632,040	1,406,108	774,068
Sept. 7.....	1,156,923	404,923	621,299	248,520	653,443	1,415,391	761,948
Sept. 14.....	1,137,606	398,162	644,567	257,827	655,989	1,420,034	770,045
Sept. 21.....	1,153,921	403,872	670,246	268,098	671,970	1,432,251	780,281
Sept. 28.....	1,193,886	417,860	700,212	280,085	697,945	1,457,559	759,614
Oct. 5.....	1,255,491	439,772	740,916	296,366	736,138	1,486,715	750,577
Oct. 11-12.....	1,227,326	429,564	779,885	311,954	741,518	1,495,558	754,040
Oct. 19.....	1,195,390	418,387	815,210	326,084	744,471	1,520,512	776,041
Oct. 26.....	1,318,798	461,579	847,506	339,002	800,581	1,552,942	752,361
Nov. 2.....	1,432,772	501,470	881,001	352,400	833,870	1,596,819	742,949
Nov. 9.....	1,408,547	492,991	932,512	373,005	865,996	1,625,585	759,589
Nov. 16.....	1,515,365	530,378	972,585	389,034	919,412	1,636,853	717,441
Nov. 23.....	1,547,122	541,493	1,015,892	406,357	947,850	1,658,762	710,912
Nov. 30.....	1,595,618	558,429	1,056,983	422,793	981,222	1,676,211	694,989
Dec. 7.....	1,474,285	516,060	1,110,537	444,215	960,215	1,683,307	723,092
Dec. 14.....	1,538,214	538,375	1,153,385	461,354	990,729	1,700,384	700,655
Dec. 21.....	1,466,323	513,213	1,227,642	491,057	1,004,270	1,693,670	689,400
Dec. 28.....	1,457,994	510,238	1,246,488	498,595	1,008,893	1,720,768	711,875

Commercial paper, exclusive of acceptances bought in open market, held by each Federal Reserve Bank on Dec. 28, 1917, distributed by maturities.

MATURITIES.

[In thousands of dollars; i. e., 000's omitted.]

Federal Reserve Bank.	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	Total.	Per cent.
Boston.....	13,047	7,804	8,862	36,218	.....	65,931	9.7
New York.....	141,907	10,804	78,859	23,415	.....	254,985	37.5
Philadelphia.....	20,877	2,877	13,133	2,634	.....	39,521	5.8
Cleveland.....	23,767	4,573	12,587	3,669	5	44,601	6.6
Richmond.....	21,232	1,902	5,342	1,619	12	30,107	4.4
Atlanta.....	10,374	1,932	2,728	1,179	47	16,260	2.4
Chicago.....	70,316	14,385	12,289	5,346	4,189	106,525	15.6
St. Louis.....	21,710	4,681	10,753	2,592	76	39,812	5.8
Minneapolis.....	2,765	1,140	6,776	1,384	1,426	13,491	2.0
Kansas City.....	19,904	2,736	8,504	1,628	2,042	34,814	5.1
Dallas.....	1,665	105	5,774	439	890	8,873	1.3
San Francisco.....	7,809	4,428	9,399	3,851	299	25,786	3.8
Total.....	355,373	57,367	175,066	83,974	8,986	680,706	.....
Per cent.....	52.3	8.4	25.7	12.3	1.3	.....	100.0

Acceptances bought in open market, held by each Federal Reserve Bank on Dec. 28, 1917, distributed by maturities.

MATURITIES.

[In thousands of dollars; i. e., 000's omitted.]

Federal Reserve Bank.	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	Total.	Per cent.
Boston.....	981	1,204	715	5,441	.....	8,341	3.0
New York.....	13,631	22,043	67,700	44,751	.....	148,125	53.8
Philadelphia.....	2,135	6,823	5,019	4,440	.....	18,417	6.7
Cleveland.....	5,177	6,812	7,126	2,911	.....	22,026	8.0
Richmond.....	2,534	4,494	4,113	1,897	.....	13,038	4.7
Atlanta.....	1,370	703	3,868	994	.....	6,935	2.5
Chicago.....	1,493	1,649	1,227	4,293	.....	8,662	3.2
St. Louis.....	819	1,809	3,076	1,676	.....	7,380	2.7
Minneapolis.....	2,284	3,129	2,037	349	.....	7,799	2.8
Kansas City.....	1,406	9	10	.....	.....	1,425	0.5
Dallas.....	1,233	6,947	6,185	3	.....	14,368	5.2
San Francisco.....	7,258	5,555	4,056	1,981	.....	18,850	6.9
Total.....	40,321	61,177	105,132	68,736	.....	275,366	.....
Per cent.....	14.6	22.2	38.2	25.0	.....	.....	100.0

Short-term investments (municipal warrants) held by each Federal Reserve Bank on Dec. 28, 1917, distributed by maturities.

MATURITIES.

[In thousands of dollars; i. e., 000's omitted.]

Federal Reserve Bank.	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	Total.	Per cent.
Boston.....							
New York.....			511			511	59.9
Philadelphia.....	10					19	1.0
Cleveland.....	7					7	0.7
Richmond.....							
Atlanta.....	28	10	141	123		302	30.0
Chicago.....							
St. Louis.....							
Minneapolis.....	25					25	2.5
Kansas City.....							
Dallas.....	46				191	150	14.9
San Francisco.....							
Total.....	116	19	652	123	104	1,005	
Per cent.....	11.6	1.0	64.9	12.2	10.3		100.0

United States securities held by each Federal Reserve Bank on Dec. 31, 1917, distributed by classes and maturities.

Federal Reserve Bank.	2 per cent consols of 1930.	2 per cent Panamas of 1936-1938.	3 per cent loan of 1918.	3 per cent loan of 1961.	3 per cent conversion bonds of 1946-47.	3 per cent 1-year notes.
Boston.....	\$750				\$529,000	\$2,194,000
New York.....	50		\$50,000		1,255,500	4,493,000
Philadelphia.....		\$100			549,200	2,548,000
Cleveland.....	6,400	467,200	2,633,600		414,800	3,221,000
Richmond.....	915,100	237,000				1,969,000
Atlanta.....	640,600	21,000			10,300	1,491,000
Chicago.....	1,862,500	367,300	2,581,000	\$400	427,400	3,378,000
St. Louis.....	100		1,080,000		1,153,300	1,444,000
Minneapolis.....	323,050	16,260	1,199,180	500	114,800	1,340,000
Kansas City.....	7,155,850	22,240			838,500	1,784,000
Dallas.....	2,450,900	281,500			1,233,600	1,430,000
San Francisco.....	2,428,750					1,500,000
Total.....	15,784,050	1,412,600	7,563,840	900	6,526,400	26,792,000

United States securities held by each Federal Reserve Bank on Dec. 31, 1917, distributed by classes and maturities—Continued.

Federal Reserve Bank.	3½ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942-47.	4 per cent loan of 1925.	Total U. S. bonds and notes.	U. S. cer- tificates of indebted- ness.	Total U. S. securities.
Boston.....	\$80,000	¹ \$118,992	.....	\$2,922,742	.....	¹ \$2,922,742
New York.....	411,150	3,470,150	.....	9,679,850	\$15,000,000	24,679,850
Philadelphia.....	249,850	6,302,800	.....	9,649,950	.....	9,649,950
Cleveland.....	2,027,000	320,750	\$2,378,200	11,489,010	28,050,000	39,539,010
Richmond.....	42,900	41,450	.....	3,205,450	.....	3,205,450
Atlanta.....	290,900	1,434,200	.....	3,888,000	.....	3,888,000
Chicago.....	.....	.....	1,768,000	10,384,600	.....	10,384,600
St. Louis.....	.....	.....	.....	3,677,400	.....	3,677,400
Minneapolis.....	.....	27,950	206,250	3,227,990	500	3,228,490
Kansas City.....	7,500	.....	825,000	10,633,090	.....	10,633,090
Dallas.....	477,100	53,000	.....	5,926,100	.....	5,926,100
San Francisco.....	26,250	.....	.....	3,955,000	.....	3,955,000
Total.....	3,612,650	11,769,292	5,177,450	73,639,182	43,050,500	121,689,682

¹ Includes unpaid portion of 4 per cent Liberty loan bonds sold to individual subscribers.

Amount of United States bonds with circulation privilege:

2 per cent consols and panamas.....	\$17,196,650
3 per cent loan of 1918.....	7,593,480
4 per cent loan of 1925.....	5,177,450
Total.....	29,937,940

Amount of United securities without circulation privilege:

3 per cent loan of 1961.....	\$900
3 per cent conversion.....	6,526,400
3 per cent 1-year notes.....	26,792,000
3½ per cent Liberty loan.....	3,612,650
4 per cent Liberty loan.....	11,769,292
U. S. certificates of indebtedness....	43,050,500
Total.....	91,751,742

Statement showing condition of each Federal Reserve Bank and of the system on Dec. 31, 1917.

RESOURCES.

[Detailed figures shown for each bank in first column represent items as reported to the board; figures in second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the board's weekly statement.]

	Boston.		New York.		Philadelphia.	
Gold bullion and United States coin	\$2,749,900.00	.....	\$68,178,991.99	.....	\$147.50	.....
United States gold certificates (including clearing-house certificates).....	15,941,000.00	.....	256,952,580.00	.....	19,064,520.00	.....
Gold coin and certificates in vault		<i>\$18,691,000.00</i>		<i>\$325,132,000.00</i>		<i>\$19,064,000.00</i>
Gold settlement fund, Federal Reserve Board	16,977,000.00	<i>16,977,000.00</i>	5,854,000.00	<i>5,854,000.00</i>	32,101,000.00	<i>32,101,000.00</i>
Gold with foreign agencies	3,675,000.00	<i>3,675,000.00</i>	18,112,500.00	<i>18,112,000.00</i>	3,675,000.00	<i>3,675,000.00</i>
Total gold held by banks		<i>39,343,000.00</i>		<i>349,098,000.00</i>		<i>54,840,000.00</i>
Gold with Federal Reserve agents	40,896,820.00	<i>40,897,000.00</i>	250,598,565.00	<i>250,599,000.00</i>	63,945,755.00	<i>63,946,000.00</i>
Gold redemption fund with United States Treasurer	2,000,000.00	<i>2,000,000.00</i>	10,000,000.00	<i>10,000,000.00</i>	1,500,000.00	<i>1,500,000.00</i>
Total gold reserves		<i>82,240,000.00</i>		<i>609,697,000.00</i>		<i>120,286,000.00</i>
Legal tender notes (including clearing-house certificates)	988,536.00	.....	31,322,275.00	.....	671,100.00	.....
Silver certificates (including clearing-house certificates).....	2,574,800.00	.....	8,925,531.00	.....	518,262.00	.....
Silver coin	11,230.00	.....	212.85	.....	634.10	.....
Legal tender notes, silver, etc		<i>3,574,000.00</i>		<i>40,248,000.00</i>		<i>1,190,000.00</i>
Total reserves		<i>85,814,000.00</i>		<i>649,945,000.00</i>		<i>121,476,000.00</i>
Member banks' collateral notes	7,349,338.00	.....	111,248,943.00	.....	4,008,400.00	.....
All other bills discounted	58,533,021.35	.....	139,060,003.96	.....	31,903,836.94	.....
Bills discounted for members and Federal Reserve Banks		<i>65,882,000.00</i>		<i>250,309,000.00</i>		<i>35,912,000.00</i>
Bills bought in open market	9,037,506.04	<i>9,038,000.00</i>	148,770,185.44	<i>148,770,000.00</i>	18,390,067.91	<i>18,390,000.00</i>
Total bills on hand		<i>74,920,000.00</i>		<i>399,079,000.00</i>		<i>54,302,000.00</i>
United States bonds to secure circulation .....		.....		.....		.....
Other United States bonds owned	1 728,742.41	.....	1 5,168,599.64	.....	7,101,950.00	.....

<i>United States Government long-term securities</i>		728,000.00		5,163,000.00		7,102,000.00
<i>One-year Treasury notes</i>	2,194,000.00		4,493,000.00		2,548,000.00	
<i>United States certificates of indebtedness</i>			15,000,000.00			
<i>United States Government short-term securities</i>		2,194,000.00		19,493,000.00		2,548,000.00
<i>Municipal warrants</i>			510,701.32		10,000.00	
<i>All other earning assets</i>				511,000.00		10,000.00
<i>Total earning assets</i>		77,842,000.00		424,252,000.00		63,952,000.00
<i>Exchanges for clearing house</i>	2,300,431.57		7,309,335.13		2,980,995.71	
<i>Checks and other cash items</i>	916,166.13		19,120,325.61		4,397,568.98	
<i>National bank notes and notes of other Federal Reserve Banks</i>	92,000.00		964,450.00		1,353,500.00	
<i>Mutilated currency (other than own Federal Reserve notes) forwarded for redemption</i>	469,400.00		476,535.00		56,000.00	
<i>Check lost in transit</i>					58.00	
<i>Collection items—Debits:</i>						
<i>Federal Reserve Banks—Transfers bought</i>	570,000.00					
<i>Federal Reserve Banks—Other items</i>	4,006,463.76		29,982,193.73		19,767,938.39	
<i>Member and nonmember banks and bankers</i>	10,430,919.68		18,109,596.47		7,144,756.58	
<i>Uncollected items</i>		18,786,000.00		75,962,000.00		35,701,000.00
<i>Total deductions from gross deposits</i>		18,786,000.00		75,962,000.00		35,701,000.00
<i>Total resources</i>		182,442,000.00		1,150,159,000.00		221,139,000.00

	Cleveland.		Richmond.		Atlanta.	
<i>Gold bullion and United States coin</i>	\$3,365,975.00		\$573,457.50		\$1,548,322.72	
<i>United States gold certificates (including clearing-house certificates)</i>	25,787,300.00		5,728,000.00		4,169,000.00	
<i>Gold coin and certificates in vault</i>		\$29,153,000.00		\$6,302,000.00		\$5,717,000.00
<i>Gold settlement fund, Federal Reserve Board</i>	37,064,000.00	37,684,000.00	22,116,200.00	22,116,000.00	12,482,000.00	12,482,000.00
<i>Gold with foreign agencies</i>	4,725,000.00	4,725,000.00	1,837,500.00	1,837,000.00	1,575,000.00	1,575,000.00
<i>Total gold held by banks</i>		71,542,000.00		30,255,000.00		19,774,000.00

¹ Including unpaid portion of bonds sold to individual subscribers.

Statement showing condition of each Federal Reserve Bank and of the system on Dec. 31, 1917—Continued.

RESOURCES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Cleveland.		Richmond.		Atlanta.	
<i>Gold with Federal Reserve agents</i>	\$55,369,700.00	<i>\$55,370,000.00</i>	\$31,601,850.00	<i>\$31,602,000.00</i>	\$50,701,320.00	<i>\$50,701,000.00</i>
<i>Gold redemption fund with United States Treasurer</i>	98,800.00	<i>99,000.00</i>	485,087.15	<i>485,000.00</i>	1,119,140.98	<i>1,119,000.00</i>
<i>Total gold reserves</i>		<i>127,011,000.00</i>		<i>62,342,000.00</i>		<i>71,524,000.00</i>
<i>Legal tender notes (including clearing-house certificates)</i>	188,897.00		112,500.00		13,200.00	
<i>Silver certificates (including clearing-house certificates)</i>	49,472.00		51,748.00		397,889.00	
<i>Silver coin</i>	171.85		16.85		4,626.00	
<i>Legal tender notes, silver, etc.</i>		<i>238,000.00</i>		<i>164,000.00</i>		<i>416,000.00</i>
<i>Total reserves</i>		<i>127,249,000.00</i>		<i>62,506,000.00</i>		<i>72,010,000.00</i>
<i>Member banks' collateral notes</i>	5,733,150.00		4,171,060.00		2,628,250.00	
<i>All other bills discounted</i>	37,163,027.27		25,393,314.34		11,895,589.16	
<i>Bills discounted for members and Federal Reserve Banks</i>		<i>42,896,000.00</i>		<i>29,565,000.00</i>		<i>14,524,000.00</i>
<i>Bills bought in open market</i>	21,111,990.95	<i>21,112,000.00</i>	13,156,126.71	<i>13,156,000.00</i>	6,497,061.67	<i>6,497,000.00</i>
<i>Total bills on hand</i>		<i>64,008,000.00</i>		<i>42,721,000.00</i>		<i>21,021,000.00</i>
<i>United States bonds to secure circulation</i>						
<i>Other United States bonds owned</i>	8,268,010.00		1,236,450.00		2,397,000.00	
<i>United States Government long-term securities</i>		<i>8,268,000.00</i>		<i>1,237,000.00</i>		<i>2,397,000.00</i>
<i>One-year Treasury notes</i>	3,221,000.00		1,969,000.00		1,491,000.00	
<i>United States certificates of indebtedness</i>	28,050,000.00					
<i>United States Government short-term securities</i>		<i>31,271,000.00</i>		<i>1,939,000.00</i>		<i>1,491,000.00</i>
<i>Municipal warrants</i>	7,233.38				284,372.00	
<i>Bill of lading drafts</i>			92,344.97		503,831.60	
<i>All other earning assets</i>		<i>7,000.00</i>		<i>92,000.00</i>		<i>788,000.00</i>
<i>Total earning assets</i>		<i>103,554,000.00</i>		<i>46,019,000.00</i>		<i>25,697,000.00</i>

Due from other Federal Reserve Banks—Collected funds.....	11,206,205.39			2,477,038.78	
Due to other Federal Reserve Banks—Collected funds.....				1,275,547.12	
<i>Due from other Federal Reserve Banks—Net.....</i>		<i>11,206,000.00</i>			<i>1,802,000.00</i>
Exchanges for clearing house.....	924,753.63		161,213.03	2,532,616.60	
Checks and other cash items.....	458.00		20,828.26	56,940.23	
National bank notes and notes of other Federal Reserve Banks.....	1,080,260.00		415,565.00	2,395,950.00	
Mutilated currency (other than own Federal Reserve notes) forwarded for redemption.....	494,265.00			232,250.00	
Due from Assistant Treasurer of the United States.....	252,000.00				
Collection items—Debits:					
Federal Reserve Banks—Transfers bought.....	1,164,000.00			803,000.00	
Federal Reserve Banks—Other items.....	8,869,384.45		6,858,948.47	3,668,787.35	
Branches and offices.....				674,174.47	
Bond coupons.....	110,433.15				
Member and nonmember banks and bankers.....	12,633,421.50		10,720,627.38	8,865,130.93	
Uncollected items.....		<i>25,629,000.00</i>		<i>18,177,000.00</i>	<i>19,249,000.00</i>
<i>Total deductions from gross deposits.....</i>		<i>36,735,000.00</i>		<i>18,177,000.00</i>	<i>20,481,000.00</i>
All other resources:					
Interest accrued on United States securities.....			21,575.24		
Expense current.....			133,315.47		
Bank premises.....			300,000.00		
Other deferred charges.....			9,065.24		
Dividend account, including premium on surrendered stock.....			105,253.79		
Disbursements, Liberty Loan No. 2.....			40,971.15		
Disbursements, War-Savings Stamps.....			2,250.59		
Overdrafts—Member banks.....			50,074.18		
Nickels and cents.....			7.43		
Total all other resources.....			662,513.09		
Less all other liabilities:					
Discount earned on bills discounted.....			306,848.85		
Discount earned on bills bought.....			114,868.82		
Interest earned—Municipal warrants.....			164.77		

RESOURCES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Cleveland.		Richmond.		Atlanta.	
Less all other liabilities—Continued.						
Interest earned—United States securities.....			\$46,492.23			
Penalties on deficient reserves.....			19,585.59			
Sundry profits.....			1,010.55			
Unearned discount on bills discounted.....			58,610.33			
Unearned discount on bills bought.....			41,594.05			
Service charges, net.....			4,386.69			
Difference account.....			115.33			
Profit and loss.....			28,154.92			
Suspense account.....			20.00			
Total all other liabilities.....			621,852.43			
All other resources, net.....				\$41,000.00		
Total resources.....		\$267,538,000.00		126,743,000.00		\$118,158,000.00
	Chicago.		St. Louis.		Minneapolis.	
Gold bullion and United States coin.....	\$78,345.00		\$1,447.50		\$6,688,960.00	
United States gold certificates (including clearing-house certificates).....	32,110,960.00		5,087,690.00		8,270,770.00	
Gold coin and certificates in vault.....		\$32,189,000.00		\$5,089,000.00		\$14,960,000.00
Gold settlement fund, Federal Reserve Board.....	58,960,460.00	58,961,000.00	17,884,000.00	17,884,000.00	19,486,500.00	19,487,000.00
Gold with foreign agencies.....	7,350,000.00	7,350,000.00	2,100,000.00	2,100,000.00	2,100,000.00	2,100,000.00
Total gold held by banks.....		98,500,000.00		25,073,000.00		36,547,000.00

<i>Gold with Federal Reserve agents</i>	130,723,530.00	130,723,000.00	32,366,430.00	32,366,000.00	32,909,950.00	32,910,000.00
<i>Gold redemption fund with United States Treasurer</i>	646,490.00	646,000.00	929,900.00	930,000.00	878,225.00	878,000.00
<i>Total gold reserves</i>		229,869,000.00		58,369,000.00		70,335,000.00
<i>Legal tender notes (including clearing-house certificates)</i>	611,500.00		395,480.00		179,105.00	
<i>Silver certificates (including clearing-house certificates)</i>	340,150.00		370,603.00		231,924.00	
<i>Silver coin</i>	12,152.00		543.50		2,120.00	
<i>Legal tender notes, silver, etc.</i>		964,000.00		767,000.00		413,000.00
<i>Total reserves</i>		230,833,000.00		59,136,000.00		70,748,000.00
<i>Member banks' collateral notes</i>	57,742,749.95		7,905,420.00		1,059,992.00	
<i>All other bills discounted</i>	47,375,871.75		25,554,815.60		12,010,457.01	
<i>Bills discounted for members and Federal Reserve Banks</i>		105,119,000.00		33,460,000.00		13,070,000.00
<i>Bills bought in open market</i>	9,182,429.93	9,182,000.00	7,362,724.15	7,363,000.00	7,166,677.76	7,167,000.00
<i>Total bills on hand</i>		114,301,000.00		40,823,000.00		20,237,000.00
<i>Other United States bonds owned</i>	7,006,600.00		2,233,400.00		1,887,990.00	
<i>United States Government long-term securities</i>		7,007,000.00		2,233,000.00		1,888,000.00
<i>One-year Treasury notes</i>	3,378,000.00		1,444,000.00		1,340,000.00	
<i>United States certificates of indebtedness</i>					500.00	
<i>United States Government short-term securities</i>		3,878,000.00		1,444,000.00		1,340,000.00
<i>Municipal warrants</i>					25,380.00	
<i>Bill of lading drafts</i>	804,554.29		566,536.89		960,758.32	
<i>All other earning assets</i>		805,000.00		567,000.00		986,000.00
<i>Total earning assets</i>		125,491,000.00		45,067,000.00		24,451,000.00
<i>Due from other Federal Reserve banks—Collected funds</i>			40,700,661.92		11,283,058.19	
<i>Due to other Federal Reserve Banks—Collected funds</i>			34,205,435.85		8,449,634.85	
<i>Due from other Federal Reserve Banks—Net</i>				6,495,000.00		2,834,000.00
<i>Exchanges for clearing house</i>	1,517,549.12		514,252.43			
<i>Checks and other cash items</i>					599,179.46	
<i>National bank notes and notes of other Federal Reserve Banks</i>	475,000.00		2,047,705.00		169,361.00	

RESOURCES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Chicago.		St. Louis.		Minneapolis.	
Mutilated currency (other than own Federal Reserve notes) forwarded for redemption.....			\$10,000.00			
Collection items—Debits:						
Federal Reserve Banks—Transfers bought.....	\$8,178,412.26		1,465,000.00		\$1,235,000.00	
Federal Reserve Banks—Other items.....	8,435,661.74		6,665,875.45		729,552.53	
Branches and offices.....	9,915,446.23		310,077.65			
Member and nonmember banks and bankers.....			5,274,225.57		3,063,947.48	
Uncollected items.....		\$28,522,000.00		\$16,317,000.00		\$5,797,000.00
Total deductions from gross deposits.....		28,522,000.00		22,812,000.00		8,631,000.00
Total resources.....		384,846,000.00		127,015,000.00		103,830,000.00

	Kansas City.		Dallas.		San Francisco.		Total.
Gold bullion and United States coin.....	\$118,742.50		\$127,180.00		\$16,202,525.00		\$99,633,994.71
United States gold certificates (including clearing-house certificates).....	1,591,780.00		11,773,000.00		10,238,560.00		396,715,160.00
Gold coin and certificates in vault.....		\$1,711,000.00		\$11,900,000.00		\$26,441,000.00	\$496,349,000.00
Gold settlement fund, Federal Reserve Board.....	37,263,377.50	37,263,000.00	24,520,700.00	24,520,000.00	17,672,000.00	17,672,000.00	302,981,237.50
Gold with foreign agencies.....	2,625,000.00	2,625,000.00	1,837,500.00	1,838,000.00	2,887,500.00	2,888,000.00	52,500,000.00
Total gold held by banks.....		41,599,000.00		38,258,000.00		47,001,000.00	851,830,000.00

Gold with Federal Reserve Agents.....	42,025,170.00	42,025,000.00	25,036,675.00	25,037,000.00	46,993,550.00	46,993,000.00	803,169,315.00	803,169,000.00
Gold redemption fund with United States Treasurer.....	507,045.00	507,000.00	1,217,607.02	1,218,000.00	24,335.00	24,000.00	19,406,630.15	19,406,000.00
Total gold reserves.....		84,131,000.00		64,513,000.00		94,018,000.00		1,674,405,000.00
Legal tender notes (including clearing house certificates).....	11,000.00		155,250.00		66,425.00		34,715,268.00	
Silver certificates (including clearing house certificates).....	45,810.00		487,436.00		279,284.00		14,272,909.00	
Silver coin.....	843.00		136,020.89		63,113.55		231,684.59	
Legal tender notes, silver, etc.....		58,000.00		779,000.00		409,000.00		49,220,000.00
Total reserves.....		84,189,000.00		65,292,000.00		94,427,000.00		1,723,625,000.00
Member banks' collateral notes.....	17,277,467.89		940,000.00		2,316,688.32		222,381,459.16	
All other bills discounted.....	17,776,976.31		7,799,996.88		23,463,512.86		437,930,423.43	
Bills discounted for members and Federal Reserve Banks.....		35,055,000.00		8,740,000.00		25,780,000.00		600,311,000.00
Bills bought in open market.....	1,337,928.75	1,338,000.00	14,140,549.66	14,140,000.00	17,082,455.93	17,083,000.00	273,235,704.90	273,237,000.00
Total bills on hand.....		36,393,000.00		22,880,000.00		42,863,000.00		933,548,000.00
United States bonds to secure circulation.....	8,000,000.00		2,732,400.00				10,732,400.00	
Other United States bonds owned.....	849,090.00		1,763,700.00		2,455,000.00		41,096,532.05	
United States Government long-term securities.....		8,849,000.00		4,496,000.00		2,455,000.00		51,829,000.00
One-year Treasury notes.....	1,784,000.00		1,430,000.00		1,500,000.00		26,792,000.00	
United States certificates of indebtedness.....							43,050,500.00	
United States Government short-term securities.....		1,784,000.00		1,430,000.00		1,500,000.00		69,842,000.00
Municipal warrants.....			150,458.74				988,145.44	
Bill of lading drafts.....			682,058.19				3,610,084.26	
All other earning assets.....				832,000.00				4,538,000.00
Total earning assets.....		47,026,000.00		29,639,000.00		46,818,000.00		1,059,817,000.00

RESOURCES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Kansas City.		Dallas.		San Francisco.		Total.	
Due from other Federal Reserve Banks— Collected funds.....	\$2,731,547.83				\$5,908,933.84		\$74,307,445.95	
Due to other Federal Reserve Banks—Collected funds.....					768,876.52		44,699,494.34	
<i>Due from other Federal Reserve Banks—Net.....</i>		<i>\$2,732,000.00</i>			<i>\$5,140,000.00</i>		<i>\$8,429,000.00</i>	
Exchanges for clearing house.....	72,871.41		\$51,154.45		2,181,816.08		20,566,989.16	
Checks and other cash items.....	160,809.46				4,598.63		25,276,874.76	
National Bank notes and notes of other Federal Reserve Banks.....	216,300.00		3,780,011.00		877,826.00		13,867,928.00	
Mutilated currency (other than own Federal Reserve notes) forwarded for redemption).....							1,768,450.00	
Checks lost in transit.....							58.00	
Due from Assistant Treasurer of the United States.....			300,000.00				552,000.00	
Collection items—Debits:								
Federal Reserve Banks—Transfers bought..	5,683,982.31		4,372,699.26		1,954,715.68		25,426,809.51	
Federal Reserve Banks—Other items.....	3,466,329.80		827,144.24		1,744,714.82		95,022,994.73	
Branches and offices.....					1,747,950.24		12,647,648.59	
Bond coupons.....							110,433.15	
Member and nonmember banks and bankers.	15,583,135.50		5,754,831.71		4,295,012.50		101,875,605.30	
<i>Uncollected items.....</i>		<i>25,184,000.00</i>		<i>\$15,086,000.00</i>		<i>12,806,000.00</i>		<i>297,116,000.00</i>
<i>Total deductions from gross deposits.....</i>		<i>27,916,000.00</i>		<i>15,086,000.00</i>		<i>17,946,000.00</i>		<i>305,613,000.00</i>
<i>5 per cent redemption fund against Federal Re- serve Bank notes.....</i>	400,000.00	<i>400,000.00</i>	136,700.00	<i>137,000.00</i>			536,700.00	<i>537,000.00</i>

All other resources:							
Interest accrued on United States securities.....					23,449.37		45,024.61
Expense current.....					144,156.27		277,471.74
Bank premises.....					120,000.00		420,000.00
Furniture and equipment.....					26,981.09		26,981.09
Cost of unissued Federal Reserve currency.....					13,232.19		13,232.19
Other deferred charges.....							9,065.24
Dividend account, including premium on surrendered stock.....							105,253.79
Disbursements, transit department.....					35,961.05		35,961.05
Disbursements, Liberty Loan No. 1.....					24,429.49		24,429.49
Disbursements, Liberty Loan No. 2.....					222,607.05		263,578.20
Disbursements, War-Savings Stamps.....					568.24		2,818.83
Overdrafts—Member banks.....					523,843.20		573,917.38
Difference account.....					464.72		464.72
Nickels and cents.....					2,740.82		2,748.25
Total all other resources.....					1,138,433.49		1,800,946.58
Less all other liabilities:							
Discount earned on bills discounted.....					270,804.44		577,653.29
Discount earned on bills bought.....					181,770.29		296,639.11
Transfers bought and sold, net charges.....					38,658.39		38,658.39
Interest earned—Municipal warrants.....					424.46		589.23
Interest earned—United States securities.....					79,416.50		125,908.73
Commissions earned.....					52.08		52.08
Penalties on deficient reserves.....					17,297.67		36,883.56
Sundry profits.....							1,010.55
Unearned discount on bills discounted.....					107,413.32		166,023.65
Unearned discount on bills bought.....					46,222.18		87,816.23
Reserved for sundry expenses.....					50,000.00		50,000.00
Service charges, net.....					21,768.72		26,155.41
Difference account.....							115.33

Statement showing condition of each Federal Reserve Bank and of the system on Dec. 31, 1917—Continued.

RESOURCES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Kansas City.		Dallas.		San Francisco.		Total.	
Less all other liabilities—Continued.								
Profit and loss.....					\$14,475.91		\$42,630.83	
Suspense account.....							20.00	
Total all other liabilities.....					828,303.96		1,450,156.39	
All other resources, net.....						<i>\$510,000.00</i>		<i>\$351,000.00</i>
Total resources.....		<i>\$159,531,000.00</i>		<i>\$110,153,000.00</i>		<i>159,501,000.00</i>		<i>3,089,945,000.00</i>

LIABILITIES.

	Boston.		New York.		Philadelphia.	
Capital.....	\$5,858,450.00		\$18,684,850.00		\$6,141,850.00	
Capital—suspense account.....			11,100.00		300.00	
Capital paid in.....		<i>\$5,858,000.00</i>		<i>\$18,696,000.00</i>		<i>\$6,142,000.00</i>
Government deposits.....	2,419,414.94	<i>2,419,000.00</i>	11,870,767.74	<i>11,871,000.00</i>	4,332,816.11	<i>4,833,000.00</i>
Due to members—reserve account.....	82,244,369.22	<i>82,245,000.00</i>	652,791,808.26	<i>652,792,000.00</i>	84,574,264.34	<i>84,574,000.00</i>
Due to other Federal Reserve Banks, collected funds.....	3,870,139.46		7,610,609.86		4,296,240.29	
Due from other Federal Reserve Banks, collected funds.....						
Due to other Federal Reserve Banks, net.....		<i>3,870,000.00</i>		<i>7,611,000.00</i>		<i>4,296,000.00</i>
Cashier's expense, return item, and dividend checks.....	23,482.60		4,821,389.92		435,026.66	
Federal Reserve bank drafts.....			147.34			
Federal Reserve exchange drafts.....	25.15				9.00	
Collection items—credits:						
Federal Reserve Banks—transfers sold.....					250,000.00	
Federal Reserve Banks—other items.....	2,332,237.77		5,156,779.75		2,850,790.00	

Member and nonmember banks.....	11,445,199.35	35,553,478.43	24,061,904.97
Miscellaneous.....	90.40	94.47	
Government account.....			554,672.42
<i>Collection items.....</i>	<i>13,801,000.00</i>	<i>45,532,000.00</i>	<i>28,152,000.00</i>
Foreign government credits.....		3,335,930.00	
Due to nonmember banks clearing account.....		10,317,630.16	
<i>Other deposits, including foreign government credits.....</i>	<i></i>	<i>13,653,000.00</i>	<i></i>
<i>Total gross deposits.....</i>	<i>102,335,000.00</i>	<i>731,693,000.00</i>	<i>121,855,000.00</i>
Federal Reserve notes outstanding.....	77,296,820.00	456,338,565.00	97,325,755.00
Less:			
Federal Reserve notes on hand.....	4,097,520.00	55,844,760.00	4,348,590.00
Mutilated Federal Reserve notes forwarded for redemption.....		3,140,000.00	27.50
Total deductions.....	4,097,520.00	58,984,760.00	4,348,617.50
<i>Federal Reserve notes in actual circulation.....</i>	<i>73,199,000.00</i>	<i>397,354,000.00</i>	<i>92,977,000.00</i>
All other liabilities:			
Discount earned on bills discounted.....	571,117.13	2,240,121.86	302,264.77
Discount earned on bills bought.....	502,397.30	1,304,701.11	300,529.44
Transfers bought and sold, net charges.....	107.80		
Interest earned—Municipal warrants.....	5,202.73	5,776.03	1,658.06
Interest earned—United States securities.....	94,784.86	224,780.66	66,561.20
Profits realized on United States securities.....	11,101.60		
Commissions earned.....	6,938.15	13,680.73	
Penalties on deficient reserves.....	6,105.39	4,815.90	4,382.21
Sundry profits.....	253.72	19,458.52	3,720.84
Discount on United States bonds.....	6,875.00	3,833.13	
Unearned discount on bills discounted.....	249,459.57	611,916.47	96,844.03
Unearned discount on bills bought.....	74,220.29	635,158.66	64,057.37
Unearned interest on municipal warrants.....		2,366.88	1.11
Reserved for sundry expenses.....		1,444.55	19.79
Liberty loan bonds—\$10 participation certificates.....		227,970.00	

LIABILITIES—Continued.

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	Boston.		New York.		Philadelphia.	
All other liabilities—Continued.						
Contracts to deliver Liberty loan bonds sold.....			\$6,186.25			
Service charges, net.....	\$57,876.35		80,922.53		\$79,581.63	
Difference account.....					41.51	
Profit and loss.....	11,596.56		339,649.98		176,626.52	
Discount on bills sold.....			8,077.03			
Interest on participation certificates.....			316.31			
Suspense account.....			89,981.08		1,275.75	
Total all other liabilities.....	1,628,036.45		5,821,157.68		1,097,564.23	
Less all other resources:						
Interest accrued on United States securities.....	21,958.75		73,620.28		58,906.44	
Service charges accrued.....					8,238.21	
Expense current.....	255,690.82		656,534.85		141,768.66	
Exchange paid.....	69.10				4.85	
Bank premises.....					10,000.00	
Furniture and equipment.....	8,973.83				29,123.11	
Cost of unissued Federal Reserve currency.....	33,666.91		445,248.14		511.99	
Other deferred charges.....	1,462.24		15,380.02		2,055.51	
Dividend account, including premium on surrendered stock.....	3,926.85		1,466,719.68		467,727.53	
Disbursements, transit department.....	96,132.22		147,206.18		101,701.36	
Disbursements, Liberty loan No. 1.....			48,041.40			
Disbursements, Liberty loan No. 2.....	142,887.62		299,982.22		100,032.85	
Disbursements, war saving stamps.....	322.99		12,326.39			
Revenue stamps.....			5,078.20			
Repairs and alterations, remodeling account.....	10,450.00					

Overdrafts, member banks.....				12,804.81	
Difference account.....	813.26		628.85		
Nickels and cents.....	2,115.81		257.26	209.09	
Total all other resources.....	578,470.40		3,171,023.47	933,084.41	
All other liabilities, net.....		1,050,000.00		2,650,000.00	165,000.00
Total liabilities.....		182,442,000.00		1,150,159,000.00	221,139,000.00

	Cleveland.		Richmond.		Atlanta.	
Capital.....	\$8,026,100.00		\$3,663,950.00		\$2,812,750.00	
Capital paid in.....		\$8,026,000.00		\$3,664,000.00		\$2,813,000.00
Government deposits.....	30,578,247.23	30,578,000.00	2,253,761.15	2,254,000.00	4,476,782.74	4,477,000.00
Due to members—reserve account.....	109,724,561.05	109,725,000.00	45,356,855.67	45,357,000.00	36,849,923.90	36,850,000.00
Due to other Federal Reserve Banks, collected funds.....			3,644,461.78			
Due to other Federal Reserve Banks, net.....				3,644,000.00		
Cashier's expense, return item, and dividend checks.....	30,574.69		75,649.91		15,978.73	
Federal Reserve bank drafts.....					115,280.00	
Federal Reserve exchange drafts.....	227.09					
Collection items—credits:						
Federal Reserve Banks—other items.....	3,760,358.95		6,457,614.59		3,094,279.83	
Branches and offices.....					222,655.30	
Member and nonmember banks.....	12,720,415.44		8,726,400.22		5,423,001.18	
Miscellaneous.....	72,739.80				.33	
Collection items.....		16,584,000.00		15,260,000.00		8,871,000.00
Due to nonmember banks clearing account.....	91,160.59				97,903.27	
Other deposits, including foreign government credits.....		94,000.00				98,000.00
Total gross deposits.....		156,981,000.00		68,515,000.00		50,296,000.00
Federal Reserve notes outstanding.....	103,669,700.00		60,770,135.00		66,867,420.00	

LIABILITIES—Continued.

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	Cleveland.		Richmond.		Atlanta.	
Less:						
Federal Reserve notes on hand.....	\$3,666,525.00		\$4,189,830.00		\$1,909,030.00	
Mutilated Federal Reserve notes forwarded for redemption.....	120,000.00		16,500.00		43,500.00	
Total deductions.....	3,786,525.00		4,206,330.00		1,952,530.00	
<i>Federal Reserve notes in actual circulation.....</i>	<i>\$101,883,000.00</i>		<i>\$56,564,000.00</i>		<i>\$64,915,000.00</i>	
All other liabilities:						
Discount earned on bills discounted.....	333,960.67				181,023.19	
Discount earned on bills bought.....	369,265.71				53,291.98	
Transfers bought and sold, net charges.....	9,305.16				14,177.99	
Interest earned—Municipal warrants.....	7,399.92				1,903.75	
Interest earned—United States securities.....	198,350.57				98,038.45	
Interest earned—Bill of lading drafts.....					1,436.95	
Penalties on deficient reserves.....	13,617.31				12,638.82	
Sundry profits.....	2,864.95				2,348.63	
Discount on United States bonds.....					437.50	
Unearned discount on bills discounted.....	116,570.72				37,292.75	
Unearned discount on bills bought.....	62,600.28				26,635.01	
Unearned interest on municipal warrants.....					1,229.25	
Unearned interest on certificate of indebtedness.....	11,472.23					
Reserved for sundry expenses.....	309.98				34,332.08	
Service charges, net.....	41,679.01				30,696.91	
Difference account.....	184.66					
Profit and loss.....	177,386.94				51,365.93	
Total all other liabilities.....	1,344,968.11				546,849.19	

Less all other resources:

Premium on United States bonds.....	209,469.52				
Interest accrued on United States securities.....	62,878.48			25,814.07	
Expense current.....	215,264.85			161,837.42	
Exchange paid.....	57.62				
Bank premises.....				140,875.29	
Cost of unissued Federal Reserve currency.....				588.24	
Other deferred charges.....				2,237.36	
Dividend account, including premium on surrendered stock.....	197.40			1,650.27	
Disbursements, transit department.....	56,722.22			32,973.95	
Disbursements, Liberty loan No. 1.....	6,260.02				
Disbursements, Liberty loan No. 2.....	131,404.60			44,514.62	
Disbursements, war saving stamps.....	1,582.61			1,180.05	
Service charges paid—Collection department.....	119.10				
Overdrafts, member banks.....	11,792.01				
Difference account.....				272.01	
Nickels and cents.....	870.35			407.51	
Total all other resources.....	696,619.38			412,350.10	

All other liabilities, net.....		648,000.00			134,000.00
Total liabilities.....		267,538,000.00		126,743,000.00	118,158,000.00

	Chicago.		St. Louis.		Minneapolis.	
Capital.....	\$9,091,700.00		\$3,474,600.00		\$2,612,450.00	
Capital—suspense account.....					7,700.00	
Capital paid in.....		\$9,092,000.00		\$3,475,000.00		\$2,620,000.00
Government deposits.....	3,052,436.84	3,052,000.00	5,430,359.99	5,430,000.00	8,716,529.47	8,717,000.00
Due to members—reserve account.....	169,174,348.05	169,174,000.00	45,796,967.60	45,797,000.00	39,347,899.01	39,348,000.00
Due to other Federal Reserve Banks, collected funds.....	6,165,983.77					
Due from other Federal Reserve Banks, collected funds.....	5,992,720.41					
Due to other Federal Reserve Banks, net.....		173,000.00				
Cashier's expense, return item, and dividend checks.....	244,404.64		197,223.90		31,488.47	

LIABILITIES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in the second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Chicago.	St. Louis.	Minneapolis.
Federal Reserve bank drafts.....			\$5,096.06
Federal Reserve exchange drafts.....			325.90
Collection items—credits:			
Federal Reserve Banks—transfers sold.....	\$1,470,000.00	\$820,000.00	
Federal Reserve Banks—other items.....	3,619,175.99	1,468,334.24	2,069,429.73
Branches and offices.....		779,251.41	
Member and nonmember banks.....	14,639,568.31	8,843,947.26	1,125,226.30
Miscellaneous.....	34,701.89	42,724.30	163,096.52
Government account.....	22,465.94		
Suspense.....	7,228.62		
<i>Collection items.....</i>	<i>\$19,438,000.00</i>	<i>\$12,151,000.00</i>	<i>\$3,395,000.00</i>
Foreign government credits.....			
Due to nonmember banks—clearing account.....	3,198,413.97	93,432.34	36,300.00
<i>Other deposits, including foreign government credits.....</i>	<i>3,199,000.00</i>	<i>93,000.00</i>	<i>36,000.00</i>
<i>Total gross deposits.....</i>	<i>195,036,000.00</i>	<i>63,471,000.00</i>	<i>51,496,000.00</i>
Federal Reserve notes outstanding.....	190,788,530.00	61,863,430.00	51,005,950.00
Less:			
Federal Reserve notes on hand.....	9,727,000.00	1,940,400.00	1,420,865.00
Mutilated Federal Reserve notes forwarded for redemption.....	433,500.00		171,000.00
<i>Total deductions.....</i>	<i>10,160,500.00</i>	<i>1,940,400.00</i>	<i>1,591,865.00</i>
<i>Federal Reserve notes in actual circulation.....</i>	<i>180,628,000.00</i>	<i>59,923,000.00</i>	<i>49,414,000.00</i>

All other liabilities:

Discount earned on bills discounted.....	876,485.79	358,238.50	242,284.63
Discount earned on bills bought.....	230,213.05	170,233.26	72,476.74
Transfers bought and sold, net charges.....	96,404.08	57,919.95	35,117.63
Interest earned—Municipal warrants.....	334.32	13,691.40	254.60
Interest earned—United States securities.....	291,651.33	110,300.98	49,154.97
Interest earned—Bill of lading drafts.....	3,632.66	7,492.56	6,535.87
Penalties on deficient reserves.....	6,749.33	14,968.34	3,909.94
Sundry profits.....	723.37	920.50	701.02
Collection department service charges.....	55.36	59.60	
Discount on United States bonds.....			5,682.39
Unearned discount on bills discounted.....	272,950.85	103,036.43	77,460.09
Unearned discount on bills bought.....	45,127.48	30,385.77	16,814.30
Unearned interest on municipal warrants.....			6.21
Reserved for sundry expenses.....	4,833.62	853.65	
Liberty loan bonds—\$10 participation certificates.....	163,100.00		
Federal Reserve Bank transfer drafts.....	1,064.20		
Federal Reserve Bank exchange drafts.....	283.25		
Service charges, net.....	34,075.48	39,057.53	50,590.69
Difference account.....		223.16	
Profit and loss.....	122,690.76	12,748.15	49,383.55
Total all other liabilities.....	2,150,383.93	920,129.78	610,402.63

Less all other resources:

Premium on United States bonds.....	106,474.74	6,353.15	
Interest accrued on United States securities.....	63,695.00	24,850.94	17,841.63
Expense current.....	314,834.15	236,477.15	112,686.71
Exchange paid.....	223.97	80.19	
Furniture and equipment.....		44,498.74	66,065.25
Cost of unissued Federal Reserve currency.....	43,001.01	16,166.61	12,915.48
Other deferred charges.....	6,784.07	1,626.51	2,127.12
Dividend account, including premium on surrendered stock.....	656,421.38	284,565.61	
Disbursements, transit department.....	32,044.83	34,392.40	44,461.13
Disbursements, Liberty loan No. 2.....	284,904.44	124,849.47	53,797.73
Disbursements, United States certificate of indebtedness.....	2,523.49		

Statement showing condition of each Federal Reserve Bank and of the system on Dec. 31, 1917—Continued.

LIABILITIES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in the second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Chicago.		St. Louis.		Minneapolis.	
Less all other resources—Continued.						
Disbursements, war savings stamps.....					\$329.16	
Deferred charges, Liberty loan.....	\$54,667.19					
Revenue stamps.....	359.48					
Liberty loan bonds—\$10 participation certificates.....	163,100.00					
Overdrafts, member banks.....	350,615.85					
Difference account.....	539.40				15.37	
Nickels and cents.....	70.27		\$787.24		18.61	
Total all other resources.....	2,060,259.27		774,648.01		310,256.19	
<i>All other liabilities, net.....</i>		<i>\$90,000.00</i>		<i>\$116,000.00</i>		<i>\$200,000.00</i>
<i>Total liabilities.....</i>		<i>384,846,000.00</i>		<i>127,015,000.00</i>		<i>103,870,000.00</i>

	Kansas City.		Dallas.		San Francisco.		Total.	
Capital.....	\$3,395,750.00		\$2,794,900.00		\$4,141,750.00		\$70,699,100.00	
Capital—suspense account.....	1,000.00				20,700.00		40,800.00	
<i>Capital paid in.....</i>		<i>\$3,397,000.00</i>		<i>\$2,795,000.00</i>		<i>\$4,162,000.00</i>		<i>\$70,740,000.00</i>
<i>Government deposits.....</i>	<i>7,860,957.17</i>	<i>7,861,000.00</i>	<i>6,609,284.55</i>	<i>6,609,000.00</i>	<i>12,353,938.63</i>	<i>12,354,000.00</i>	<i>100,455,296.56</i>	<i>100,455,000.00</i>
<i>Due to members—reserve account.....</i>	<i>72,976,491.13</i>	<i>72,976,000.00</i>	<i>44,155,240.99</i>	<i>44,155,000.00</i>	<i>2,353,938.63</i>	<i>63,780,000.00</i>	<i>1,446,772,639.56</i>	<i>1,446,773,000.00</i>
Due to other Federal Reserve banks, collected funds.....			4,363,664.79				29,951,099.95	
Due from other Federal Reserve Banks, collected funds.....			2,847,694.30				8,840,414.71	
<i>Due to other Federal Reserve Banks, net.....</i>				<i>1,516,000.00</i>				
Cashier's expense, return item, and dividend checks.....	970,542.14		104,908.32		2,062,479.92		9,013,149.90	

Federal Reserve bank drafts.....						120,523.40	
Federal Reserve exchange drafts.....	991.19			1,027.07		2,605.40	
Federal Reserve transfer drafts.....			3,142.00			3,142.00	
Collection items—credits:							
Federal Reserve Banks—transfers sold.....	275,000.00		752,924.90			3,567,924.90	
Federal Reserve Banks—other items.....	5,621,630.98		5,355,942.73	2,662,719.31		44,449,293.87	
Branches and offices.....				741,039.45		1,742,956.16	
Member and nonmember banks.....	4,726,170.00		2,033,496.85	3,291,101.68		131,989,909.99	
Miscellaneous.....				81,803.71		395,251.42	
Government account.....						577,158.36	
Suspense.....						7,228.62	
Collection items.....		11,595,000.00		8,250,000.00	9,403,000.00		191,869,000.00
Foreign government credits.....						3,335,930.00	
Due to nonmember banks clearing account.....	25,319.87			2,620,985.05		16,484,145.25	
Other deposits, including foreign government credits.....		26,000.00			2,621,000.00		19,820,000.00
Total gross deposits.....		92,458,000.00		60,530,000.00	87,595,000.00		1,758,917,000.00
Federal Reserve notes outstanding.....	58,023,420.00		47,716,950.00	77,097,550.00		1,350,764,225.00	
Less:							
Federal Reserve notes on hand.....	2,410,710.00		735,000.00	9,343,245.00		99,633,475.00	
Mutilated Federal Reserve notes forwarded for redemption.....	240,000.00		194,500.00	10,000.00		4,369,027.50	
Total deductions.....	2,650,710.00		929,500.00	9,353,245.00		104,002,502.50	
Federal Reserve notes in actual circulation.....		55,373,000.00		46,788,000.00	67,744,000.00		1,246,762,000.00
Federal Reserve Bank notes in circulation, net liability.....	8,000,000.00	8,000,000.00				8,000,000.00	8,000,000.00
All other liabilities:							
Discount earned on bills discounted.....	438,831.43		160,869.80			5,705,197.77	
Discount earned on bills bought.....	171,112.15		116,481.74			3,290,702.37	
Transfers bought and sold, net charges.....	45,569.84		32,476.91			291,079.36	
Interest earned—Municipal warrants.....	5,136.63		1,068.29			42,425.73	
Interest earned—United States securities.....	258,792.18		80,743.84			1,471,139.64	

LIABILITIES—Continued.

[Detailed figures shown for each bank in first column represent items as reported to the Board; figures in the second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

	Kansas City.		Dallas.		San Francisco.		Total.	
All other liabilities—Continued.								
Interest earned—Bill of lading drafts.....			\$3,389.29				\$22,487.24	
Profits realized on United States securities.....							11,191.60	
Commissions earned.....							29,618.88	
Penalties on deficient reserves.....	\$37,395.78		8,356.35				112,339.37	
Sundry profits.....	5.00		7.65				31,003.60	
Collection department service charges.....							114.96	
Discount on United States bonds.....							16,828.02	
Unearned discount on bills discounted.....	119,018.52		50,145.39				1,734,703.82	
Unearned discount on bills bought.....	780.53		35,544.03				991,323.72	
Unearned interest on municipal warrants.....			1,914.19				5,517.64	
Unearned interest on certificates of indebtedness.....							11,472.23	
Reserved for sundry expenses.....			262.25				42,055.92	
Liberty loan bonds—\$10 participation certificates.....							391,070.00	
Federal Reserve Bank transfer drafts.....							1,064.20	
Federal Reserve Bank exchange drafts.....							283.25	
Contracts to deliver Liberty loan bonds sold							6,186.25	
Service charges, net.....	46,710.09		52,923.17				544,113.39	
Difference account.....	1,604.80		134.94				2,189.07	
Profit and loss.....	67,025.17						1,008,473.56	
Discount on bills sold.....							8,077.03	
Interest on participation certificates.....							216.31	
Suspense account.....							91,256.83	
Total all other liabilities.....	1,189,982.21		544,317.15				15,853,791.27	

Less all other resources:							
Premium on United States bonds.....	75,462.42					397,759.83	
Interest accrued on United States securities.....	60,594.80	28,188.78				438,259.27	
Service charges accrued.....						8,238.21	
Expense current.....	237,377.98	109,502.80				2,441,975.39	
Exchange paid.....						435.73	
Profit and loss.....		55,585.43				55,585.43	
Bank premises.....		136,736.31				287,611.51	
Furniture and equipment.....	32,972.63	35,824.77				217,458.33	
Cost of unissued Federal Reserve currency.....	42,507.74	10,161.62				604,787.74	
Other deferred charges.....	5,768.89	8,579.61				46,019.33	
Dividend account, including premium on surrendered stock.....	276,581.85	210.72				3,354,843.89	
Disbursements, transit department.....	54,906.18	52,540.15				653,080.62	
Disbursements, Liberty loan No. 1.....		9,795.22				64,097.24	
Disbursements, Liberty loan No. 2.....	88,449.96	54,153.44				1,322,976.35	
Disbursements, United States certificates of indebtedness.....						2,523.49	
Disbursements, war saving stamps.....		1,657.33				16,798.53	
Service charges paid—Collection department.....						119.10	
Deferred charges, Liberty loan.....						54,637.19	
Revenue stamps.....						5,437.68	
Liberty loan bonds account—\$10 participa- tion certificates.....						163,100.00	
Repairs and alterations, remodeling ac- count.....						10,450.00	
Overdrafts, member banks.....						355,212.67	
Difference account.....	427.81					2,766.70	
Nickels and cents.....	350.63	2,168.76				7,253.53	
Suspense account.....	13,958.35					13,958.35	
Total all other resources.....	887,337.34	504,504.94				10,327,553.51	
All other liabilities, net.....		303,000.00	40,000.00				5,526,000.00
Total liabilities.....		150,631,000.00	110,153,000.00	159,501,000.00			3,089,945,000.00

Exhibit D.—INVESTMENT OPERATIONS OF FEDERAL RESERVE BANKS.

Commercial paper discounted for members and other Federal Reserve Banks during each month in 1917, distributed by maturities, and totals for 1917, 1916, and 1915.

PAPER MATURING WITHIN 15 DAYS.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.	Per cent.
Boston.....	\$847,389	\$1,882,783	\$3,816,628	\$9,118,269	\$9,493,345	\$34,571,777	\$35,073,960	\$16,902,573	\$21,307,152	\$6,770,804	\$14,243,721	\$20,137,602	\$174,166,003	2.1
New York.....	279,272	1,502,805	2,801,099	2,316,507	6,201,947	547,878,686	254,205,950	46,569,826	307,344,787	2,359,046,667	2,623,764,467	192,834,755	6,344,746,768	78.0
Philadelphia.....	247,937	1,149,757	2,667,902	2,164,269	18,545,006	38,818,843	18,862,985	14,596,145	17,174,648	11,902,123	17,462,072	32,125,650	175,777,337	2.3
Cleveland.....	182,617	2,499,000	3,416,237	6,730,968	4,416,331	7,072,863	8,315,850	9,981,146	15,123,309	22,775,905	28,180,622	38,051,342	146,746,220	1.8
Richmond.....	6,737,047	3,985,444	2,136,837	9,250,442	20,353,342	25,174,706	28,559,333	25,063,498	44,511,614	21,490,550	50,924,399	112,143,939	350,331,151	4.2
Atlanta.....	963,075	384,855	448,953	833,649	1,392,858	617,866	1,398,738	1,557,512	5,358,774	13,236,274	18,868,473	18,660,329	63,721,356	0.8
Chicago.....	521,480	1,926,449	1,391,246	1,207,981	2,477,450	18,656,376	22,612,209	12,901,973	25,552,994	80,684,929	127,880,288	116,649,863	412,463,238	5.1
St. Louis.....	496,500	384,908	1,670,566	2,713,018	2,243,945	2,324,626	12,080,617	12,181,691	17,128,763	18,419,492	25,530,285	36,715,278	131,790,689	1.6
Minneapolis.....	376,428	577,600	102,081	252,628	1,011,110	4,011,004	3,922,046	3,512,236	1,953,263	5,120,615	14,904,674	3,890,702	39,634,387	0.5
Kansas City.....	75,696	10,000	60,223	29,510	2,931,827	9,730,334	14,555,970	17,259,897	25,913,339	41,639,057	63,996,325	33,688,605	209,900,693	2.6
Dallas.....	162,630	316,500	182,886	224,414	841,205	1,929,400	1,330,400	1,630,000	3,658,491	10,682,704	10,981,317	2,117,832	34,057,779	0.4
San Francisco.....	4,514	25,931	.....	126,302	50,254	460,935	2,392,721	2,482,613	3,320,165	9,609,799	18,261,156	9,206,883	45,941,273	0.6
Total.....	13,804,495	14,646,032	18,694,658	34,967,987	69,958,620	691,247,416	103,316,779	164,639,110	488,347,299	2,601,438,919	3,014,997,799	616,232,780	8,129,285,894	.....
Per cent.....	0.1	0.2	0.2	0.4	0.9	8.5	5.6	2.0	6.0	32.0	37.1	7.6	.....	100.0

PAPER MATURING AFTER 15 DAYS BUT WITHIN 30 DAYS.

Boston.....	\$102,136	\$1,015,170	\$298,485	\$180,269	\$428,929	\$6,156,821	\$2,760,025	\$2,179,412	\$1,105,029	\$770,204	\$9,918,861	\$14,922,953	\$39,878,294	21.8
New York.....	69,457	22,354	23,139	30,753	40,873	1,289,269	428,614	747,493	3,151,604	3,359,466	1,245,417	9,777,321	20,186,060	11.0
Philadelphia.....	120,203	205,267	74,442	137,441	1,283,516	1,674,570	403,791	394,123	568,323	509,485	708,987	6,206,425	12,286,573	6.7
Cleveland.....	271,658	9,748	572,856	125,824	175,775	1,090,040	275,794	3,398,040	974,081	949,270	5,174,169	13,084,185	26,101,443	14.2
Richmond.....	382,399	373,112	430,766	509,808	935,616	897,756	800,459	897,981	1,272,245	713,285	663,990	1,852,263	9,669,680	5.3
Atlanta.....	142,699	181,112	108,269	211,296	421,469	324,145	235,517	1,019,960	475,233	964,605	1,328,520	1,333,661	6,745,886	3.7

Chicago.....	337,583	23,962	552,993	451,247	258,174	2,234,454	5,183,125	1,585,208	3,016,285	3,841,465	5,105,413	3,737,096	26,327,005	14.4
St. Louis.....	73,000	87,317	8,061	724,023	691,868	486,417	615,065	823,617	2,689,767	3,486,396	1,423,566	3,927,060	15,036,217	8.2
Minneapolis.....	179,316	396,506	13,024	982,267	220,678	900,098	329,286	1,566,541	136,377	617,798	520,369	446,027	6,308,281	3.4
Kansas City.....	5,738	15,050	142,747	88,985	344,136	279,022	183,357	648,012	496,887	373,504	960,006	2,039,877	5,577,321	3.0
Dallas.....	11,630	16,143	87,179	178,608	64,580	236,066	195,304	101,493	135,632	66,742	387,235	144,133	1,624,685	0.9
San Francisco.....	7,863	9,266	8,578	200,577	114,823	2,520,000	658,891	474,815	1,879,306	1,863,551	2,073,355	3,731,567	13,542,592	7.4
Total.....	1,703,682	2,355,001	2,320,539	3,821,098	4,980,467	18,128,601	12,069,528	13,776,695	15,900,769	17,515,171	29,509,888	61,202,598	183,284,037	.....
Per cent.....	0.9	1.3	1.3	2.1	2.7	9.9	6.6	7.5	8.7	9.5	16.1	33.4	100.0	100.0

PAPER MATURING AFTER 30 DAYS BUT WITHIN 60 DAYS.

Boston.....	\$126,008	\$702,647	\$574,161	\$454,771	\$445,623	\$2,082,554	\$1,583,857	\$2,936,784	\$1,567,284	\$1,274,929	\$4,086,615	\$25,837,504	\$41,672,737	15.3
New York.....	123,129	184,002	144,973	39,924	164,070	1,826,898	1,682,261	1,638,995	3,575,917	5,802,649	6,708,561	40,785,107	62,676,486	18.1
Philadelphia.....	184,102	234,028	234,570	53,762	338,565	1,640,491	940,462	256,472	717,629	716,249	1,575,537	2,897,808	9,789,675	3.6
Cleveland.....	163,128	7,490	9,249	67,466	161,618	2,058,820	1,062,308	769,585	846,816	1,467,251	6,346,481	5,913,406	18,873,618	6.9
Richmond.....	626,129	749,417	830,918	1,393,348	1,621,738	1,522,709	2,161,691	1,783,789	2,405,684	1,606,785	1,526,664	2,444,608	18,673,480	6.8
Atlanta.....	479,583	177,403	352,060	420,936	753,648	1,127,223	1,602,495	1,422,901	1,420,993	1,596,045	1,886,530	2,856,888	14,096,705	5.2
Chicago.....	320,909	43,704	147,414	1,408,387	199,024	2,753,808	3,805,235	3,354,411	4,784,878	6,783,293	14,101,738	7,961,590	45,664,391	16.8
St. Louis.....	31,546	84,994	71,133	188,549	1,423,881	622,850	1,730,948	1,055,282	2,918,950	1,736,583	3,090,450	5,258,450	18,213,616	6.7
Minneapolis.....	356,354	743,568	41,997	2,406,583	1,555,648	2,187,386	1,628,948	3,617,620	1,059,761	1,140,637	1,683,851	1,406,387	17,828,740	6.5
Kansas City.....	38,780	23,452	39,378	20,137	352,915	763,251	574,514	828,020	804,681	826,044	1,769,514	2,634,597	8,735,283	3.2
Dallas.....	111,350	101,618	314,122	745,610	427,308	452,737	725,686	1,084,736	771,092	303,531	790,518	312,128	6,140,456	2.2
San Francisco.....	25,569	34,705	46,796	216,366	132,380	2,883,932	1,176,061	879,166	2,762,084	1,923,762	3,803,274	9,718,057	23,602,152	8.7
Total.....	2,586,587	3,087,028	2,806,771	7,415,839	7,576,418	19,922,679	18,674,466	19,627,761	23,695,769	25,177,758	47,369,733	108,026,530	285,967,339	.....
Per cent.....	0.9	1.1	1.0	2.6	2.6	7.0	6.5	6.8	8.3	16.6	37.8	37.8	100.0	100.0

Commercial paper discounted for members and other Federal Reserve Banks during each month in 1917, distributed by maturities, and totals for 1917, 1916, and 1915—Continued.

PAPER MATURING AFTER 60 DAYS BUT WITHIN 90 DAYS.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.	Per cent.
Boston.....	\$122,929	\$332,388	\$409,489	\$196,113	\$934,332	\$3,365,573	\$3,012,317	\$4,358,337	\$1,768,744	\$2,389,172	\$32,169,170	\$44,947,757	\$94,006,321	26.3
New York.....	126,304	211,842	92,305	52,039	133,353	1,081,004	6,048,980	4,090,991	5,471,685	14,684,329	31,948,847	44,020,836	108,838,145	27.8
Philadelphia.....	12,080	88,294	30,769	26,477	268,424	589,704	1,966,750	2,923,701	469,187	3,629,448	11,731,109	3,795,492	25,531,432	7.2
Cleveland.....	16,690	26,105	16,611	37,016	170,213	960,985	1,212,024	650,069	760,418	1,100,987	7,857,827	6,577,943	19,336,888	5.4
Richmond.....	815,186	639,635	760,054	927,872	1,741,247	2,114,040	2,770,582	2,032,354	1,927,100	1,276,167	3,163,887	3,082,713	21,250,837	6.0
Atlanta.....	948,064	367,843	590,678	370,824	366,884	587,870	897,656	937,156	614,208	1,083,456	951,589	1,782,417	9,498,045	2.7
Chicago.....	47,659	19,696	141,887	92,881	149,513	1,357,362	1,851,326	1,245,477	1,998,716	4,138,169	12,267,641	6,555,669	29,865,996	8.4
St. Louis.....	67,247	10,811	60,765	266,051	1,551,606	1,071,418	925,859	962,097	2,279,956	2,186,082	2,239,404	9,038,535	20,659,831	4.4
Minneapolis.....	197,410	19,706	20,193	258,167	466,491	1,690,522	1,748,877	1,837,722	1,106,735	606,235	1,213,629	6,692,991	15,858,618	3.0
Kansas City.....	49,344	20,515	35,190	98,146	200,778	623,025	311,488	547,589	665,261	1,260,034	2,071,544	6,993,324	12,876,238	2.2
Dallas.....	199,020	80,110	202,637	388,719	310,322	399,209	1,087,612	1,075,555	412,992	337,863	383,571	5,225,533	10,103,143	1.4
San Francisco.....	37,707	32,344	74,157	139,828	125,995	3,089,878	1,534,758	654,651	1,344,130	1,971,127	2,655,771	6,981,795	18,642,141	5.2
Total.....	2,639,640	1,849,289	2,434,735	2,854,073	6,424,188	17,831,190	23,368,229	21,285,699	18,819,132	34,663,069	108,653,986	145,695,005	386,518,235	
Per cent.....	0.7	0.5	0.6	0.7	1.7	4.6	6.0	5.5	4.9	9.0	28.1	37.7	100.0	

AGRICULTURAL AND LIVE-STOCK PAPER MATURING AFTER 90 DAYS.

Boston.....					\$200		\$325		\$262,077	\$580,860	\$119,433	\$233,060	\$1,195,955	4.1
New York.....		\$4,348	\$1,067					\$7,083					12,504	
Philadelphia.....	\$800	4,876	1,610	\$3,472	9,529	\$1,295	1,870		4,214	2,425	900		30,991	0.1
Cleveland.....	10,878		2,667	10,108		2,279	6,897	4,486		2,707	23,665	4,313	67,940	0.2
Richmond.....	21,621	36,624	34,977	83,039	424,852	388,516	221,913	55,326	5,559	14,722	356	8,047	1,295,537	4.5
Atlanta.....	28,651	41,813	41,158	131,117	268,036	173,976	113,537	77,639	35,524	93,572	14,257	32,842	1,052,152	3.6
Chicago.....	66,532	24,385	71,990	65,935	130,908	158,367	159,532	133,681	283,544	782,108	3,544,270	2,110,221	7,551,473	23.9
St. Louis.....	27,434	800	26,992	41,714	37,742	37,492	28,917	81,657	9,012	43,194	29,990	43,493	408,437	1.4

Minneapolis.....	117,245	56,724	25,796	202,912	538,469	1,076,822	1,177,100	505,121	90,900	173,034	556,680	1,011,008	5,531,811	19.9
Kansas City.....	96,827	89,560	59,991	107,617	407,192	445,905	511,671	197,350	311,573	327,289	1,201,660	1,847,892	5,604,527	19.3
Dallas.....	174,189	207,584	244,041	329,076	629,574	751,940	843,963	340,083	236,814	330,802	293,055	745,403	5,126,573	17.6
San Francisco.....	47,705	4,540	21,990	21,814	27,148	103,351	244,687	188,277	161,927	20,224	171,165	240,221	1,253,049	4.3
Total.....	591,882	471,254	532,279	996,804	2,473,780	3,139,952	3,310,352	1,610,709	1,401,135	2,370,937	5,955,335	6,276,500	29,130,949	.....
Per cent.....	2.0	1.6	1.8	3.4	8.5	10.8	11.4	5.5	4.8	8.2	20.4	21.6	.....	100.0

TOTAL AMOUNT OF COMMERCIAL PAPER DISCOUNTED.

	January.	February.	March.	April.	May.	June.	July.	August.	September.
Boston.....	\$1,198,462	\$3,932,988	\$5,098,703	\$9,949,422	\$11,302,429	\$46,216,725	\$12,430,484	\$26,377,106	\$26,010,286
New York.....	598,162	1,925,351	3,062,583	2,439,223	6,545,273	552,976,457	202,366,105	53,024,394	319,543,993
Philadelphia.....	563,122	1,682,222	3,009,293	2,385,421	20,445,040	42,724,903	22,175,858	18,170,441	18,934,091
Cleveland.....	644,971	2,542,343	4,017,620	6,971,412	4,923,937	11,184,990	10,872,873	14,803,326	17,704,624
Richmond.....	8,582,382	5,784,232	4,193,552	12,164,509	25,076,795	30,097,727	34,513,978	29,772,948	50,122,193
Atlanta.....	2,562,072	1,153,026	1,541,118	1,967,822	3,202,925	2,831,080	4,247,943	5,015,168	7,904,732
Chicago.....	1,294,163	2,038,196	2,305,530	3,226,431	3,215,069	25,160,367	33,611,427	19,240,750	35,636,417
St. Louis.....	605,727	568,830	1,837,517	3,933,355	5,949,072	4,542,803	15,381,406	15,104,344	25,026,448
Minneapolis.....	1,226,753	1,794,098	203,091	4,102,497	3,792,396	9,865,832	8,806,257	11,039,240	4,347,036
Kansas City.....	266,295	158,577	337,529	344,395	4,236,848	11,841,537	16,137,000	19,480,808	28,231,741
Dallas.....	658,819	721,955	1,030,865	1,866,427	2,273,089	3,769,321	4,182,905	4,231,867	5,215,021
San Francisco.....	123,358	106,786	151,521	704,887	450,000	9,058,096	6,007,118	4,679,522	9,467,612
Total, 1917.....	18,326,286	22,408,601	26,788,982	50,055,801	91,413,473	750,269,838	460,733,354	220,339,974	548,164,104
Total, 1916.....	11,115,000	7,664,600	9,387,300	11,521,500	11,195,500	11,600,000	20,183,000	17,351,800	14,308,800
Total, 1915.....	10,712,800	12,630,300	13,399,700	10,549,300	12,145,700	13,406,000	13,238,000	12,233,700	14,405,000
Per cent, 1917.....	0.2	0.3	0.3	0.6	1.0	8.4	5.1	2.5	6.1
Per cent, 1916.....	5.4	3.7	4.5	5.5	5.4	5.6	9.7	8.3	6.9
Per cent, 1915.....	6.7	7.8	8.3	6.5	7.5	8.3	8.2	7.6	8.9

Commercial paper discounted for members and other Federal Reserve Banks during each month in 1917, distributed by maturities, and totals for 1917, 1916, and 1915—Continued.

TOTAL AMOUNT OF COMMERCIAL PAPER DISCOUNTED—Continued.

	October.	November.	December.	Total, 1917.	Total, 1916.	Total, 1915.	Per cent, 1917.	Per cent, 1916.	Per cent, 1915.
Boston.....	\$11,785,969	\$60,537,800	\$106,078,876	\$350,919,310	\$33,921,900	\$2,086,700	3.9	16.3	1.3
New York.....	2,382,893,111	2,663,667,292	287,418,019	6,536,459,963	22,329,500	4,819,600	73.5	10.7	3.0
Philadelphia.....	16,819,730	31,478,602	45,025,375	223,416,608	22,328,400	5,137,100	2.5	10.7	3.2
Cleveland.....	26,296,120	47,582,704	63,631,189	211,176,109	6,792,400	4,526,000	2.3	3.3	2.8
Richmond.....	25,101,509	56,279,290	119,531,570	401,220,685	34,377,200	44,891,400	4.5	16.5	27.8
Atlanta.....	16,973,352	23,049,369	24,666,137	95,114,744	22,323,200	34,269,300	1.1	10.7	21.2
Chicago.....	96,229,964	162,899,350	137,014,439	521,872,103	23,178,100	9,238,700	2.8	11.2	5.7
St. Louis.....	25,871,747	32,313,695	54,982,846	186,117,790	8,842,700	6,317,600	3.1	4.3	3.9
Minneapolis.....	7,658,319	18,879,203	13,447,115	85,161,837	6,473,500	5,206,500	0.9	3.1	3.2
Kansas City.....	44,425,928	69,999,049	47,214,295	242,694,062	6,817,700	10,875,500	2.7	3.3	6.8
Dallas.....	11,721,642	12,835,696	8,545,029	57,052,636	18,512,500	26,756,900	0.6	8.9	16.6
San Francisco.....	15,388,463	26,964,721	29,878,523	102,981,207	1,973,400	7,287,700	1.1	1.0	4.5
Total, 1917.....	2,681,165,854	3,206,486,771	937,433,413	9,014,186,454	.....	.....	.....	.....	.....
Total, 1916.....	11,862,900	17,904,100	63,716,000	.....	207,870,500	.....	.....	.....	.....
Total, 1915.....	15,050,800	18,269,700	15,412,000	.....	.....	161,353,000	.....	.....	.....
Per cent, 1917.....	29.9	35.7	.....	.....	.....	.....	100.0	.....	.....
Per cent, 1916.....	5.7	8.6	30.7	.....	.....	.....	.....	100.0	.....
Per cent, 1915.....	9.3	11.3	9.6	.....	.....	.....	.....	.....	100.0

Paper rediscounted for the Boston Federal Reserve Bank during the month of December, 1917, distributed by maturities.

Rediscounted by Federal Reserve Bank of—	Maturities.			Total.	Rediscounted by Federal Reserve Bank of—	Maturities.			Total.
	16 to 30 days.	31 to 60 days.	61 to 90 days.			16 to 30 days.	31 to 60 days.	61 to 90 days.	
New York.....	\$2,255,372	\$13,468,132	\$9,461,539	\$25,185,043	Dallas.....			\$5,000,036	\$5,000,036
St. Louis.....			5,000,138	5,000,138	Total.....	\$2,255,372	\$13,468,132	29,472,128	45,185,632
Minneapolis.....			5,007,121	5,007,121					
Kansas City.....			5,003,294	5,003,294					

¹ Figures included with other discounts shown above.

Member banks' collateral notes discounted by Federal Reserve Banks during the calendar year 1917.

[(a) Secured by Liberty loan bonds or United States certificates of indebtedness; (b) Otherwise secured.]

Federal Reserve Banks.	January.	February.	March.	April.	May.		June.		July.		August.	
	(b)	(b)	(b)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Boston.....	\$448,099	\$387,730	\$1,423,500	\$2,024,000	\$40,000	\$2,990,000	\$413,700	\$26,277,500	\$1,655,000	\$33,150,985	\$2,573,500	\$12,673,210
New York.....	270,000	1,437,000	287,000	1,027,000	40,000	2,037,000	336,096,500	204,393,534	175,869,630	76,785,175	5,011,500	40,053,045
Philadelphia.....	230,000	475,000	1,005,000	1,307,700	880,000	14,349,000	680,650	35,009,849	1,691,650	16,515,320	2,110,000	10,192,990
Cleveland.....		1,900,000	1,600,000	4,110,000	550,000	2,170,000	1,957,000	3,827,600	2,210,000	5,081,000	7,025,000	4,339,000
Richmond.....	6,667,000	3,370,000	2,075,000	8,936,000	50,000	19,289,550	66,500	23,938,750	1,379,525	25,534,637	1,923,682	22,428,660
Atlanta.....	769,000	242,356	266,000	735,000	10,000	914,000	35,000	346,000	642,000	632,500	1,006,000	250,000
Chicago.....	520,000	1,911,276	1,130,729	50,000	413,000	1,230,000	6,075,000	7,674,400	3,881,117	18,265,000	3,129,000	7,140,805
St. Louis.....	375,000	365,000	1,670,000	1,377,879		1,520,000	60,000	2,055,000	350,000	10,820,000	1,155,000	8,625,000
Minneapolis.....	345,000	520,000	100,000	140,000	575,000	300,325	2,243,000	1,078,000	2,090,000	1,714,151	1,384,640	1,345,804
Kansas City.....	75,000	10,000	5,000		2,401,000	270,000	4,231,429	5,455,000	2,622,300	11,734,585	3,420,950	13,506,560
Dallas.....	162,630	315,000	165,000	170,000	225,000	596,205	1,557,000	305,000	125,000	1,187,500	474,500	1,050,500
San Francisco.....				6,000					460,000	1,115,340	1,261,000	25,000
Total, 1917.....	9,862,329	11,433,362	10,327,229	19,883,579	5,184,000	45,666,080	354,015,779	310,360,633	192,916,222	202,536,193	30,477,772	121,630,514
Total, 1916.....												

Member banks' collateral notes discounted by the Federal Reserve Banks during calendar year 1917—Continued.

[(a) Secured by Liberty loan bonds or United States certificates of indebtedness: (b) Otherwise secured.]

Federal Reserve Banks.	September.		October.		November.		December.		Total.		Total member banks' collateral notes discounted.
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	
Boston.....	\$2,804,700	\$18,193,650	\$2,457,700	\$3,586,840	\$4,916,958	\$15,535,000	\$10,233,286	\$1,134,315	\$25,094,844	\$117,825,429	\$142,920,273
New York.....	173,970,000	129,367,497	2,152,680,000	185,687,000	2,398,184,883	213,905,000	102,149,997	45,637,140	5,344,602,510	900,876,391	6,245,478,901
Philadelphia.....	5,532,500	10,082,190	3,002,500	8,714,811	9,209,425	7,755,505	9,606,501	1,511,250	32,803,226	107,748,615	140,551,841
Cleveland.....	9,018,000	6,085,000	12,885,000	9,231,500	13,574,250	13,862,000	18,870,300	1,138,000	66,089,550	53,444,100	119,533,650
Richmond.....	1,952,290	41,738,500	1,449,500	19,745,000	15,280,366	35,195,902	8,209,060	5,291,713	30,313,923	214,710,712	245,024,635
Atlanta.....	1,749,400	3,261,000	4,744,000	7,683,000	5,289,550	12,298,500	4,923,850	3,282,500	18,399,800	30,679,856	49,079,656
Chicago.....	7,951,900	16,078,000	44,592,000	31,889,462	78,537,698	45,798,250	45,769,000	59,940,560	190,348,715	191,628,482	381,977,197
St. Louis.....	2,711,500	11,125,000	9,411,000	7,875,000	12,971,600	10,948,000	21,727,740	2,450,000	48,586,840	60,205,879	108,592,719
Minneapolis.....	1,067,000	771,148	5,076,900	.....	12,630,000	2,098,215	2,685,622	588,522	27,752,162	9,001,165	36,753,327
Kansas City.....	5,556,450	19,767,633	15,864,000	25,452,334	23,113,500	40,273,404	6,984,350	24,730,287	64,193,979	141,279,743	205,473,722
Dallas.....	1,842,500	1,788,000	5,750,250	4,910,654	5,296,000	5,369,281	1,000,000	1,084,280	16,270,250	17,104,050	33,374,300
San Francisco.....	1,494,400	305,000	4,562,000	2,850,000	7,059,500	9,004,800	5,127,925	835,000	19,904,825	14,141,140	34,045,965
Total, 1917.....	215,650,640	253,552,618	2,262,474,850	307,725,601	2,586,063,730	412,943,857	237,377,631	148,623,567	5,884,160,624	1,858,645,562	7,742,806,186
Total, 1916.....	.....	1,410,850	.....	2,076,302	.....	5,587,835	.....	29,892,400	.....	38,967,447	38,967,447

Trade acceptances discounted by Federal Reserve Banks during each month in 1917, and totals for 1917 and 1916.

Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.	Total, 1917.	Total, 1916.
Boston.....	\$62,433	\$410,173	\$150,730	\$69,926	\$526,388	\$334,442	\$322,992	\$638,303	\$141,384	\$333,710	\$436,894	\$2,687,752	\$6,115,127	\$429,200
New York.....	.....	.....	.....	10,452	117,000	358,264	13,000	197,918	161,845	1,121,773	1,102,357	3,781,191	6,863,800	166,600
Philadelphia.....	15,164	21,721	29,730	24,199	25,758	78,343	36,874	94,159	16,280	184,701	100,139	99,001	726,078	74,800
Cleveland.....	1,797	.....	.....	823	28,564	499,473	66,956	13,332	70,508	601,687	819,959	2,297,491	4,400,590	175,200
Richmond.....	240,283	145,962	141,466	323,779	305,146	267,503	284,741	91,848	35,926	214,403	544,291	565,101	3,160,449	1,509,200

Atlanta.....	75,157	227,392	388,355	195,600	195,334	260,903	61,345	124,285	102,954	417,228	1,350,141	1,163,800	4,562,494	1,591,000
Chicago.....	8,609				43,387		90,135	34,912	13,653		12,788	226,361	429,845	105,200
St. Louis.....	11,930	22,380	30,276	48,046	414,448	356,345	136,788	66,809	93,137	299,981	651,754	982,609	3,114,503	626,200
Minneapolis.....	55,678		10,263			49,204	12,238	42,549	1,000	59,819	35,679	97,243	363,673	41,700
Kansas City.....					86,126	305,610	40,990	344,017	442,795	420,776	378,141	627,867	2,646,322	190,900
Dallas.....	94,563	13,465	12,000		9,417	3,016	102				37,528	7,862	177,953	248,900
San Francisco.....	8,850	14,985		5,197	16,134	8,271	11,446	19,931	40,343	700,669	1,490,099	2,888,373	5,210,298	53,400
Total, 1917..	574,464	856,078	762,820	678,022	1,767,702	2,521,374	1,077,607	1,668,063	1,125,834	4,354,747	6,959,770	15,424,651	37,771,132	.....
Total, 1916..	444,400	246,100	298,700	240,000	298,300	275,700	169,000	245,400	593,500	414,900	853,300	1,103,000	.....	5,212,300

Commodity paper discounted by Federal Reserve Banks during 11 months in 1917, and totals for 1917 and 1916.

Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber. ¹	Total, 1917.	Total, 1916.
Boston.....														
New York.....								\$25,000					\$25,000	
Philadelphia.....							\$25,000	26,200		\$25,000	\$29,000		105,200	
Cleveland.....											131,360		131,360	
Richmond.....	\$598,807	\$551,076	\$635,740	\$611,609	\$468,420	\$209,649	159,289	94,042	\$36,678	186,650	134,125		3,686,085	\$7,025,800
Atlanta.....	961,746	249,461	227,190	243,833	249,034	458,873	72,505	11,829	463,463	1,146,633	1,354,252		5,438,819	7,500,400
Chicago.....														
St. Louis.....					15,000		19,000			82,589	310,689		427,278	1,534,000
Minneapolis.....						21,400	21,400	53,470			25,400		121,670	19,800
Kansas City.....					131,667	65,000							196,667	360,060
Dallas.....	4,100		4,775				152,700	104,400			23,921		289,896	225,200
San Francisco.....		13,569	12,048	1,363		2,180		6,068		218,619	568,509		822,296	148,000
Total, 1917..	1,564,633	814,106	879,753	856,805	864,121	757,102	449,894	320,949	500,141	1,659,491	2,577,256	.....	11,244,271	.....
Total, 1916..	1,863,600	1,794,700	1,719,000	1,370,700	899,400	712,000	1,525,200	507,500	1,636,300	2,921,100	1,047,000	\$816,700	.....	16,813,200

¹ Special rate merged with regular discount rate on Dec. 3, 1917, and separate classification discontinued.

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount.

Districts.	Mem- ber banks at end of each quarter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 1—Boston:								
Connecticut—								
Jan.-Mar....	55	3	\$50,382	\$111,790	\$211,932	\$389,773	.....	\$793,877
Apr.-June..	53	6	873,011	345,981	289,084	882,312	.....	2,390,388
July-Sept...	54	8	2,653,874	578,463	377,300	688,397	.....	4,298,034
Oct.-Dec....	55	22	3,547,191	2,878,597	1,734,931	5,420,345	\$121,652	13,702,656
Total.....	.....	.....	7,124,458	3,914,831	2,643,247	7,330,827	121,652	21,184,095
Maine—								
Jan.-Mar....	66	.....	.....	.....	.....	.....	.....	.....
Apr.-June..	64	3	225,000	5,000	.....	.....	.....	230,000
July-Sept...	64	7	84,131	89,488	108,739	88,890	325	371,573
Oct.-Dec....	63	14	226,822	212,727	246,164	614,048	1,487	1,301,248
Total.....	.....	.....	535,953	307,215	354,903	702,938	1,812	1,932,821
Massachusetts—								
Jan.-Mar....	157	21	6,356,069	1,291,688	1,040,994	422,047	.....	9,110,798
Apr.-June..	154	46	50,733,451	6,222,184	2,262,925	3,541,009	.....	62,759,569
July-Sept...	160	60	68,217,769	4,707,923	5,176,250	8,035,478	262,077	86,399,497
Oct.-Dec....	163	87	33,964,967	18,394,646	25,946,866	66,401,458	783,073	145,491,010
Total.....	.....	.....	159,272,256	30,616,441	34,427,035	78,399,992	1,045,150	303,760,874
New Hampshire—								
Jan.-Mar....	56	3	85,000	.....	48,230	18,021	.....	151,251
Apr.-June..	56	12	450,801	131,688	227,877	19,712	.....	830,078
July-Sept...	55	13	1,100,600	109,883	262,991	181,825	.....	1,655,299
Oct.-Dec....	55	16	944,488	1,064,730	558,259	720,284	13,430	3,301,191
Total.....	.....	.....	2,580,889	1,306,301	1,097,357	939,842	13,430	5,937,819
Rhode Island—								
Jan.-Mar....	17	1	.....	.....	15,000	.....	.....	15,000
Apr.-June..	17	2	725,000	.....	.....	.....	.....	725,000
July-Sept...	17	4	510,000	400,000	.....	.....	.....	910,000
Oct.-Dec....	18	9	1,606,158	1,954,486	2,398,785	5,984,795	.....	11,944,224
Total.....	.....	.....	2,841,158	2,354,486	2,413,785	5,984,795	.....	13,594,224
Vermont—								
Jan.-Mar....	48	3	55,349	12,313	56,660	34,965	.....	159,287
Apr.-June..	48	11	176,128	101,166	203,062	52,985	200	533,541

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks accommodated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 1—Boston—Continued. Vermont—Con.								
July–Sept....	48	11	\$717,311	\$158,710	\$162,645	\$144,808	.....	\$1,183,474
Oct.–Dec....	48	15	862,501	1,106,831	314,043	365,169	\$13,731	2,662,275
Total.....	.....	.....	1,811,289	1,379,020	736,410	597,927	13,931	4,538,577
Grand total for Boston.....	402	218	174,166,003	39,878,294	41,672,737	94,006,321	1,195,955	350,919,310
District No. 2—New York:								
New York—								
Jan.–Mar....	478	20	4,476,128	37,085	370,702	390,936	4,348	5,279,199
Apr.–June ..	477	86	555,447,122	804,386	1,666,814	1,517,885	.....	559,436,207
July–Sept....	484	102	599,653,793	3,683,063	6,123,461	14,033,353	7,089	623,500,759
Oct.–Dec....	519	222	5,162,573,498	11,377,437	36,097,004	75,908,463	.....	5,285,956,402
Total.....	.....	.....	6,322,150,541	15,901,971	44,257,981	91,850,637	11,437	6,474,172,567
New Jersey—								
Jan.–Mar....	132	7	31,848	61,366	54,101	33,390	1,067	181,772
Apr.–June ..	133	20	800,018	551,010	334,378	619,741	.....	2,305,147
July–Sept....	132	37	8,141,685	504,125	683,687	1,417,700	.....	10,747,197
Oct.–Dec....	136	51	11,813,991	596,659	2,466,159	3,553,489	.....	18,439,298
Total.....	.....	.....	20,787,542	1,713,160	3,538,325	5,624,320	1,067	31,664,414
Connecticut—								
Jan.–Mar....	15	3	75,200	16,500	27,300	6,125	.....	125,125
Apr.–June ..	15	2	150,000	5,500	29,700	34,400	.....	219,600
July–Sept....	15	5	325,085	140,824	90,025	130,602	.....	686,536
Oct.–Dec....	15	10	1,258,400	152,733	1,265,023	1,730,522	.....	4,406,673
Total.....	.....	.....	1,808,685	315,557	1,412,048	1,901,649	.....	5,437,939
Grand total for New York....	670	322	6,344,746,768	17,930,688	49,208,354	99,376,666	12,504	6,511,274,920
District No. 3—Philadelphia:								
Delaware—								
Jan.–Mar....	24	.....	.....	.....	.....	.....	.....	.....
Apr.–June ..	22	.....	.....	.....	.....	.....	.....	.....
July–Sept....	22	.....	.....	.....	.....	.....	.....	.....
Oct.–Dec....	23	1	50,000	.....	.....	.....	.....	50,000
Total.....	.....	.....	50,000	.....	.....	.....	.....	50,000

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Mem- ber banks at end of each quar- ter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 3—Phil- adelphia—Contd.								
New Jersey—								
Jan.-Mar....	72	5	\$22,927	\$144,686	\$298,495	\$44,973	.....	\$511,081
Apr.-June ..	72	20	920,274	197,758	338,958	314,641	\$7,500	1,779,131
July-Sept....	72	17	1,548,940	117,505	224,267	183,830	.....	2,074,542
Oct.-Dec....	73	24	3,712,282	300,258	470,633	422,468	900	4,906,541
Total.....	.....	.....	6,204,423	760,207	1,332,353	965,912	8,400	9,271,295
Pennsylvania—								
Jan.-Mar. . .	536	24	4,042,669	255,226	254,305	86,170	7,286	4,745,556
Apr.-June ..	534	74	58,607,844	2,897,769	1,693,860	569,964	6,796	63,776,233
July-Sept....	533	86	49,084,838	1,218,732	1,690,286	5,175,808	6,084	57,205,758
Oct.-Dec....	542	152	57,787,563	7,124,639	4,718,961	18,733,578	2,425	88,367,166
Total.....	.....	.....	169,522,914	11,526,366	8,457,322	24,565,520	22,591	214,034,713
Grand to- tal for Phi-la- delphia.	638	201	175,777,337	12,286,573	9,789,675	25,531,432	30,991	223,416,008
District No. 4— Cleveland:								
Kentucky—								
Jan.-Mar....	68	1	.....	475	1,321	.....	.....	1,796
Apr.-June ..	68	2	16,100	48,600	78,269	65,738	.....	208,707
July-Sept....	68	4	49,613	2,000	3,756	50,000	.....	105,369
Oct.-Dec....	70	7	991,472	292,799	232,454	700,636	.....	2,217,361
Total.....	.....	.....	1,057,185	343,874	315,800	816,374	.....	2,533,233
Ohio—								
Jan.-Mar....	373	12	6,097,854	853,787	173,546	59,406	13,545	7,198,138
Apr.-June ..	374	54	16,177,210	1,120,680	1,630,792	896,137	12,387	19,837,206
July-Sept....	374	39	26,357,135	4,637,451	2,650,133	2,508,662	10,769	36,164,150
Oct.-Dec....	380	42	60,479,710	13,254,742	11,440,547	13,200,975	10,625	98,386,599
Total.....	.....	.....	109,111,909	19,866,660	15,895,018	16,665,180	47,326	161,586,093
Pennsylvania—								
Jan.-Mar....	299	1	.....	.....	5,000	.....	.....	5,000
Apr.-June ..	299	10	2,026,882	222,362	578,842	206,340	.....	3,034,426
July-Sept....	299	8	7,013,557	8,465	13,819	53,849	614	7,090,304
Oct.-Dec....	301	29	27,011,687	5,510,082	2,053,136	1,630,070	.....	36,204,975
Total.....	.....	.....	36,652,126	5,740,909	2,650,797	1,890,259	614	46,334,705

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks accommodated during each quarter and the year 1917.	Maturities.					Total bills discounted
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 4— Cleveland—Con. West Virginia—								
Jan.-Mar....	13	.....	.....	.....	.....	.....	.....	.....
Apr.-June...	13	.....	.....	.....	.....	.....	.....	.....
July-Sept....	13	1	.....	.....	\$11,000	\$10,000	.....	\$21,000
Oct.-Dec....	13	1	\$525,000	\$150,000	1,000	5,075	\$20,000	701,075
Total.....	.....	.....	525,000	150,000	12,000	15,075	20,000	722,075
Grand total for Cleveland....	764	160	146,746,220	26,101,443	18,873,615	19,386,888	67,940	211,176,106
District No. 5—Rich- mond:								
District of Co- lumbia—								
Jan.-Mar....	15	3	200,000	13,912	83,267	151,772	.....	448,951
Apr.-June...	15	4	105,000	70,204	.....	226,750	.....	401,954
July-Sept....	15	3	721,886	100,171	22,000	22,000	.....	866,057
Oct.-Dec....	15	6	376,709	204,056	121,347	133,020	.....	835,132
Total.....	.....	.....	1,403,595	388,343	226,614	533,542	.....	2,552,094
Maryland—								
Jan.-Mar....	96	9	1,285,000	32,984	181,051	132,602	.....	1,631,637
Apr.-June...	96	16	13,108,653	245,022	922,054	561,914	400	14,838,043
July-Sept....	95	17	14,214,268	1,306,141	2,192,807	2,354,406	.....	20,067,622
Oct.-Dec....	97	31	21,160,115	1,209,064	1,734,053	2,294,309	10,155	26,467,696
Total.....	.....	.....	49,768,036	2,853,211	5,029,965	5,343,231	10,555	63,004,998
North Carolina—								
Jan.-Mar....	81	29	1,069,040	386,893	507,846	783,539	1,775	2,749,093
Apr.-June...	80	48	1,353,161	418,962	1,272,338	1,533,798	220,231	4,798,490
July-Sept....	80	47	3,247,231	238,020	1,078,462	1,574,840	99,196	6,297,749
Oct.-Dec....	81	37	5,965,304	566,605	925,904	1,321,449	9,864	8,789,126
Total.....	.....	.....	11,634,736	1,670,480	3,784,550	5,213,626	331,066	22,634,458
South Carolina—								
Jan.-Mar....	80	40	324,287	686,093	1,335,968	1,056,267	89,882	3,492,497
Apr.-June...	82	53	1,288,085	562,968	1,190,851	1,179,250	586,082	4,807,236
July-Sept....	81	59	3,418,382	502,315	1,384,087	1,612,488	152,913	7,070,185
Oct.-Dec....	84	29	4,828,562	328,378	1,184,957	1,348,724	2,600	7,693,221
Total.....	.....	.....	9,850,316	2,079,754	5,095,863	5,196,729	831,477	23,063,139

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 5—Richmond—Continued.								
Virginia—								
Jan.—Mar....	144	16	\$9,981,000	\$66,395	\$94,432	\$90,695	\$1,565	\$10,234,087
Apr.—June ..	145	46	38,923,591	1,041,024	1,147,352	1,281,447	89,694	42,483,103
July—Sept...	148	47	76,382,679	665,992	1,631,801	1,129,205	30,680	79,840,357
Oct.—Dec....	151	54	151,292,744	832,022	1,571,036	1,897,206	500	155,593,503
Total			276,580,014	2,605,433	4,444,621	4,398,553	122,439	288,151,060
West Virginia—								
Jan.—Mar....	102	1			3,900			3,900
Apr.—June ..	102	1		5,000	5,200			10,200
July—Sept...	102	3	150,000	38,046	42,007	37,096		267,149
Oct.—Dec....	102	9	935,454	29,413	40,760	528,060		1,533,687
Total			1,085,454	72,459	91,867	565,156		1,814,936
Grand total for Rich- mond...	530	246	350,331,151	9,669,680	18,673,480	21,250,837	1,295,537	401,220,685
District No. 6—Atlanta:								
Alabama—								
Jan.—Mar....	93	20	329,669	37,977	192,207	452,147	22,605	1,034,605
Apr.—June ..	94	26	161,502	189,193	469,507	461,525	234,965	1,516,692
July—Sept...	94	32	602,067	207,787	371,891	402,708	58,256	1,642,709
Oct.—Dec....	95	37	2,559,445	672,465	722,341	926,299	30,939	4,911,539
Total			3,652,683	1,107,422	1,755,946	2,242,679	346,815	9,105,545
Florida—								
Jan.—Mar....	55	9	175,639	46,420	73,874	63,420	5,250	354,603
Apr.—June ..	55	11	470,020	63,700	171,315	93,733	38,444	837,212
July—Sept...	54	19	1,361,755	251,228	452,699	144,258	4,796	2,214,736
Oct.—Dec....	57	30	2,318,194	358,039	940,307	193,104	48,772	3,858,416
Total			4,325,608	719,387	1,638,195	494,515	97,262	7,274,967
Georgia—								
Jan.—Mar....	102	31	528,125	269,243	635,532	942,400	35,749	2,411,049
Apr.—June ..	101	47	1,861,382	520,875	1,261,132	579,574	227,404	4,450,367
July—Sept...	100	54	3,985,049	373,230	1,808,203	801,411	36,216	7,004,109
Oct.—Dec....	107	56	16,585,914	1,843,439	2,956,993	2,084,795	432	23,471,573
Total			22,960,470	3,006,787	6,661,860	4,408,180	299,801	37,337,093

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Mem- ber banks at end of each quar- ter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 6—At- lanta—Continued.								
Louisiana—								
Jan.-Mar....	22	4	\$613,350	\$40,567	\$15,579	\$308,760	\$10,229	\$938,435
Apr.-June ..	22	4	.....	6,500	6,628	8,570	39,647	61,345
July-Sept....	24	12	1,000,500	47,500	39,499	155,930	71,732	1,315,161
Oct.-Dec....	25	7	23,745,852	174,400	754,185	47,133	.....	24,721,570
Total.....	.....	.....	25,359,702	268,967	815,891	520,393	121,608	27,036,561
Mississippi—								
Jan.-Mar....	18	1	50,000	.....	.....	.....	.....	50,000
Apr.-June ..	18	3	101,318	13,419	36,255	.....	.....	150,992
July-Sept....	17	7	389,000	31,770	139,137	42,333	4,000	606,240
Oct.-Dec....	18	6	1,307,756	240,437	262,598	17,898	.....	1,828,689
Total.....	.....	.....	1,848,074	285,626	437,990	60,231	4,000	2,635,921
Tennessee—								
Jan.-Mar....	92	14	100,100	37,873	91,852	139,860	37,789	407,474
Apr.-June ..	92	22	250,151	163,223	356,970	182,176	32,699	985,219
July-Sept....	92	33	976,653	819,195	1,634,960	902,380	51,700	4,334,833
Oct.-Dec....	90	40	4,247,915	337,406	703,041	548,231	60,478	5,897,071
Total.....	.....	.....	5,574,819	1,357,697	2,786,823	1,772,647	182,666	11,674,652
Grand total for At- lanta....	392	228	63,721,356	6,745,886	14,096,705	9,498,645	1,052,152	95,114,714
District No. 7—Chi- cago:								
Illinois—								
Jan.-Mar....	316	15	270,517	725,837	335,395	91,318	23,804	1,446,871
Apr.-June ..	315	31	12,784,664	1,041,757	811,603	782,912	66,855	15,487,791
July-Sept....	323	35	36,039,895	2,811,436	2,199,997	2,383,516	68,631	43,503,475
Oct.-Dec....	334	150	206,803,699	4,399,858	4,610,755	9,799,134	1,541,180	227,154,626
Total.....	.....	.....	255,898,775	8,978,888	7,957,750	13,056,880	1,700,470	287,592,763
Indiana—								
Jan.-Mar....	195	12	1,018	19,061	49,142	31,233	48,413	148,867
Apr.-June ..	195	27	2,391,851	263,304	217,270	239,484	118,944	3,230,853
July-Sept....	197	33	1,825,920	517,901	547,990	275,502	49,845	3,217,158
Oct.-Dec....	200	77	11,284,440	2,728,650	5,279,394	1,881,204	297,263	21,470,951
Total.....	.....	.....	15,503,229	3,528,916	6,093,796	2,427,423	514,465	23,067,829

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks accommodated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 7—Chicago—Continued.								
Iowa—								
Jan.-Mar....	354	20	\$21,480	\$46,706	\$62,806	\$35,956	\$69,247	\$236,195
Apr.-June...	354	23	949,596	155,765	205,921	109,287	74,133	1,491,702
July-Sept....	356	62	2,106,323	222,837	782,920	862,083	367,414	4,341,577
Oct.-Dec....	358	189	27,947,661	1,757,289	5,845,098	7,875,615	4,428,854	47,854,517
Total.....			31,025,060	2,182,597	6,895,745	8,879,941	4,939,648	53,923,991
Michigan—								
Jan.-Mar....	76	10	3,546,160	117,934	62,584	5,000	15,000	3,746,678
Apr.-June...	76	23	5,025,646	432,349	732,366	285,452	62,297	6,538,110
July-Sept....	79	29	15,289,175	3,849,547	1,348,399	1,170,220	66,398	21,723,739
Oct.-Dec....	99	44	51,689,363	1,103,494	2,165,665	2,417,668	102,155	57,478,345
Total.....			75,550,344	5,503,324	4,309,014	3,878,340	245,850	89,486,872
Wisconsin—								
Jan.-Mar....	105	2		5,000	2,100	45,735	6,443	59,278
Apr.-June...	105	14	1,190,050	1,050,700	2,394,059	185,621	32,981	4,853,411
July-Sept....	108	22	5,704,830	2,382,897	7,065,217	404,199	44,469	15,001,612
Oct.-Dec....	109	44	27,489,917	2,694,683	10,945,710	987,857	67,147	42,185,314
Total.....			34,384,797	6,133,280	20,407,086	1,623,412	151,040	62,699,615
Grand total for Chicago.								
	1,100	541	412,362,205	26,327,005	45,664,391	29,865,996	7,551,473	521,771,070
District No. 8—St. Louis:								
Arkansas—								
Jan.-Mar....	67	5	909,377	3,044	15,392	8,107	17,541	953,461
Apr.-June...	66	7	33,762	10,307	27,007	77,889	29,362	178,327
July-Sept....	67	20	812,307	144,996	195,851	186,710	79,206	1,419,070
Oct.-Dec....	67	13	5,612,229	423,138	981,875	456,610	30,296	7,504,148
Total.....			7,367,675	581,485	1,220,125	729,316	156,405	10,055,006
Illinois—								
Jan.-Mar....	157	9	2,500	2,250	27,208	15,768	5,000	52,726
Apr.-June...	157	7	98,179	9,825	89,694	61,225	9,060	267,983
July-Sept....	156	13	64,191	30,214	118,702	121,398	3,854	338,359
Oct.-Dec....	158	17	1,528,250	288,434	585,006	177,710	31,675	2,611,075
Total.....			1,693,120	330,723	820,610	376,101	49,589	3,270,143

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 8—St. Louis—Contd. Indiana—								
Jan.—Mar....	61							
Apr.—June...	61	3	\$125,000	\$6,849	\$5,403	\$12,500		\$149,752
July—Sept....	62	6	1,262,500	136,826	339,904	116,798		1,856,028
Oct.—Dec....	63	12	4,032,000	147,695	302,012	294,540		4,866,247
Total.....			5,419,500	291,370	737,319	423,838		6,872,027
Kentucky—								
Jan.—Mar....	65							
Apr.—June...	65	4	222,060		35,000	75,000		332,060
July—Sept....	66	8	1,691,070	433,579	737,668	212,778		3,075,095
Oct.—Dec....	66	17	4,282,941	561,087	1,486,536	933,094		7,263,658
Total.....			6,196,071	994,666	2,259,201	1,220,872		10,670,813
Mississippi—								
Jan.—Mar....	18	3	40,000	1,000	8,000	18,100		67,100
Apr.—June...	17	4	900	4,150	24,650	60,490	\$21,086	111,276
July—Sept....	18	6	18,300	7,100	23,430	71,374	2,075	122,279
Oct.—Dec....	18	4	59,600	19,850	97,142	125,062	6,000	307,654
Total.....			118,800	32,100	153,222	275,026	29,161	608,309
Missouri—								
Jan.—Mar....	80	11	1,125,000	11,119	35,366	96,848	32,685	1,301,018
Apr.—June...	84	22	6,560,459	1,722,376	1,865,065	2,501,195	54,540	12,703,635
July—Sept....	84	14	37,025,896	3,045,422	3,632,939	3,210,091	28,451	46,942,799
Oct.—Dec....	87	23	58,449,796	6,324,198	4,855,571	4,448,358	48,706	74,126,629
Total.....			103,161,151	11,103,115	10,388,941	10,256,492	164,382	135,074,081
Tennessee—								
Jan.—Mar....	20	3	385,099	150,967	101,706			637,772
Apr.—June...	20	5	241,230	148,830	188,461	100,776	2,900	682,197
July—Sept....	20	12	516,807	330,312	656,686	248,763	6,000	1,758,568
Oct.—Dec....	20	6	6,700,236	1,072,649	1,687,342	2,028,509		11,488,736
Total.....			7,843,372	1,702,758	2,634,195	2,378,048	8,900	14,567,273
Grand to- tal for St. Louis....								
	479	149	131,799,689	15,036,217	18,213,616	15,659,693	408,437	181,117,652

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Mem-ber banks at end of each quarter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 9—								
Minneapolis:								
Michigan—								
Jan.-Mar....	32	2	\$2,081	\$2,388	\$17,505	\$3,289	.....	\$25,263
Apr.-June...	32	4	24,500	31,732	6,468	10,156	.....	72,856
July-Sept....	33	3	39,639	15,009	29,639	5,082	.....	89,360
Oct.-Dec....	34	8	85,301	30,301	114,098	64,643	.....	294,343
Total.....	.....	.....	151,521	79,421	167,710	83,170	.....	481,822
Minnesota—								
Jan.-Mar....	289	18	1,014,028	569,929	1,064,107	160,625	\$86,050	2,894,739
Apr.-June...	291	37	5,012,122	2,008,665	6,032,198	2,239,835	466,193	15,759,013
July-Sept....	293	71	8,822,718	1,850,283	5,590,388	3,730,887	999,410	20,993,686
Oct.-Dec....	295	92	22,895,550	1,274,862	3,309,507	2,534,989	572,642	30,587,550
Total.....	.....	.....	37,744,418	5,703,739	15,996,200	8,666,336	2,121,300	70,231,993
North Dakota—								
Jan.-Mar....	156	11	35,000	14,525	18,061	44,490	24,302	136,378
Apr.-June...	156	32	.....	26,971	10,343	52,750	859,965	950,029
July-Sept....	157	51	106,207	59,460	342,492	359,716	261,188	1,129,033
Oct.-Dec....	162	40	144,651	57,501	53,772	229,415	359,804	845,143
Total.....	.....	.....	285,858	158,457	424,668	686,371	1,505,259	3,069,613
South Dakota—								
Jan.-Mar....	125	8	.....	1,998	26,550	20,118	70,625	119,291
Apr.-June...	126	18	.....	.....	1,510	16,553	272,340	290,403
July-Sept....	127	26	37,475	10,516	52,511	93,514	121,023	315,039
Oct.-Dec....	128	30	499,966	79,527	478,948	414,991	159,760	1,633,192
Total.....	.....	.....	537,441	92,041	559,519	545,176	623,748	2,357,925
Montana—								
Jan.-Mar....	86	3	.....	.....	14,295	8,787	18,788	41,870
Apr.-June...	94	17	230,000	5,000	42,716	7,550	219,700	504,966
July-Sept....	108	33	355,000	7,943	71,373	245,073	369,347	1,048,736
Oct.-Dec....	115	45	46,861	127,866	233,010	168,837	613,011	1,219,615
Total.....	115	.....	631,861	150,809	361,424	430,247	1,250,846	2,815,187

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Mem- ber banks at end of each quarter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 9—								
Minneapolis—								
Continued.								
Wisconsin—								
Jan.-Mar....	37	2	\$5,000		\$1,401			\$6,401
Apr.-June...	37	3	8,120	\$30,675	56,382	\$88,276		183,453
July-Sept...	37	10	26,505	89,002	219,927	259,062	\$22,153	616,649
Oct.-Dec....	38	10	243,663	14,137	41,509	92,859	5,505	397,673
Total.....			283,288	133,814	319,219	440,197	27,658	1,204,176
Grand to- tal for Minne- apolis...								
	773	284	39,634,387	6,308,281	17,828,740	10,851,497	5,531,811	80,154,716
District No. 10—								
Kansas City:								
Colorado—								
Jan.-Mar....	122	1			1,621	1,439	1,768	4,828
Apr.-June...	121	6	31,572		2,277	4,557	25,903	64,309
July-Sept...	122	17	470,000	5,785	48,227	43,877	147,986	715,875
Oct.-Dec....	122	14	2,908,440	421,998	590,457	1,108,672	1,165,645	6,195,212
Total.....			3,410,012	427,783	642,582	1,158,545	1,341,302	6,980,224
Kansas—								
Jan.-Mar....	224	7	60,223	139,102	28,742	6,977	58,280	293,324
Apr.-June...	226	23	484,691	152,138	81,948	94,797	269,472	1,083,046
July-Sept...	231	35	1,057,878	483,448	361,850	97,021	81,878	2,082,075
Oct.-Dec....	233	37	4,947,561	211,884	235,644	428,175	255,601	6,078,865
Total.....			6,550,353	986,572	708,184	626,970	665,231	9,537,310
Missouri—								
Jan.-Mar....	54	3	606	1,282	4,552	8,408	28,225	43,073
Apr.-June...	55	9	9,809,175	356,232	339,407	52,296	8,565	10,565,675
July-Sept...	55	14	43,685,575	130,000	183,235	67,012	575	44,066,397
Oct.-Dec....	55	17	79,386,283	381,695	505,390	416,027	38,936	80,728,331
Total.....			132,881,639	869,209	1,032,584	543,743	76,301	135,403,476
Nebraska—								
Jan.-Mar....	192	5		2,952	10,264	30,606	8,258	52,030
Apr.-June...	193	4	425,000	15,000	18,851	7,515	7,082	473,448
July-Sept...	192	20	6,708,300	272,627	243,094	131,320	336,539	7,691,880
Oct.-Dec....	192	61	44,850,165	1,542,214	2,396,145	1,993,236	1,121,021	51,902,781
Total.....			51,983,465	1,832,793	2,668,354	2,162,677	1,472,900	60,120,189

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks accommodated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 10—								
Kansas City—								
Continued.								
New Mexico—								
Jan.-Mar....	9	1	.....	.....	.....	\$6,252	\$13,877	\$20,129
Apr.-June....	9	4	.....	\$19,959	\$9,262	78,681	79,865	187,767
July-Sept....	9	4	.....	.....	17,711	31,067	70,685	119,463
Oct.-Dec....	9	2	.....	.....	9,512	2,028	49,050	60,590
Total.....			.....	19,959	36,485	118,028	217,977	387,949
Oklahoma—								
Jan.-Mar....	303	15	\$85,000	20,199	56,431	51,367	135,970	348,967
Apr.-June....	305	56	1,941,233	168,814	684,558	668,103	549,327	4,012,035
July-Sept....	308	89	5,795,452	434,196	1,401,599	1,148,191	359,521	9,138,959
Oct.-Dec....	311	45	7,241,539	814,254	1,483,006	1,259,215	653,167	11,451,181
Total.....			15,063,224	1,437,463	3,625,594	3,126,876	1,697,985	24,931,142
Wyoming—								
Jan.-Mar....	36		.....	.....	.....	.....	.....	.....
Apr.-June....	36	1	.....	.....	.....	16,000	20,500	36,500
July-Sept....	36	3	12,000	2,200	11,500	5,850	23,410	54,960
Oct.-Dec....	36	4	.....	1,342	10,000	114,255	93,421	219,018
Total.....			12,000	3,542	21,500	136,105	137,331	310,478
Grand total for Kansas City....	938	364	209,900,693	5,577,321	8,735,283	7,872,944	5,604,527	237,690,768
District No. 11—								
Dallas:								
Arizona—								
Jan.-Mar....	6		.....	.....	.....	.....	.....	.....
Apr.-June....	6	1	.....	.....	24,886	13,373	18,160	56,419
July-Sept....	7		.....	.....	.....	.....	.....	.....
Oct.-Dec....	7	1	.....	998	8,745	14,855	82,539	107,137
Total.....			.....	998	33,631	28,228	100,699	163,556
Louisiana—								
Jan.-Mar....	12		.....	.....	.....	.....	.....	.....
Apr.-June....	12	1	.....	855	3,025	1,000	17,078	21,958
July-Sept....	12	1	.....	6,750	32,924	10,533	3,281	53,488
Oct.-Dec....	12	2	225,000	94,493	.....	.....	.....	319,493
Total.....			225,000	102,098	35,949	11,533	20,359	394,939

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 11—								
Dallas—Contd.								
New Mexico—								
Jan.-Mar....	28	5	.....	\$43,810	\$92,485	\$27,517	\$137,573	\$301,385
Apr.-June...	30	11	\$102,673	30,990	322,653	134,779	214,295	805,390
July-Sept...	31	9	160,000	9,590	500,254	113,781	318,214	1,101,839
Oct.-Dec....	32	11	180,000	53,452	288,094	258,685	492,829	1,273,060
Total.....	.....	.....	442,673	137,842	1,203,486	534,762	1,162,911	3,481,674
Oklahoma—								
Jan.-Mar....	32	1	.....	.....	1,373	.....	3,230	4,603
Apr.-June...	32	8	30,000	21,000	32,140	9,033	154,816	246,989
July-Sept...	31	8	45,000	9,015	41,554	78,246	22,047	195,862
Oct.-Dec....	30	4	295,000	.....	.....	.....	.....	295,000
Total.....	.....	.....	370,000	30,015	73,067	87,279	180,093	742,454
Texas—								
Jan.-Mar....	541	59	662,016	71,142	433,232	454,250	485,011	2,105,651
Apr.-June...	546	105	2,862,346	426,349	1,242,971	940,065	1,306,350	6,778,081
July-Sept....	551	151	6,413,891	407,07	32,006,783	2,373,599	1,077,258	12,278,604
Oct.-Dec....	551	88	23,081,853	449,168	1,109,337	673,391	793,892	26,107,641
Total.....	.....	.....	33,020,106	1,353,732	4,792,323	4,441,305	3,662,511	47,269,977
Grand total for Dallas...								
	632	258	34,057,779	1,624,685	6,140,456	5,103,107	5,126,573	52,052,600
District No. 12—								
San Francisco:								
Alaska—								
Jan.-Mar....	1	.....	.....	.....	.....	.....	.....	.....
Apr.-June...	1	.....	.....	.....	.....	.....	.....	.....
July-Sept....	1	.....	.....	.....	.....	.....	.....	.....
Oct.-Dec....	1	.....	.....	.....	.....	.....	.....	.....
Total.....	.....	.....	.....	.....	.....	.....	.....	.....
Arizona—								
Jan.-Mar....	6	.....	.....	.....	.....	.....	.....	.....
Apr.-June...	7	.....	.....	.....	.....	.....	.....	.....
July-Sept....	7	.....	.....	.....	.....	.....	.....	.....
Oct.-Dec....	7	.....	.....	.....	.....	.....	.....	.....
Total.....	.....	.....	.....	.....	.....	.....	.....	.....

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Mem- ber banks at end of each quarter.	Banks ac- com- modated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 12—San Francisco—Contd. California—								
Jan.-Mar....	263	13	\$5,445	\$22,129	\$104,181	\$118,607	\$43,895	\$294,257
Apr.-June....	271	33	468,641	2,552,382	2,756,349	2,857,077	93,054	8,727,503
July-Sept....	271	43	5,421,162	2,567,746	3,626,747	2,159,810	141,246	13,916,711
Oct.-Dec....	272	48	28,558,195	5,158,921	10,431,912	7,818,369	102,839	52,070,236
Total.....			34,453,443	10,301,178	16,919,189	12,953,863	381,034	75,008,707
Idaho—								
Jan.-Mar....	57	3	.....	3,578	.....	20,941	26,700	51,219
Apr.-June....	61	4	12,646	1,025	9,625	7,650	35,484	66,430
July-Sept....	63	14	157,000	8,817	93,682	183,739	119,262	562,500
Oct.-Dec....	65	14	293,000	37,422	149,945	222,159	206,891	909,417
Total.....			462,646	50,842	253,252	434,489	388,337	1,589,566
Nevada—								
Jan.-Mar....	10	.....	.....	.....	.....	.....	.....	.....
Apr.-June....	10	1	30,000	20,000	.....	.....	.....	50,000
July-Sept....	10	.....	.....	.....	.....	.....	.....	.....
Oct.-Dec....	10	1	.....	20,000	50,000	25,000	.....	95,000
Total.....			30,000	40,000	50,000	25,000	.....	145,000
Oregon—								
Jan.-Mar....	81	3	25,000	.....	2,890	4,660	3,649	36,190
Apr.-June....	82	3	106,834	237,840	274,576	230,589	11,258	861,097
July-Sept....	82	9	170,000	2,027	42,090	190,805	26,613	431,535
Oct.-Dec....	85	18	4,379,675	1,325,764	2,232,208	1,252,856	31,221	9,221,724
Total.....			4,681,509	1,565,631	2,551,764	1,678,910	72,732	10,550,546
Utah—								
Jan.-Mar....	23	.....	.....	.....	.....	.....	.....	.....
Apr.-June....	24	3	19,370	24,154	192,128	260,000	8,112	503,764
July-Sept....	24	9	492,080	58,075	114,261	299,710	39,895	1,004,021
Oct.-Dec....	24	10	1,722,437	256,877	315,439	639,220	82,339	3,016,312
Total.....			2,233,887	339,106	621,828	1,198,930	130,346	4,524,097

Bills, including member banks' collateral notes, but excluding rediscounts between Federal Reserve Banks, discounted by each Federal Reserve Bank during the calendar year 1917, distributed by States and maturities as of date of discount—Continued.

Districts.	Member banks at end of each quarter.	Banks accommodated during each quarter and the year 1917.	Maturities.					Total bills discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 12—San Francisco—Contd.								
Washington—								
Jan.—Mar....	77							
Apr.—June...	78	2				\$385	\$4,404	\$4,789
July—Sept....	81	32	\$1,955,256	\$376,347	\$940,530	699,475	267,876	4,239,484
Oct.—Dec....	83	19	2,124,532	869,488	2,265,589	1,651,088	8,320	6,919,017
Total.....			4,079,788	1,245,835	3,206,119	2,350,948	280,600	11,163,230
Grand total for S a n F r a n - c i s c o	547	156	45,941,273	13,542,592	23,602,152	18,642,140	1,253,049	102,981,206

RECAPITULATION.

No. 1.—Boston.....	402	218	174,166,003	39,878,294	41,672,737	94,006,321	1,195,955	350,919,310
No. 2.—New York..	670	322	6,344,746,768	17,930,688	49,208,354	99,376,606	12,504,651	6,511,274,920
No. 3.—Philadelphia	638	201	175,777,337	12,286,573	9,789,675	25,531,432	30,991	223,416,008
No. 4.—Cleveland...	764	163	146,746,220	26,101,443	18,873,615	19,386,888	67,940	211,176,106
No. 5.—Richmond...	530	246	350,331,151	9,669,680	18,673,480	21,250,837	1,295,537	401,220,635
No. 6.—Atlanta.....	392	228	63,721,356	6,745,886	14,096,705	9,498,645	1,052,152	95,114,744
No. 7.—Chicago.....	1,100	541	412,463,238	26,327,005	45,664,391	29,865,996	7,551,473	521,872,103
No. 8.—St. Louis....	479	149	131,799,689	15,036,217	18,213,616	15,659,693	408,437	181,117,652
No. 9.—Minneapolis.	773	284	39,634,387	6,308,281	17,828,740	10,851,497	5,531,811	80,154,716
No. 10.—Kansas City	958	364	209,900,693	5,577,321	8,735,283	7,872,944	5,604,527	237,690,768
No. 11.—Dallas.....	632	258	34,057,779	1,624,685	6,140,456	5,103,107	5,126,573	52,052,600
No. 12.—San Francisco.....	547	156	45,941,273	13,542,592	23,602,152	18,642,140	1,253,049	102,981,206
Total for calendar year 1917.....	7,885	3,127	8,129,285,894	181,023,665	272,499,204	357,046,106	29,130,949	8,968,990,818
Per cent.....			90.6	2.0	3.1	4.0	0.3	100.0
Total for 1916.	7,627	1,788	115,053,100		34,422,900	41,576,600	16,817,900	207,870,500
Total for 1915.	7,646	1,920	26,509,200		57,837,400	57,322,400	19,684,000	161,353,009

Number of banks, by districts, accommodated through the discount of paper during each month in 1917.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total, 1917.	Total, 1916.
Boston.....	17	15	20	17	28	76	69	63	71	65	127	138	218	56
New York.....	11	16	17	21	38	98	103	92	98	89	175	237	322	62
Philadelphia.....	14	18	17	16	43	79	64	67	76	79	116	139	201	143
Cleveland.....	12	6	8	17	16	33	25	30	22	35	102	111	160	50
Richmond.....	60	68	76	89	115	133	137	132	101	79	102	127	246	202
Atlanta.....	56	47	55	56	80	82	87	126	122	151	133	117	228	209
Chicago.....	37	16	33	38	48	85	91	77	127	222	297	373	541	212
St. Louis.....	15	11	19	24	30	33	44	40	61	69	78	92	149	114
Minneapolis.....	30	16	13	31	48	83	110	109	54	50	108	123	284	174
Kansas City.....	19	12	18	21	55	71	85	98	87	182	115	112	364	189
Dallas.....	24	28	31	39	71	85	98	102	83	69	61	48	258	301
San Francisco.....	14	9	8	15	18	42	47	54	51	41	60	84	156	76
Total number of member banks accommodated:														
1917.....	309	262	315	384	590	900	960	990	953	1,140	1,574	1,701	3,127	.....
1916.....	614	451	535	606	655	678	642	483	448	383	336	314	.....	1,788
Total number of member banks:														
1917.....	7,624	7,635	7,633	7,643	7,659	7,676	7,700	7,733	7,748	7,783	7,847	7,885	.....	.....
1916.....	7,649	7,643	7,639	7,631	7,606	7,621	7,621	7,618	7,624	7,626	7,628	7,627	.....	.....

Acceptances bought in open market and from other Federal Reserve Banks during each month in 1917, 1916, and 1915.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.
Boston.....	\$3,038,839	\$5,262,222	\$5,157,262	\$1,245,087	\$10,217,813	\$8,543,882	\$3,403,446	\$7,551,527	\$16,633,620
New York.....	2,605,561	20,242,315	1,763,414	9,687,415	28,839,605	83,248,508	25,012,534	12,512,825	62,434,840
Philadelphia.....	2,107,327	10,058,886	4,610,296	5,268,807	5,404,559	3,441,475	11,472,425	7,450,793	6,056,282
Cleveland.....	1,351,779	6,185,295	1,037,722	2,888,638	7,428,129	3,082,041	5,681,887	14,531,566	9,855,782
Richmond.....	2,485,360	6,206,566	3,653,874	5,685,718	3,873,881	4,288,803	3,869,332	1,490,697	3,025,707
Atlanta.....	1,741,822	944,791	2,032,077	1,158,047	1,218,040	1,442,268	515,469	1,859,728	1,533,923
Chicago.....	1,010,250	6,701,460	3,160,135	2,887,501	11,018,641	19,041,205	6,094,057	5,693,449	1,924,933
St. Louis.....	1,283,005	4,653,124	601,545	1,671,672	4,524,450	993,134	1,285,644	3,735,083	822,696
Minneapolis.....	1,421,725	2,543,352	2,702,961	5,564,080	951,049	632,000	13,000	3,109,666	95,079
Kansas City.....	385,388	2,684,869	145,390	745,305	3,814,032	7,865,082	3,267,191	2,842,465	9,117
Dallas.....	307,374	1,665,676	44,458	363,128	573,090	-----	2,617,976	1,510,357	4,225,754
San Francisco.....	2,878,750	3,492,123	3,243,504	4,147,293	4,681,083	2,651,299	3,631,104	9,834,646	2,928,733
Total.....	20,617,180	70,640,679	28,152,638	41,312,691	82,544,372	135,229,697	66,864,065	72,122,802	109,046,466
Per cent.....	1.9	6.6	2.6	3.8	7.7	12.5	6.2	6.7	10.1
Total, 1916.....	9,603,000	12,416,000	22,918,000	18,499,000	21,912,000	42,325,000	36,575,000	28,447,000	37,087,000
Per cent.....	2.5	3.2	5.9	4.8	5.7	11.0	9.5	7.4	9.6
Total, 1915.....	-----	2,666,000	8,356,000	4,018,000	2,865,000	4,701,000	5,986,000	4,656,000	4,518,000
Per cent.....	-----	4.1	12.9	6.2	4.4	7.3	9.2	7.2	7.0

Acceptances bought in open market and from other Federal Reserve Banks during each month in 1917, 1916, and 1915—Continued.

Federal Reserve Bank.	October.	November.	December.	Total, 1917.	Total, 1916.	Total, 1915.	Per cent.		
							1917	1916	1915
Boston.....	\$5,640,728	\$11,836,348	\$12,997,431	\$91,528,205	\$52,377,000	\$14,105,000	8.5	13.6	21.7
New York.....	50,307,095	61,395,916	106,915,574	464,965,602	123,406,000	25,834,000	42.9	32.0	39.8
Philadelphia.....	4,565,180	19,479,626	5,998,142	85,913,798	53,122,000	7,565,000	7.9	13.8	11.7
Cleveland.....	7,361,666	22,997,676	8,707,012	91,109,193	27,542,000	2,963,000	8.4	7.1	4.6
Richmond.....	5,620,717	10,465,939	7,449,467	58,116,061	11,313,000	250,000	5.4	2.9	.4
Atlanta.....	3,470,559	4,645,617	5,830,223	26,392,564	12,544,000	72,000	2.4	3.2	.1
Chicago.....	3,181,598	1,046,114	4,954,717	66,714,061	27,061,000	5,782,000	6.2	7.0	8.9
St. Louis.....	173,796	7,777,937	2,710,185	29,732,271	20,681,000	1,801,000	2.7	5.4	2.8
Minneapolis.....	536,000	10,077,199	5,426,206	33,072,316	13,539,000	1,455,000	3.1	3.5	2.2
Kansas City.....	30,535	5,019,267	16,772	26,825,413	8,191,000	1,788,000	2.5	2.1	2.8
Dallas.....	4,900,497	14,069,013	4,799,594	35,076,917	3,543,000	.....	3.2	.9	.....
San Francisco.....	1,105,811	17,408,076	12,263,686	68,266,108	32,776,000	3,230,000	6.8	8.5	5.0
Total.....	86,894,182	180,218,728	178,069,009	1,077,712,509	.....	.....	.....	.....	.....
Per cent.....	8.1	17.3	16.5	.....	.....	.....	100.0	.....	.....
Total, 1916.....	40,895,000	48,547,000	66,871,000	.....	386,095,000	.....	.....	.....	.....
Per cent.....	10.6	12.5	17.3	.....	.....	.....	.....	100.0	.....
Total, 1915.....	6,340,000	7,919,000	12,790,000	.....	.....	64,845,000	.....	.....	.....
Per cent.....	9.8	12.2	19.7	.....	.....	.....	.....	.....	100.0

Acceptances bought in open market during each month in 1917, distributed by maturities

MATURITIES.

Month.	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days	Total.
January.....	\$177,411	\$1,742,999	\$2,871,844	\$14,647,328	\$1,177,598	\$20,617,180
February.....	1,368,786	8,540,128	21,438,280	38,459,632	824,853	70,640,679
March.....	85,221	8,466,068	5,733,322	11,746,055	2,121,972	28,152,638
April.....	1,787,866	8,335,122	13,953,959	16,355,820	879,924	41,312,691
May.....	2,755,184	9,585,123	17,226,847	43,038,859	9,038,359	82,544,372
June.....	7,048,046	15,738,784	29,561,285	76,711,531	5,570,051	135,229,697
July.....	1,617,112	5,223,829	10,001,985	44,500,009	5,521,130	66,864,065
August.....	3,627,009	7,620,821	19,060,672	40,943,315	870,385	72,122,802
September.....	1,121,029	11,403,123	25,096,852	67,230,371	4,195,091	109,046,466
October.....	1,473,265	10,670,004	17,790,456	54,414,621	2,545,836	86,894,182
November.....	4,679,280	26,514,207	62,133,013	92,045,346	846,882	186,218,728
December.....	5,707,389	15,043,930	42,166,367	112,302,369	2,848,954	178,069,009
Total.....	32,048,198	128,893,138	267,034,882	613,295,256	36,441,035	1,077,712,509

Acceptances sold by the Boston and New York Federal Reserve Banks to other Reserve Banks during the calendar year 1917.

Purchased by Federal Reserve Bank of—	Sold by Federal Reserve Bank of—		Total.	Purchased by Federal Reserve Bank of—	Sold by Federal Reserve Bank of—		Total.
	Boston.	New York.			Boston.	New York.	
Boston.....		\$5,046,527	\$5,046,527	St. Louis.....	\$2,254,577	\$4,689,518	\$6,944,395
New York.....	\$19,659,207		19,659,207	Minneapolis.....	6,754,814	9,919,972	16,674,786
Philadelphia.....	2,820,989	12,383,051	15,204,040	Kansas City.....	4,260,291	5,003,971	9,264,262
Cleveland.....	12,526,185	27,575,868	40,102,053	Dallas.....	739,384	24,594,023	25,333,412
Richmond.....		3,356,984	3,356,984	San Francisco.....	10,326,860	9,921,757	20,248,617
Atlanta.....		1,005,047	1,005,047				
Chicago.....	5,572,190		5,572,190	Total.....	64,914,497	103,497,023	1,168,411,520

¹ Figures included with acceptances purchased as shown above.

Amounts of United States bonds and one-year Treasury notes (par value) purchased by Federal Reserve Banks during each month in 1917.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total, 1917.	Total, 1916.	Per cent.	
															1917	1916
Boston.....	-----	-----	\$1,057,750	-----	-----	\$1,900	-----	\$80,000	-----	-----	¹ \$276,346	\$2,120	\$1,418,116	\$2,332,000	1.6	4.1
New York.....	\$72,500	\$57,500	4,022,000	-----	-----	750,000	\$1,500,000	-----	\$53,650	\$980,000	325,000	3,122,950	10,883,600	7,818,750	12.3	13.8
Philadelphia.....	-----	-----	1,098,260	\$40	-----	-----	-----	317,700	10,200	-----	-----	10,848,050	12,274,250	2,500,000	13.9	4.4
Cleveland ²	26,400	-----	-----	2,490,500	-----	15,000	1,059,000	2,000,000	29,600	408,200	756,000	1,000	6,785,700	8,403,160	7.7	14.8
Richmond.....	46,250	458,000	710,500	-----	-----	-----	-----	40,200	9,000	134,600	152,050	42,900	1,593,500	4,335,250	1.8	7.6
Atlanta.....	525,000	-----	470,000	505,000	-----	26,700	1,100	4,000	192,150	2,450	9,100	6,539,400	8,274,900	2,595,500	9.3	4.6
Chicago.....	-----	-----	1,461,500	-----	-----	1,192,500	16,918,600	1,383,560	20,404,600	9,000	-----	10,000	41,379,760	8,644,100	46.7	15.2
St. Louis.....	-----	-----	-----	583,500	-----	8,000	57,800	-----	750	-----	-----	-----	650,050	2,419,000	0.7	4.4
Minneapolis.....	1,240	25,450	45,010	511,000	\$2,000	-----	2,000	-----	-----	1,000	27,950	-----	615,650	2,552,920	0.7	4.5
Kansas City.....	25,000	-----	1,094,740	-----	50,000	-----	7,500	-----	-----	10,000	-----	-----	1,187,240	8,362,500	1.3	14.7
Dallas.....	-----	-----	562,750	-----	-----	3,800	-----	-----	-----	3,400	-----	825,000	1,394,950	4,163,250	1.6	7.3
San Francisco.....	1,735,000	60,000	-----	-----	-----	-----	190,650	-----	130,700	10,750	500	15,000	2,142,600	2,623,750	2.4	4.6
Total, 1917.....	2,431,390	600,950	10,522,510	4,090,040	52,000	1,997,900	19,736,650	3,825,460	20,830,650	1,559,400	¹ 1,546,946	21,406,420	¹ 88,600,316	-----	-----	-----
Per cent.....	2.7	0.7	11.9	4.6	0.1	2.2	22.2	4.3	23.5	1.8	1.7	24.2	-----	-----	100.0	-----
Total, 1916.....	6,627,180	9,496,750	8,249,850	10,479,600	6,113,600	1,322,440	341,250	501,100	2,193,300	257,060	5,628,300	5,539,750	-----	56,750,180	-----	-----
Per cent.....	11.7	16.7	14.5	18.5	10.8	2.3	0.6	0.9	3.9	0.4	9.9	9.8	-----	-----	-----	100.0
Classes of securities purchased each month:																
2 per cent bonds.....	2,370,150	144,500	8,565,516	2,867,040	50,000	-----	-----	-----	-----	-----	-----	-----	13,997,200	48,128,100	15.8	84.8
3 per cent bonds.....	61,240	200	50,000	3,000	2,000	-----	67,000	-----	-----	3,100	2,000	-----	188,540	3,918,880	0.2	6.9
3½ per cent bonds.....	-----	-----	-----	-----	-----	1,232,900	18,299,650	3,825,460	20,830,650	157,650	250,550	1,265,750	45,862,610	-----	51.8	-----
4 per cent bonds.....	-----	250	25,000	-----	-----	9,000	-----	-----	-----	29,650	¹ 1,294,396	20,130,670	21,488,966	4,403,200	24.2	7.8
1 year Treasury notes.....	-----	456,000	1,882,000	1,220,000	-----	756,000	1,370,000	-----	-----	1,369,000	-----	10,000	7,063,000	300,000	8.0	0.5
Total, 1917.....	2,431,390	600,950	10,522,510	4,090,040	52,000	1,997,900	19,736,650	3,825,460	20,830,650	1,559,400	¹ 1,546,946	21,406,420	¹ 88,600,316	-----	100.0	-----
Total, 1916.....	6,627,180	9,496,750	8,249,850	10,479,600	6,113,600	1,322,440	341,250	501,100	2,193,300	257,060	5,628,300	5,539,750	-----	56,750,180	-----	100.0

¹ Includes partial payments on Liberty loan bonds sold to individual subscribers.² Figures are exclusive of \$58,000 of 1-year Treasury notes received from the Secretary of the Treasury in exchange for a like amount of matured notes held by the bank and of \$83,700 of coupon bonds exchanged for registered bonds, both of which amounts are included in the Cleveland report.

Amounts of United States bonds and one-year Treasury notes sold by Federal Reserve Banks during each month in 1917.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
Boston.....	\$556,000	\$110,000	.....	.....	.....	.....	¹ \$380	¹ \$304	¹ \$304	¹ \$198	¹ \$3,219	¹ \$156,969	¹ \$827,374
New York.....	1,495,000	86,000	\$695,000	\$30,000	.....	.....	.....	1,650	30,900	414,720	474,480	223,550	3,451,300
Philadelphia.....	690,000	136,000	.....	.....	.....	.....	.....	.....	315,000	11,800	.....	5,296,500	5,449,300
Cleveland.....	1,014,100	187,000	530,000	1,056,100	.....	.....	.....	.....	.....	3,250	458,050	27,650	3,276,150
Richmond.....	753,000	603,100	.....	.....	.....	.....	.....	40,000	.....	100,700	70,700	83,000	1,650,500
Atlanta.....	1,213,000	655,000	.....	3,000	\$100	.....	.....	.....	3,850	5,400	1,000	5,039,550	6,920,900
Chicago.....	1,168,000	284,000	152,000	241,000	.....	\$780,000	12,366,260	994,600	10,634,400	750,000	7,000,000	7,000,000	41,370,260
St. Louis.....	.....	.....	.....	.....	.....	.....	34,200	25,000	5,000	2,350	.....	.....	66,550
Minneapolis.....	424,000	106,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	530,000
Kansas City.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7,450	2,550	.....	10,000
Dallas.....	.....	200,000	.....	.....	.....	.....	.....	1,000	.....	400	.....	300,700	502,100
San Francisco.....	1,000,000	.....	.....	.....	.....	.....	164,650	6,700	150,000	.....	.....	.....	1,321,350
Total sales.....	8,313,100	2,367,100	1,377,000	1,330,100	100	780,000	12,565,490	1,069,254	11,139,454	1,296,268	18,009,999	17,127,919	165,375,784
2 per cent.....	25,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	25,000
3 per cent.....	7,288,100	1,561,100	.....	3,100	100	.....	.....	.....	.....	.....	2,000	.....	8,854,400
3½ per cent.....	.....	.....	.....	.....	.....	780,000	12,565,490	1,068,254	11,139,454	1,295,218	7,726,706	7,674,838	42,249,960
4 per cent.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,050	¹ 231,293	9,453,081	¹ 9,685,424
1-year Treasury notes.....	1,000,000	806,000	1,377,000	1,327,000	.....	.....	.....	1,000	.....	.....	50,000	.....	4,561,000
Total.....	8,313,100	2,367,100	1,377,000	1,330,100	100	780,000	12,565,490	1,069,254	11,139,454	1,296,268	18,009,999	17,127,919	165,375,784

¹ Includes partial payments on Liberty loan bonds sold to individual subscribers.

United States bonds and 1-year Treasury notes held by each Federal Reserve Bank on Jan. 1, 1917, purchases and sales during the year, and amounts on hand Jan. 1, 1918; also conversion operations of each Federal Reserve Bank during the year.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance on hand Jan. 1, 1917:													
United States bonds.....	\$1,332,000	\$1,042,550	\$1,651,000	\$7,361,460	\$2,192,450	\$1,710,000	\$8,858,100	\$2,202,900	\$2,442,340	\$8,492,850	\$4,328,250	\$2,633,750	\$44,247,650
1-year Treasury notes.....	1,000,000	1,205,000	1,174,000	618,000	1,070,000	824,000	1,517,000	891,000	700,000	963,000	705,000	500,000	11,167,000
Total	2,332,000	2,247,550	2,825,000	7,979,460	3,262,450	2,534,000	10,375,100	3,093,900	3,142,340	9,455,850	5,033,250	3,133,750	55,414,650
Purchases during year:													
United States bonds.....	¹ 1,418,116	7,646,600	12,274,250	4,159,700	1,137,500	7,924,900	40,985,760	650,050	615,650	1,187,240	1,394,950	2,142,600	¹ 81,537,316
1-year Treasury notes.....	3,237,000	.....	.....	2,626,000	456,000	350,000	394,000	.....	.....	.....	.....	.....	7,063,000
Total purchases during year.....	¹ 1,418,116	10,883,600	12,274,250	6,785,700	1,593,500	8,274,900	41,379,760	650,050	615,650	1,187,240	1,394,950	2,142,600	¹ 88,600,316
Sales during year:													
United States bonds.....	² 827,374	1,726,300	5,449,300	1,640,150	1,194,500	6,570,900	40,976,260	66,550	530,000	10,000	502,100	1,321,350	² 60,814,784
1-year Treasury notes.....	1,725,000	.....	.....	1,636,000	456,000	350,000	394,000	.....	.....	.....	.....	.....	4,561,000
Total sales during year.....	² 827,374	3,451,300	5,449,300	3,276,150	1,650,500	6,920,900	41,370,260	66,550	530,000	10,000	502,100	1,321,350	² 65,375,784
Conversions:													
United States 2 per cent bonds converted during year.....	2,389,000	3,552,500	2,749,200	3,227,200	1,799,100	1,335,500	3,722,000	1,106,300	1,281,600	1,642,900	1,451,200	2,000,000	26,256,500
Received from United States Treasurer in exchange for bonds converted—													
3 per cent conversion bonds of 1947.	1,195,000	1,776,500	1,375,200	1,614,200	900,100	668,500	1,861,000	553,300	641,600	821,900	726,200	1,000,000	13,133,500
3 per cent 1-year gold Treasury notes.....	1,194,000	1,776,000	1,374,000	1,613,000	899,000	687,000	1,861,000	553,000	640,000	821,000	725,000	1,000,000	13,123,000
Total.....	2,389,000	3,552,500	2,749,200	3,227,200	1,799,100	1,335,500	3,722,000	1,106,300	1,281,600	1,642,900	1,451,200	2,000,000	26,256,500

Balance on hand Jan. 1, 1918:																				
United States bonds.....	¹ 728,742	5,186,850	7,101,950	8,268,010	1,236,450	2,397,000	7,006,600	2,233,400	1,887,990	8,849,090	4,496,100	2,455,000	¹ 51,847,182							
1-year Treasury notes.....	2,194,000	4,493,000	2,548,600	3,221,000	1,969,000	1,491,000	3,378,000	1,444,000	1,340,000	1,784,000	1,430,000	1,500,000	26,792,000							
Total.....	¹ 2,922,742	9,679,850	9,649,950	11,489,010	3,205,450	3,888,000	10,384,600	3,677,400	3,227,990	10,633,090	5,926,100	3,955,000	¹ 78,639,182							

¹ Includes unpaid portion of 4 per cent Liberty loan bonds sold by Boston Federal Reserve Bank to individual subscribers.

² Includes partial payments on Liberty loan bonds sold by Boston Federal Reserve Bank to individual subscribers.

Public debt refunding operations conducted by the Secretary of the Treasury under authority of sec. 18 of the Federal Reserve Act during the calendar year 1917.

TWO PER CENT BONDS OF THE UNITED STATES SUBMITTED BY FEDERAL RESERVE BANKS AND CANCELED.

Federal Reserve Bank.	Jan. 1, 1917.			Apr. 1, 1917.			Total for year 1917.		
	2 per cent consols, 1930.	2 per cent Panamas, 1936-1938.	Total.	2 per cent consols, 1930.	2 per cent Panamas, 1936-1938.	Total.	2 per cent consols, 1930.	2 per cent Panamas, 1936-1938.	Total.
Boston.....	\$1,252,000	\$80,000	\$1,332,000	\$1,057,000	.....	\$1,057,000	\$2,309,000	\$80,000	\$2,389,000
New York.....	142,000	900,000	1,042,000	2,185,500	\$325,000	2,510,500	2,327,500	1,225,000	3,552,500
Philadelphia.....	1,651,000	.....	1,651,000	1,092,000	6,200	1,098,200	2,743,000	6,200	2,749,200
Cleveland.....	903,900	1,500,000	2,403,900	60,000	763,300	823,300	963,900	2,263,300	3,227,200
Richmond.....	999,100	800,000	1,799,100	.....	.....	.....	999,100	800,000	1,799,100
Atlanta.....	1,205,100	120,000	1,325,100	10,400	.....	10,400	1,215,500	120,000	1,335,500
Chicago.....	2,331,000	559,000	2,890,000	832,000	.....	832,000	3,163,000	559,000	3,722,000
St. Louis.....	.....	.....	.....	1,106,300	.....	1,106,300	1,106,300	.....	1,106,300
Minneapolis.....	1,010,000	50,000	1,060,000	221,600	.....	221,600	1,231,600	50,000	1,281,600
Kansas City.....	1,392,900	250,000	1,642,900	.....	.....	.....	1,392,900	250,000	1,642,900
Dallas.....	951,200	500,000	1,451,200	.....	.....	.....	951,200	500,000	1,451,200
San Francisco.....	2,000,000	.....	2,000,000	.....	.....	.....	2,000,000	.....	2,000,000
Total.....	13,838,200	4,759,000	18,597,200	6,564,800	1,094,500	7,659,300	20,403,000	5,853,500	26,256,500

THIRTY-YEAR 3 PER CENT CONVERSION BONDS AND ONE-YEAR 3 PER CENT TREASURY NOTES ISSUED TO FEDERAL RESERVE BANKS.

Federal Reserve Bank.	Jan. 1, 1917.			Apr. 1, 1917.			Total for 1917.		
	Conversion bonds, series 1917-1947.	One-year Treasury notes, series Jan. 1, 1917-18.	Total.	Conversion bonds, series 1917-1947.	One-year Treasury notes, series Apr. 1, 1917-18.	Total.	Conversion bonds, series 1917-1947.	One-year Treasury notes.	Total.
Boston.....	\$666,000	\$666,000	\$1,332,000	\$529,000	\$528,000	\$1,057,000	\$1,195,000	\$1,194,000	\$2,389,000
New York.....	521,000	521,000	1,042,000	1,255,500	1,255,000	2,510,500	1,776,500	1,776,000	3,552,500
Philadelphia.....	826,000	825,000	1,651,000	549,200	549,000	1,098,200	1,375,200	1,374,000	2,749,200
Cleveland.....	1,201,900	1,202,000	2,403,900	412,300	411,000	823,300	1,614,200	1,613,000	3,227,200
Richmond.....	900,100	899,000	1,799,100	.....	.....	.....	900,100	899,000	1,799,100
Atlanta.....	658,100	667,000	1,325,100	10,400	.....	10,400	668,500	667,000	1,335,500
Chicago.....	1,445,000	1,445,000	2,890,000	416,000	416,000	832,000	1,861,000	1,861,000	3,722,000
St. Louis.....	.....	.....	.....	553,300	553,000	1,106,300	553,300	553,000	1,106,300
Minneapolis.....	530,000	530,000	1,060,000	111,600	110,000	221,600	641,600	640,000	1,281,600
Kansas City.....	821,900	821,000	1,642,900	.....	.....	.....	821,900	821,000	1,642,900
Dallas.....	726,200	725,000	1,451,200	.....	.....	.....	726,200	725,000	1,451,200
San Francisco.....	1,000,000	1,000,000	2,000,000	.....	.....	.....	1,000,000	1,000,000	2,000,000
Total.....	9,296,200	9,301,000	18,597,200	3,837,300	3,822,000	7,659,300	13,133,500	13,123,000	26,256,500

Amounts originally allotted by Federal Reserve Board on basis of capital and actual amounts converted.

Federal Reserve Bank.	Amounts originally allotted by Federal Reserve Board.	Amounts actually converted.	Federal Reserve Bank.	Amounts originally allotted by Federal Reserve Board.	Amounts actually converted.
Boston.....	\$2,696,200	\$2,389,000	St. Louis.....	\$1,504,600	\$1,106,300
New York.....	6,412,900	3,552,500	Minneapolis.....	1,281,600	1,281,600
Philadelphia.....	2,814,200	2,749,200	Kansas City.....	1,642,900	1,642,900
Cleveland.....	3,227,200	3,227,200	Dallas.....	1,451,200	1,451,200
Richmond.....	1,799,100	1,799,100	San Francisco.....	2,112,500	2,000,000
Atlanta.....	1,335,500	1,335,500			
Chicago.....	3,722,100	3,722,000	Total.....	30,000,000	26,256,500

Amounts of municipal warrants bought by Federal Reserve Banks, during each month of calendar year 1917.

[In thousands of dollars.]

	January.	February	March.	April.	May.	June.	July.	August.	Septem- ber.	October.	Novem- ber.	Decem- ber.	Total, 1917.	Total, 1916.	Per cent, 1917.	Per cent, 1916.
Boston.....		127.0											127.0	7,621.6	0.76	8.4
New York.....	2,798.0	2,459.8			50.4					1,016.5			6,324.7	38,432.3	37.60	42.4
Philadelphia.....	1,268.3	25.2	2.6	126.7	29.2			125.9		10.0	33.5		1,621.4	7,823.0	9.64	8.6
Cleveland.....	838.2	1,043.7	1,023.3	17.4	12.3	4.9		9.3					2,949.1	10,660.2	17.53	11.7
Richmond.....		15.0					100.0						115.0	529.6	0.68	0.6
Atlanta.....	3.0			7.2	27.0				11.6	145.0	130.6	91.3	415.7	420.3	2.47	0.5
Chicago.....	1,170.7	988.6	5.1										2,164.4	9,733.3	12.87	10.7
St. Louis.....	466.0	552.5											1,018.5	3,619.2	6.06	4.0
Minneapolis.....	151.7								10.2	15.2			177.1	3,734.8	1.05	4.1
Kansas City.....	152.2	278.9											431.1	1,996.8	2.56	2.2
Dallas.....	121.7	362.0		103.8								104.2	691.7	152.3	4.11	0.2
San Francisco.....	760.7			25.2									785.9	5,962.6	4.67	6.6
Total, 1917..	7,730.5	5,852.7	1,031.0	280.3	118.9	4.9	100.0	135.2	21.8	1,186.7	164.1	195.5	16,821.6	.....	.....	.....
Per cent.....	45.96	34.79	6.13	1.67	0.71	0.03	0.59	0.80	0.13	7.05	0.98	1.16	.....	.....	100.00	.....
Total, 1916..	9,806.3	10,450.8	10,425.9	10,361.1	8,979.2	5,477.8	7,524.5	1,602.9	5,090.9	10,267.5	7,565.1	3,404.0	.....	90,686.0	.....	.....
Per cent.....	10.8	11.5	11.5	11.4	9.9	6.1	8.0	1.8	5.6	11.3	8.3	3.8	.....	.....	.....	100.0

NOTE.—The amounts of municipal warrants purchased, as shown above, do not in all cases agree with the amounts shown in the reports of Federal Reserve agents, as figures given above represent amounts charged to investments, while figures shown in some of the agents' reports represent the par value of warrants purchased.

Investment operations, exclusive of purchases of United States certificates of indebtedness, of Federal Reserve Banks during 1917 and 1916, by months and classes of investments.

Year and month.	Commercial paper discounted.	Acceptances bought in open market.			United States bonds and Treasury notes.			
		Bankers.	Trade.	Total.	2 per cent.	3 per cent.	3½ per cent.	4 per cent.
January.....	\$18,326,286	\$20,376,041	\$241,139	\$20,617,180	\$2,370,150	\$61,240	.....	.....
February.....	22,408,604	68,994,291	1,646,388	70,640,679	144,500	200	.....	\$250
March.....	26,788,982	27,475,820	676,818	28,152,638	8,565,510	50,000	.....	25,000
April.....	50,055,801	41,019,251	293,440	41,312,691	2,867,040	3,000	.....	.....
May.....	91,413,473	79,355,481	3,188,891	82,544,372	50,000	2,000	.....	.....
June.....	750,269,838	132,481,554	2,748,143	135,229,697	.....	.....	\$1,232,900	9,000
July.....	460,733,354	63,629,153	3,234,912	66,864,065	.....	67,000	18,299,650	.....
August.....	220,939,974	67,510,898	4,611,904	72,122,802	.....	.....	3,825,460	.....
September.....	548,164,104	104,162,500	4,883,966	109,046,466	.....	.....	20,830,650	.....
October.....	2,681,165,854	85,443,102	1,451,080	86,894,182	.....	3,100	157,650	29,650
November.....	3,206,486,771	181,872,277	4,346,451	186,218,728	.....	2,000	250,550	1,294,396
December.....	937,433,413	174,444,166	3,624,843	178,069,009	.....	.....	1,265,750	20,130,670
Total, 1917.....	9,014,186,454	1,046,764,534	30,947,975	1,077,712,509	13,997,200	188,540	45,862,610	21,488,966
Total, 1916.....	207,870,500	369,762,300	16,332,700	386,095,000	48,128,100	3,918,880	.....	4,403,200

Investment operations, exclusive of purchases of United States certificates of indebtedness, of Federal Reserve Banks during 1917 and 1916, by months and classes of investments—Continued.

Year and month.	United States bonds and Treasury notes.		Municipal warrants.				Total, 1917.	Total, 1916.
	1-year Treasury notes.	Total.	City.	State.	All other.	Total.		
January.....		\$2,431,390	\$7,201,908	\$2,040	\$528,552	\$7,730,500	\$49,105,356	\$37,150,980
February.....	\$456,000	600,950	5,798,677		53,985	5,852,662	99,502,895	40,028,950
March.....	1,882,000	10,522,510	1,021,383		9,640	1,031,023	66,495,153	50,981,150
April.....	1,220,000	4,090,040	266,433		13,853	280,286	95,738,818	50,861,300
May.....		52,000	75,656		43,265	118,921	174,128,766	48,199,800
June.....	756,000	1,997,900			4,925	4,925	887,502,360	60,785,340
July.....	1,370,000	19,736,650	100,000			100,000	547,434,069	64,354,450
August.....		3,825,460	125,938		9,278	135,216	297,023,452	47,902,200
September.....		20,830,650	11,756		10,000	21,756	678,062,976	58,679,500
October.....	1,369,000	1,559,400	1,043,604	133,052	10,000	1,186,656	2,770,806,092	63,282,160
November.....		1,546,946		125,023	39,050	164,073	3,394,416,518	79,614,600
December.....	10,000	21,406,420	124,404	2,944	68,200	195,548	1,137,104,390	139,531,250
Total, 1917.....	7,063,000	88,600,316	15,769,759	263,059	788,748	16,821,566	10,197,320,845	.....
Total, 1916.....	300,000	56,750,180	85,662,400	4,087,100	936,500	90,686,000	.....	741,401,680

Total investment operations (exclusive of United States certificates of indebtedness) of Federal Reserve Banks during each month in 1917.

Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
Boston.....	\$4,237,301	\$9,322,187	\$11,313,775	\$11,194,509	\$21,520,242	\$54,762,507	\$45,833,930	\$34,008,633	\$42,643,906	\$17,426,697	\$72,650,494	\$119,078,427	\$443,992,608
New York.....	6,074,236	24,684,930	8,847,997	12,126,638	35,435,315	636,974,965	288,878,639	65,537,219	382,032,483	2,435,196,730	2,725,388,208	397,456,543	7,018,633,903
Philadelphia.....	3,940,771	11,766,311	8,720,424	7,780,935	25,878,818	46,166,378	33,648,283	26,064,872	25,000,483	21,394,910	50,991,728	61,871,567	323,225,480
Cleveland.....	2,861,364	9,771,303	6,078,665	12,367,954	12,364,331	14,286,956	17,613,760	31,344,170	27,590,006	34,065,986	71,336,386	72,339,201	312,020,076
Richmond.....	11,113,992	12,463,798	8,557,926	17,850,227	28,950,676	34,386,530	38,483,310	31,303,845	53,156,900	30,856,826	66,897,279	127,023,937	461,045,246
Atlanta.....	4,831,894	2,097,817	4,043,195	3,638,069	4,447,965	4,300,048	4,764,512	6,878,896	9,642,351	20,591,323	27,834,659	37,127,114	130,197,843
Chicago.....	3,475,117	9,728,315	6,932,290	6,113,932	14,233,710	45,394,072	56,624,084	26,317,759	57,965,950	99,420,562	163,945,464	141,979,156	632,130,411
St. Louis.....	2,354,689	5,774,492	2,439,062	6,188,527	10,473,522	5,543,937	16,724,850	18,839,427	25,349,894	26,045,543	40,091,632	57,693,031	217,518,606
Minneapolis.....	2,801,402	4,362,900	2,951,062	10,177,577	4,745,445	10,497,832	8,821,257	14,148,906	4,452,325	8,210,489	28,984,352	18,873,321	119,026,868
Kansas City.....	828,926	3,122,342	1,577,659	1,089,700	8,100,880	19,706,619	19,411,691	22,323,333	28,260,858	44,466,463	75,018,316	47,231,067	271,137,854
Dallas.....	1,087,911	2,749,591	1,638,073	2,333,321	2,846,179	3,773,121	6,800,881	5,742,224	9,440,775	16,625,539	26,904,709	14,273,817	94,216,141
San Francisco.....	5,497,753	3,658,909	3,395,025	4,877,429	5,131,683	11,709,395	9,828,872	14,514,168	12,527,045	16,505,024	44,373,297	42,157,209	174,175,809
Total, 1917.....	49,105,356	99,502,895	66,495,153	95,738,818	174,128,766	887,502,360	547,434,069	297,023,452	678,062,976	2,770,806,092	3,394,416,518	1,137,104,390	10,197,320,845
Total, 1916.....	37,150,980	40,028,950	50,981,150	50,861,300	48,199,800	60,785,340	64,354,450	47,902,200	58,679,500	63,282,160	79,644,600	139,531,250	741,401,680
Total, 1915.....	23,450,300	20,345,800	26,834,900	17,838,900	20,242,500	23,179,300	27,048,000	29,375,000	23,556,300	23,961,000	38,178,720	33,760,100	307,770,770

Earnings on investments of Federal Reserve Banks—average amounts of earning assets held by each Federal Reserve Bank, and annual rates of earnings during 1917.

	Average balances for the year of the several classes of earning assets.					Earnings from—					Calculated annual rate of earnings from—				
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	Municipal warrants.	United States securities.	Total.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	Municipal warrants.	United States securities.	Total.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	Municipal warrants.	United States securities.	Total investment holdings.
Boston.....	\$12,812,843	\$15,463,576	\$173,214	\$3,378,029	\$31,827,662	\$571,117	\$502,397	\$5,203	\$94,785	\$1,173,502	4.46	3.25	3.00	2.81	3.69
New York.....	78,622,402	55,314,853	2,192,696	14,374,096	150,504,047	2,455,533	1,843,325	66,470	378,668	4,743,996	3.12	3.33	3.03	2.63	3.15
Philadelphia.....	9,923,917	14,916,598	628,229	4,268,208	29,736,952	370,359	474,653	18,170	123,875	987,057	3.73	3.18	2.89	2.90	3.32
Cleveland.....	9,531,459	15,348,152	1,457,326	11,314,574	37,051,511	375,169	496,712	48,132	317,924	1,237,937	3.94	3.24	3.30	2.81	3.29
Richmond.....	10,720,028	6,235,457	15,792	3,672,428	20,643,705	418,629	201,008	560	96,143	716,340	3.91	3.22	3.55	2.62	3.47
Atlanta.....	5,812,100	3,067,694	98,646	4,511,059	13,489,499	231,636	102,312	3,629	140,820	478,397	3.99	3.34	3.68	3.12	3.55
Chicago.....	24,407,209	12,690,553	1,001,753	15,893,460	53,992,975	938,543	394,340	30,880	443,958	1,807,721	3.85	3.11	3.08	2.79	3.35
St. Louis.....	9,314,101	5,384,333	446,635	4,266,752	19,411,821	358,239	170,233	13,691	110,301	652,464	3.85	3.16	3.07	2.59	3.36
Minneapolis.....	7,370,500	4,703,067	153,483	3,833,442	16,060,492	311,376	148,531	4,480	97,936	562,323	4.22	3.16	2.92	2.55	3.50
Kansas City.....	10,635,571	5,346,357	178,525	11,079,176	27,239,629	438,831	171,112	5,137	256,792	871,872	4.14	3.20	2.88	2.32	3.20
Dallas.....	4,666,809	4,074,509	262,003	6,044,726	15,048,047	209,065	138,513	6,833	159,432	513,843	4.48	3.40	2.61	2.64	3.41
San Francisco.....	6,468,358	9,501,149	409,914	5,717,007	22,096,428	292,982	308,596	11,935	147,355	760,868	4.53	3.25	2.91	2.58	3.44
Total.....	190,285,297	152,046,298	7,018,216	88,352,957	437,702,768	6,971,479	4,951,732	215,120	2,367,989	14,506,320	3.66	3.26	3.07	2.68	3.31

Exhibit E.—GOLD SETTLEMENT FUND.

Condensed summary of transactions, Jan. 1 to Dec. 31, 1917, both inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance in fund on opening of business Jan. 1, 1917.	Deposits.			Withdrawals.			Transfers between Federal Reserve banks.	
		Gold.	Transfers from agent.	Total.	Gold.	Transfers to agent.	Total.	Debit.	Credit.
Boston.....	14,737	41,300	.....	41,300	44,059	2,000	46,059	218,900	83,183
New York.....	20,570	461,742	25,000	486,742	131,727	100,000	231,727	560,951	1,888,938
Philadelphia.....	8,042	87,496	137,831	225,327	123,499	182,990	206,489	291,868	22,044
Cleveland.....	16,953	37,395.4	1,000	38,395.4	43,671.4	35,200	78,871.4	324,650	1,035
Richmond.....	19,416	55,894.6	12,780	68,674.6	17,187.4	31,500	48,687.4	228,833	33,409
Atlanta.....	6,689	15,467	23,680	39,147	1,666	59,430	61,096	32,907	40,554
Chicago.....	26,183	160,247.5	112,490	272,737.5	75,327	238,460	313,787	364,957	221,898
St. Louis.....	3,395	33,730	16,045	49,775	2,834	39,840	42,674	61,320	41,480
Minneapolis.....	7,064	28,123.5	15,520	43,643.5	7,503	35,020	42,523	64,630	14,575
Kansas City.....	21,235.5	30,387.6	9,820	40,207.6	3,140	39,020	42,160	173,950.5	10,891
Dallas.....	14,966.5	4,742	15,176	19,918	8,559.3	16,770	25,329.3	84,080	27,925.5
San Francisco.....	10,489	10,030	41,745	51,775	23,685	72,651	96,336	236,800	257,914
Total.....	169,740	966,555.6	411,087	1,377,642.6	482,858.1	852,881	1,235,739.1	2,643,846.5	2,643,846.5

Condensed summary of transactions, Jan. 1 to Dec. 31, 1917, both inclusive—Continued.

[In thousands of dollars.]

Federal Reserve Bank of—	Weekly settlements from Jan. 4 to Dec. 27, both inclusive.				Balance in fund at close of business Dec. 31, 1917.	Changes in ownership of gold through transfer and settlement.			
	Net debits.	Total debits.	Total credits.	Net credits.		Total of weekly net decreases.	Total of weekly net increases.	Net decrease for year.	Net increase for year.
Boston.....	66,007	1,794,404	1,935,120	206,723	14,977	142,365	147,364	.....	4,999
New York.....	1,623,827	8,136,064	6,553,346	41,109	20,854	882,318	627,587	254,731	.....
Philadelphia.....	55,619	2,824,257	3,106,302	337,664	39,101	190,140	202,361	.....	12,221
Cleveland.....	17,531	1,765,655	2,150,457	402,333	37,664	131,606	192,793	.....	61,187
Richmond.....	34,539	1,205,483	1,383,605	212,661	22,101.2	128,823	111,521	17,302	.....
Atlanta.....	42,310	695,392	716,012	62,930	13,007	46,072	74,339	.....	28,267
Chicago.....	116,155	3,140,781	3,347,026	322,400	48,319.5	219,181	282,367	.....	63,186
St. Louis.....	62,197	1,699,135	1,726,363	89,425	17,884	86,368	93,756	.....	7,388
Minneapolis.....	35,852	624,475	686,832	98,209	20,486.5	66,438	78,740	.....	12,302
Kansas City.....	8,585	1,063,314	1,244,177	189,448	37,086.6	83,222.5	101,026	.....	17,803.5
Dallas.....	23,605	536,224	607,344	94,725	24,520.7	63,254.5	78,220	.....	14,965.5
San Francisco.....	68,494	833,876	862,476	97,094	15,642	106,790	156,504	.....	49,714
Total.....	2,154,721	24,319,060	24,319,060	2,154,721	311,643.5	2,146,578	2,146,578	272,033	272,033

Gold settlement fund—Changes in ownership of gold through transfer and settlement, by weeks.

[In thousands of dollars; i. e., 000's omitted.]

Week ending, 1917—	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.	
	In-crease.	De-crease.	In-crease.	De-crease.	In-crease.	De-crease.	In-crease.	De-crease.	In-crease.	De-crease.
Jan. 1-4	4,548	.....	.....	16,801	4,830	.....	3,871	.....	.....	2,176
11	1,423	.....	.....	2,095	5,584	.....	1,716	.....	.....	1,204
18	.....	3,262	3,970	.....	5,755	.....	1,387	.....	.....	1,977
25	.....	2,414	10,253	.....	.....	2,794	1,825	.....	246	.....
Feb. 1	205	.....	.....	11,715	.....	1,209	3,225	.....	.....	574
8	5,414	.....	7,007	.....	.....	4,625	.....	1,926	.....	882
15	.....	179	7,455	.....	.....	4,689	.....	1,308	.....	1,761
23	1,353	.....	124	.....	6,711	.....	1,117	.....	.....	1,372
Mar. 1	5,508	.....	.....	13,784	.....	1,307	93	.....	.....	436
8	1,347	.....	.....	19,840	6,422	.....	.....	350	1	.....
15	.....	2,027	.....	3,797	.....	1,174	3,783	.....	.....	1,236
22	4,362	.....	.....	16,106	5,255	.....	291	.....	350	.....
29	1,440	.....	.....	4,090	.....	1,586	4,898	.....	.....	102
Apr. 5	.....	3,457	.....	5,686	7,965	.....	512	.....	357	.....
12	6,874	.....	.....	17,751	336	.....	.....	735	.....	569
19	1,738	.....	.....	21,700	314	.....	7,336	.....	.....	1,564
26	.....	3,568	53,775	.....	.....	15,219	.....	6,808	.....	1,685
May 3	17,062	.....	.....	75,722	13,890	.....	4,985	.....	3,046	.....
10	.....	11,639	44,398	.....	.....	6,752	.....	1,591	.....	7,603
17	3,909	.....	.....	1,634	.....	5,516	.....	4,743	842	.....
24	.....	1,247	.....	28,433	10,163	.....	7,595	.....	.....	1,04
31	284	.....	18,595	.....	.....	3,561	5,265	.....	64	.....
June 7	5,308	.....	.....	41,551	13,444	.....	2,371	.....	.....	434
14	88	.....	.....	9,017	.....	8,372	7,136	.....	4,996	.....
21	18,844	.....	.....	39,655	9,555	.....	.....	1,478	578	.....
28	7,764	.....	.....	61,846	9,042	.....	21,394	.....	2,953	.....
July 5	.....	4,373	.....	54,108	10,488	.....	.....	1,148	6,676	.....
12	.....	25,382	104,846	.....	.....	16,464	5,262	.....	.....	16,089
19	.....	1,437	4,400	.....	.....	9,147	.....	2,190	5,965	.....
26	.....	7,354	19,577	.....	3,980	.....	.....	13,906	16,081	.....
Aug. 2	.....	6,067	149,800	.....	.....	29,751	.....	8,283	.....	40,772
9	10,067	.....	.....	102,066	13,114	.....	15,409	.....	25,280	.....
16	.....	3,956	.....	3,693	1,022	.....	5,847	.....	9,203	.....
23	3,698	.....	.....	26,318	4,019	.....	1,139	.....	.....	2,780
30	.....	9,705	.....	16,649	.....	8,418	8,698	.....	6,627	.....
Sept. 6	4,411	.....	3,169	.....	.....	12,607	.....	8,366	.....	6,685
13	.....	2,478	38,340	.....	762	.....	.....	4,624	.....	7,194
20	1,399	.....	16,350	.....	.....	4,464	.....	6,032	.....	1,802
27	2,256	.....	.....	54,359	13,610	.....	.....	1,697	4,890	.....
Oct. 4	.....	831	.....	10,684	4,685	.....	8,182	.....	.....	432
11	.....	646	.....	37,430	34	.....	10,845	.....	874	.....
18	2,620	.....	.....	58,521	.....	1,698	6,113	.....	5,168	.....
25	9,268	.....	.....	8,105	696	.....	3,371	.....	503	.....
Nov. 1	.....	1,560	44,402	.....	2,608	.....	.....	393	5,895	.....
8	.....	6,966	.....	2,152	.....	432	.....	19,304	4,798	.....
15	.....	1,617	.....	29,306	10,198	.....	13,281	.....	.....	1,654
22	.....	21,088	.....	28,533	.....	6,521	11,721	.....	6,128	.....
30	.....	1,191	.....	19,898	.....	23,590	1,602	.....	.....	3,542

*Gold settlement fund—Changes in ownership of gold through transfer and settlement,
by weeks—Continued.*

[In thousands of dollars; i. e., 000's omitted.]

Week ending, 1917—	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.	
	In-crease.	De-crease.	In-crease.	De-crease.	In-crease.	De-crease.	In-crease.	De-crease.	In-crease.	De-crease.
Dec. 6.....		1,792	15,236		19,715		12,456		3,113	
13.....	18,174		65,638		13,580		14,476		16,560	
20.....		11,005		33,873	6,664	22,523			2,000	
27.....		7,124	20,252		18,164		19,792		1,577	
28-31.....	8,000			5,400						
Total.....	147,364	142,365	627,587	882,318	202,361	190,140	192,793	131,606	111,521	128,823
Net increase or de-crease (—).....	4,999			—254,731	12,221		61,187			—17,302

Week ending, 1917—	Atlanta.		Chicago.		St. Louis.		Minneapolis.	
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.
Jan. 1-4.....		1,788	3,828			4,540		3,233
11.....		1,511		157	6,304			878
18.....		3,475	3,128		881			663
25.....		1,283		1,478		2,572		474
Feb. 1.....	1,999		5,416		615		308	
8.....	1,421			3,952		3,473		193
15.....	310		5,750			3,673		1,534
23.....		2,955		3,454		1,015		440
Mar. 1.....	93		11,729		364			360
8.....	14		4,703		2,019		2,231	
15.....		508	2,367			574	38	
22.....		665		443		1,051	2,155	
29.....	78			4,581	2,557		2,364	
Apr. 5.....	682			210		167	2,264	
12.....		1,177	14,042			2,652		959
19.....	2,423		7,573		3,299			2,466
26.....	984			17,925		8,448		1,363
May 3.....	1,132		11,338		3,985			432
10.....		3,616	5,046		994			638
17.....	512			1,463	938		1,805	
24.....		598	8,534			2,468	2,895	
31.....		1,253		7,986	153			1,558
June 7.....	3,158		10,397			1,639	1,608	
14.....	459			6,880	5,356		2,290	
21.....		5,392	7,604		2,129		833	
28.....	3,070			5,005	3,714		3,981	
July 5.....	1,777		21,746		489		2,068	
12.....		2,363		2,454		6,384		9,323
19.....	1,559			7,856	4,482		1,110	
26.....	581			22,855		2,046	829	
Aug. 2.....		5,172		26,904		3,590		4,031
9.....	1,150		16,318		8,003		313	
16.....		48		339		5,310		615
23.....	1,057		7,122		3,407			1,222
30.....	2,057		18,805			2,652		4,672

Gold settlement fund—Changes in ownership of gold through transfer and settlement, by weeks—Continued.

[In thousands of dollars; i. e., 000's omitted.]

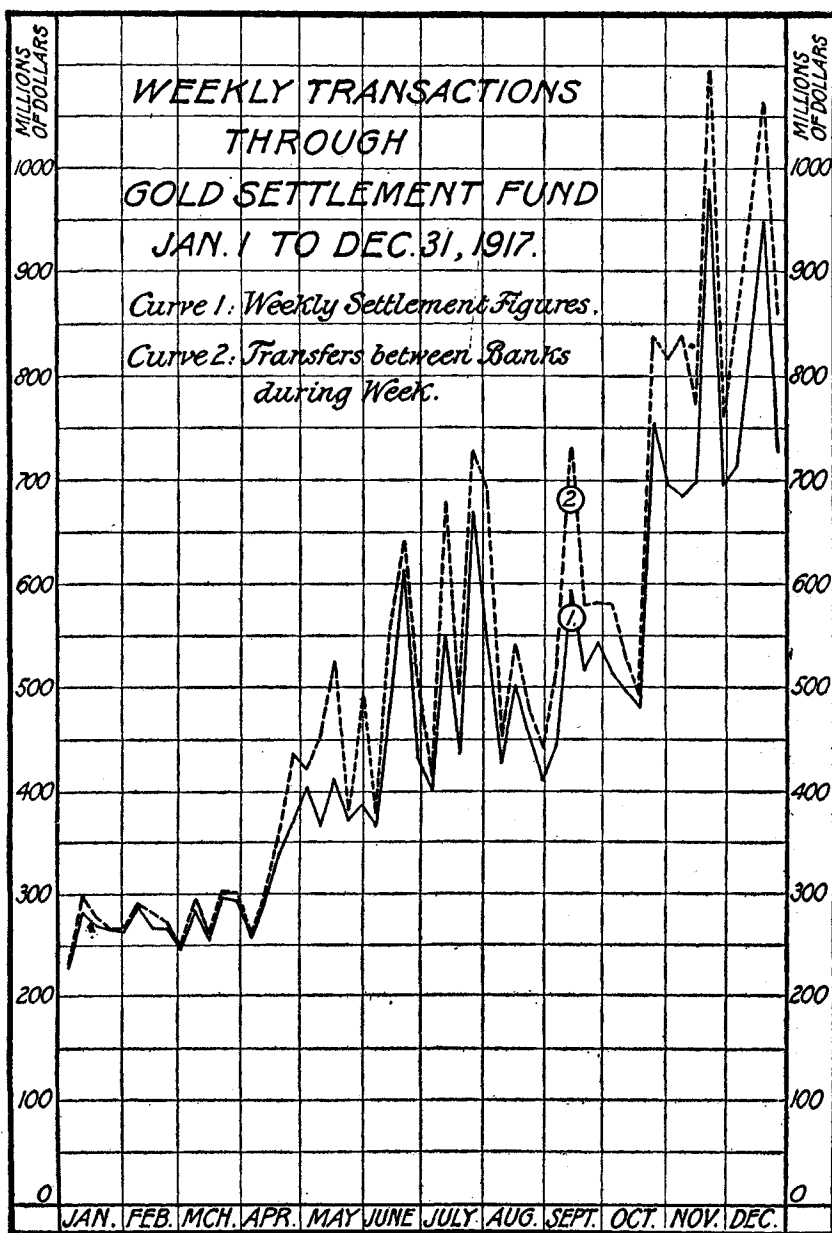
Week ending, 1917—	Atlanta.		Chicago.		St. Louis.		Minneapolis.	
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.
Sept. 6.....	472		21,834		1,716			1,031
13.....		4,553		6,613		129	3,494	
20.....	2,518			13,647		2,763	2,799	
27.....	7,867		7,582			310	498	
Oct. 4.....	3,141			13,376	2,303		3,444	
11.....	2,537		7,009		2,944		5,640	
18.....	1,910		21,807		5,719		1,865	
25.....		784		5,261		798	1,762	
Nov. 1.....	1,341			31,929	1,643			1,790
8.....	2,328		20,581			4,251	3,091	
15.....	2,262			656	14,718			6,191
22.....	10,034			2,269	4,217		824	
30.....		3,207	3,812		4,335		9,649	
Dec. 6.....	1,908		1,504			2,202		7,161
13.....	9,448		1,042			14,023		15,211
20.....		5,724	31,690			9,638	7,874	
27.....	157			31,488	6,472		10,708	
28-31.....	3,900							
Total.....	74,339	46,072	282,367	219,181	93,756	86,368	78,740	66,438
Net increase or decrease (—).....	28,267		63,186		7,388		12,302	

Week ending, 1917—	Kansas City.		Dallas.		San Francisco.		Total.
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increases and decreases.
Jan. 1-4.....	14,409			3,369	421		31,907
11.....		9,263	1,331			1,250	16,358
18.....		28		1,746		3,970	15,121
25.....	431			1,244		496	12,755
Feb. 1.....	2,088		528			886	14,384
8.....		430		1,986	3,625		17,467
15.....		2,326		847	2,802		16,317
23.....	791			1,194	334		10,430
Mar. 1.....		1,015		1,304	419		18,206
8.....	645		681		2,127		20,190
15.....	714		552		1,862		9,316
22.....	3,581			111	2,382		18,376
29.....	959			457		1,480	12,296
Apr. 5.....		65		362		1,833	11,780
12.....	2,185		297		109		23,843
19.....		628.5		1,486.5	5,162		27,845
26.....	1,275		3,828			4,846	59,862
May 3.....	8,979		443		11,294		76,154
10.....		9,883		6,550		2,166	50,438
17.....		2,646	1,879		6,117		16,002
24.....	1,147			482	3,942		34,276
31.....		552		1,497		7,954	24,361

*Gold settlement fund—Changes in ownership of gold through transfer and settlement,
by weeks—Continued.*

[In thousands of dollars; i. e., 000's omitted.]

Week ending, 1917—	Kansas City.		Dallas.		San Francisco.		Total.
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	
June 7.....		1,430	1,483		7,285		45,054
14.....		2,010	2,528		3,426		26,279
21.....		3,653	4,330		6,245		50,178
28.....	4,852		3,563		6,518		66,851
July 5.....	5,006		359		11,020		59,629
12.....		9,817		11,206		10,626	110,108
19.....	1,750		2,217			853	21,483
26.....	3,933			1,852	3,032		48,013
Aug. 2.....		5,092		6,867		13,271	149,800
9.....	4,529		362		7,521		102,066
16.....		1,354		723		34	16,072
23.....		139	3,483		6,534		30,459
30.....	5,094		2,307			1,492	43,588
Sept. 6.....		4,214	1,853			552	33,455
13.....	662			3,810		13,857	43,258
20.....		2,900	3,654		4,888		31,608
27.....	5,221		632		13,810		56,366
Oct. 4.....		2,683	6,104		147		28,006
11.....	4,063		5,856			1,726	39,802
18.....	5,679		1,724		7,614		60,219
25.....	950		1,374			2,976	17,924
Nov. 1.....		15,533		1,619		3,065	55,889
8.....	1,792		3,822			3,307	36,412
15.....		5,564	2,075		2,454		44,988
22.....	8,660		3,651		13,176		58,411
30.....	11,003		10,470		10,557		51,428
Dec. 6.....	628			1,255		11,012	38,091
13.....		140		11,111		9,201	94,302
20.....		1,188		1,676	9,681		71,768
27.....		669	6,834			1,937	62,587
28-31.....				500*	2,000	8,000	
Total.....	101,026	83,222.5	78,220	63,254.5	156,504	106,790	2,146,578
Net increase or decrease (—).....	17,803.5		14,965.5		49,714		



34365°—18—10

Exhibit F.—CLEARING OPERATIONS, JAN. 1 TO DEC. 31, 1917.

Federal Reserve Bank.	Total number of items handled.	Total amounts handled.	Disbursements, transit department.	Cost per item handled.	Cost per thousand dollars.	Service charge per item.
				<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Boston.....	13,482,481	\$6,951,310,787	\$96,132	0.71	1.39	0.9
New York.....	17,975,769	14,051,822,671	211,216	1.11	1.5	1
Philadelphia.....	11,727,528	7,363,095,829	105,035	.9	1.43	1.5
Cleveland.....	5,901,160	3,932,056,724	83,492	1.4	2.1	1.5
Richmond.....	5,688,280	3,403,949,500	51,186	.9	1.5	1.25
Atlanta.....	4,031,458	1,636,315,075	51,386	1.27	3.14	1.5
Chicago.....	7,532,366	5,363,610,000	72,886	.97	1.36	1.5
St. Louis ¹	2,648,276	1,206,630,532	36,332	1.37	3.01	1.5
Minneapolis.....	4,386,422	1,097,635,030	44,461	1.01	4.05	1.5
Kansas City.....	4,559,277	3,537,781,323	57,330	1.26	1.62	1.5
Dallas.....	3,717,220	990,202,304	51,263	1.38	5.18	1.5
San Francisco.....	3,046,711	2,059,361,119	68,123	2.23	3.3	² 1.5
Total.....	84,696,968	51,593,770,894	928,842	1.1	1.8	.....

¹ Exclusive of Government and clearing-house items amounting to \$1,172,285 and \$1,825,621,615, respectively.

² Service charge per item was 2 cents until Oct. 15, when it was changed to 1.5 cents.

Exhibit G.—RECEIPTS AND DISBURSEMENTS OF THE FEDERAL RESERVE BOARD.

There is here given a statement of receipts and expenditures of the Federal Reserve Board in 1917. The total expenses of the Board for the calendar year 1917 are shown on the detailed statement of commitments to have been \$249,302.22. This amount includes a number of items which have of necessity been estimated.

Under the Federal Reserve Act the Federal Reserve Board is authorized to make semiannual assessments upon Federal Reserve Banks to cover its expenses. The first assessment for this purpose was made on November 2, 1914.

The funds of the Board are carried in a special account with the Treasurer of the United States, and transfers are made by the governor of the Board to the credit of the fiscal agent, as necessary. The accounts of the Board pass through the office of the Auditor for the State and Other Departments and are given the official examination required by the Government. The term "auditor's settlement" under "Disbursements" covers settlements made by transfers of credit authorized and directed by the auditor on the books of the Treasury Department. The term "commitments," where used, covers all obligations entered into by the Board for the periods stated.

RECEIPTS.

Unexpended balance Jan. 1, 1917-----	\$14,005.96
Assessments, 1917-----	237,776.82
Bulletin, subscriptions to-----	1,693.99
Reimbursements-----	11,479.10
Miscellaneous-----	1,917.32
Total available-----	\$266,873.19

DISBURSEMENTS.

By fiscal agent-----	218,567.75
Auditor's settlements-----	31,801.00
Total disbursements-----	250,368.75
Balances Dec. 31, 1917, with Treasurer of United States to credit of—	
Fiscal agent-----	4,264.71
Federal Reserve Board-----	12,239.73
	16,504.44
	266,873.19

GENERAL STATEMENT.

Total available	\$266, 873. 19	
Reimbursable expenditures.....	\$11, 235. 00	
Balance to credit, reimbursable account --	500. 71	
	<u>11, 735. 71</u>	
		\$255, 137. 48
Commitments for general expenses, 1917.....	249, 302. 22	
Commitments, 1916; paid in 1917.....	4, 000. 18	
	<u>253, 302. 40</u>	
Unencumbered balance Jan. 1, 1918.....		1, 835. 08
Unpaid commitments Dec. 31, 1917.....		14, 168. 65
Balance to credit reimbursable account.....		500. 71
		<u>16, 504. 44</u>
Unexpended balance		

Detailed statement of expenditures.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
Personal services:													
Board and its clerks.....	\$7,373.31	\$7,273.31	\$7,343.05	\$7,383.31	\$7,383.31	\$7,347.04	\$7,476.65	\$7,383.31	\$7,343.09	\$7,379.18	\$7,458.33	\$7,458.34	\$88,602.23
Secretary's office.....	2,618.33	2,591.67	2,478.89	2,475.00	2,481.67	2,481.67	2,305.83	2,379.17	2,379.17	2,427.50	2,393.33	2,430.84	29,443.07
Counsel's office.....	2,126.66	2,176.67	2,176.67	1,901.66	1,960.00	2,026.67	1,780.82	1,785.00	1,785.01	1,815.83	1,846.67	1,846.68	23,228.34
Division of audit and examination.....	1,358.33	1,758.33	1,758.34	1,618.33	1,458.33	1,348.34	1,393.33	1,499.71	2,165.19	2,499.99	2,591.66	2,281.68	21,731.56
Division of reports and statistics.....	1,080.00	1,120.00	1,130.00	1,130.00	1,130.00	1,080.00	1,216.00	1,245.50	1,212.50	1,129.59	1,279.75	1,373.69	14,127.03
Division of issue.....	693.33	693.33	693.34	730.83	768.33	768.34	772.49	776.66	776.68	891.50	986.66	1,041.68	9,593.17
Messengers.....	395.00	395.00	395.00	395.00	395.00	407.00	455.00	515.00	515.00	507.50	493.33	498.33	5,366.16
Charwomen.....	60.00	60.00	54.00	60.00	60.00	60.00	63.78	66.00	66.00	66.00	65.27	66.00	747.05
Total.....	15,704.96	16,068.31	16,029.29	15,694.13	15,636.64	15,519.06	15,463.90	15,650.35	16,242.64	16,717.09	17,115.00	16,997.24	192,838.61
Nonpersonal services:													
Transportation and subsistence—													
Board and its clerks..	23.05	90.83	374.82	172.60	536.19	201.61	-----	251.14	73.85	321.03	-----	126.14	2,171.26
Secretary's office.....	-----	-----	25.85	-----	171.68	-----	18.00	-----	-----	-----	-----	-----	215.53
Division of audit and examination.....	190.39	745.20	843.00	136.85	284.62	13.30	211.23	805.57	599.04	1,395.94	1,178.12	603.14	7,006.40
Division of reports and statistics.....	-----	20.30	-----	-----	-----	-----	-----	40.05	-----	-----	-----	-----	60.35
Counsel's office.....	-----	-----	-----	-----	-----	-----	-----	-----	22.90	-----	-----	-----	22.90
Messengers.....	5.00	-----	5.00	-----	5.00	5.00	-----	5.00	-----	5.00	-----	-----	30.00
Communication service:													
Telephone.....	58.62	56.65	75.40	125.26	188.94	207.52	166.53	169.97	174.48	179.17	180.00	180.00	1,765.58
Telegraph.....	340.18	320.50	343.42	492.12	337.40	525.22	502.98	349.28	711.61	734.21	853.38	801.05	6,311.35
Postage.....	25.00	-----	25.00	-----	-----	20.00	-----	-----	-----	-----	-----	-----	70.00

Detailed statement of expenditures—Continued.

	January.	February.	March.	April.	May.	June.	July.	August.	Sep- tember.	October.	Novem- ber.	Decem- ber.	Total.
Printing, binding, etc.....	\$3,434.62	\$1,535.49	\$1,446.27	\$2,061.15	\$1,500.68	\$2,789.93	\$1,703.58	\$1,470.04	\$1,996.57	\$1,716.63	\$1,374.40	\$1,485.55	\$22,514.91
Contract repairs.....	3.45	5.00	40.72	.....	15.75	.....	.....	.....	.....	24.97	10.12	2.00	102.01
Electricity (light and power).....	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	360.00
Steam (heat).....	15.00	15.00	15.00	15.00	.....	.....	.....	.....	.....	15.00	15.00	15.00	105.00
Other nonpersonal services.....	36.00	25.00	9.83	56.65	20.00	149.89	22.10	46.20	630.47	103.79	63.92	72.61	1,236.46
Supplies:													
Stationery.....	223.94	64.31	124.81	79.76	135.00	110.34	106.64	68.53	107.80	186.16	175.00	117.83	1,500.12
Periodicals.....	61.98	17.60	17.00	.....	22.50	52.61	.....	10.50	22.00	118.30	.....	16.00	338.49
Other.....	7.65	24.99	14.07	5.20	21.61	53.05	12.00	21.61	53.00	105.60	67.73	64.61	451.12
Equipment:													
Furniture and office equipment.....	126.50	85.00	69.50	79.79	223.30	182.05	750.22	160.30	760.78	1,037.90	921.24	71.80	4,468.38
Books.....	1.50	3.00	38.22	399.47	9.10	12.00	9.75	2.79	11.50	12.46	10.80	.....	510.59
Gold settlement fund (includ- ing salaries).....	175.29	125.27	235.60	244.40	208.20	240.25	414.30	325.65	447.13	361.52	387.18	375.00	3,539.79
Foreign exchange (including salaries).....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,806.89	1,806.89
Rent.....	.....	.....	.....	.....	.....	.....	.....	.....	177.93	187.93	188.93	187.93	742.72
Transit (special).....	.....	453.76	641.14	38.90	.....	.....	.....	.....	.....	.....	.....	.....	1,133.80
Total.....	4,758.17	3,617.90	4,374.65	3,940.15	3,709.97	4,592.77	3,947.33	3,756.63	5,819.06	6,535.61	5,455.82	5,955.55	56,463.61
Grand total.....	20,463.13	19,686.21	20,403.94	19,634.28	19,346.61	20,111.83	19,411.23	19,406.98	22,061.70	23,252.70	22,570.82	22,952.79	249,302.22

Exhibit H.—EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS.

Total earnings of the Federal Reserve Banks for the calendar year 1917 were \$15,438,858, compared with \$4,955,343 for the calendar year 1916, while total current expenses were \$4,235,866, compared with \$2,204,344 for the previous year. Current expenses for the year under review include \$2,669,585 of expenses of operation proper, \$1,111,636—the cost, including postage, expressage, insurance, and other expenses incident to the issue and redemption of Federal Reserve notes and bank notes, \$299,823—depreciation of bank buildings, furniture, and equipment, and \$154,824 the excess of the cost of operation of the transit department over the total of service charges collected by those Federal Reserve Banks showing a deficit from operation of this department. The total is exclusive of expenses of the fiscal agent departments. These expenses are treated separately, being reimbursed by the United States Treasury Department.

Net earnings of the banks, i. e., the excess of earnings over current expenses, totaled \$11,202,992, or at the rate of 18.9 per cent on an average aggregate paid-in capital for the year of \$59,260,000, compared with 9.8 per cent for the first six months of 1917 and about 5 per cent for the calendar year 1916. It is thus seen that the financial results of operation were especially favorable during the second half of the year when the discount demands upon the Federal Reserve Banks in connection with the loan operations of the Government caused a much larger employment of the banks' funds than during the earlier portion of the year. Three banks report net earnings for the year in excess of 20 per cent on their average paid-in capital; three other banks show net earnings between 15 and 20 per cent, while the remaining six banks show net earnings between 12 and 15 per cent. To the total net earnings above shown should be added the net profits carried over from 1916, \$649,302, and miscellaneous adjustments in the profit and loss account amounting to \$10,529, making a total of \$11,862,823.

Deductions from this total, \$1,633,914, comprise the cost of notes paid for but not yet issued by the banks, the premium on United States bonds, also special funds set aside to cover depreciation on United States securities owned by the banks, leaving \$10,228,909 as the net profits on December 31, 1917. Over two-thirds of this amount, or \$6,801,726, represents the amount of dividends paid to member banks during the year, including certain small adjustments in the dividend account. The balance of \$3,427,183 was dis-

tributed as follows: \$1,134,234 was paid by six banks as franchise tax to the Government; an equal amount was carried by these banks to surplus, while \$1,158,715 was carried to profit and loss by the other six banks.

Over 45 per cent of the total earnings for the year, as against 20.7 per cent the year before, was from bills discounted; 32 per cent, as against 31.5 per cent, from acceptances bought in the open market; 15.3 per cent, as against 22.3 per cent, from United States securities; about 3 per cent came from the sale of transfer drafts; and the remainder from municipal warrants, profits on United States securities sold, penalties for deficient reserves, commissions, and sundry smaller profits.

Expenses of operation of the banks proper, exclusive of their transit and fiscal agent departments, were \$2,669,585, compared with \$1,684,501 for the calendar year 1916. Of the total, about 28 per cent went as compensation to the clerical staff and 23.2 per cent as salaries to bank officers. Less than 9 per cent of the total operating expense is represented by contributions of the banks for the support of the Federal Reserve Board. Rent paid by all banks, except Dallas, constitutes less than 7 per cent of the total expenses of operation, while the cost of printing and stationery accounts for about 5.4 per cent of these expenses. Other large items of operating expense, in the order of their importance, were postage, insurance, directors' fees and per diem allowances, compensation to special officers and watchmen, and salaries not specified.

Current expenses are exclusive of \$183,764 expended on furniture, fixtures, and vault account. During the year the banks wrote off this account a total of \$305,421. At the end of the year the furniture and fixtures account was completely charged off by a number of banks, leaving a balance of \$133,396 at the opening of 1918, representing the combined furniture, fixtures, and vault account.

The Richmond bank owns a banking house for its branch in Baltimore and ground upon which to build in Richmond. Dallas owns a banking house, while Atlanta and San Francisco own ground on which they propose to erect banking buildings for their own use. The total amount reported at the close of the year by these four banks and Philadelphia under the head of "Bank premises" is \$707,611, compared with \$368,222 at the beginning of the year.

Disbursements of the transit departments, not included in the banks' operating expenses, totaled \$844,305. As an offset against these disbursements the banks received \$704,670 of service charges for handling items received for collection. Aggregate deficits of \$154,824 reported by 7 banks were included among the current expenses of the banks, while excesses of service charges appear among the earnings of 5 banks.

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the calendar year 1917.

EARNINGS.

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Bills discounted and bought:													
Bills discounted—Members and Federal Reserve Banks.....	\$571,117	\$2,455,533	\$370,359	\$375,169	\$418,629	\$281,636	\$938,543	\$358,239	\$311,376	\$438,831	\$209,065	\$292,982	\$6,971,479
Acceptances bought in market..	502,397	1,843,325	474,653	496,711	201,008	102,311	394,340	170,233	148,531	171,112	138,512	308,596	4,951,729
Investments:													
United States securities.....	94,785	378,668	123,875	317,924	96,143	140,820	443,958	110,301	97,936	256,792	159,432	147,355	2,367,989
Municipal warrants.....	5,203	66,470	18,170	48,132	560	3,629	30,880	13,691	4,479	5,137	6,833	11,935	215,119
Profits realized on United States securities.....	11,102	14,335	13,768	24,261	16,712	25,569	25,196	.....	.....	.....	4,008	11,250	146,201
Transfers—Net earnings.....	108	.....	339	14,022	.....	17,134	170,634	57,920	45,983	45,570	34,027	64,363	450,100
Deficient reserve penalties, includ- ing interest.....	6,105	18,565	6,878	17,844	31,362	13,527	12,223	14,968	4,468	37,396	12,968	18,222	194,526
Commissions received.....	6,938	38,538	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	45,476
Net service charges received in ex- cess of transit department dis- bursements.....	.....	.....	.....	.....	4,387	.....	1,564	2,726	6,129	.....	383	.....	15,189
Sundry profits.....	253	32,857	7,917	3,181	1,208	7,196	4,940	8,696	9,436	1,112	4,202	52	81,050
Total earnings.....	1,198,008	4,848,291	1,015,959	1,297,244	770,009	541,822	2,022,278	736,774	628,338	955,950	569,430	854,755	15,438,858

CURRENT EXPENSES.

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Expenses of operation:													
Assessments account expenses													
Federal Reserve Board	\$21,226	\$50,252	\$22,057	\$25,783	\$14,256	\$10,154	\$30,021	\$12,733	\$10,196	\$13,118	\$11,439	\$16,560	\$237,795
Federal Advisory Council (fees and traveling expenses).....	445	650	350	653	432	479	827	405	150	370	150	150	5,061
Governors' conferences (includ- ing traveling expenses).....	539	552	174	251	337	300	432	711	625	665	398	944	5,928
Federal Reserve agents' con- ferences (including traveling expenses).....	8	110	.....	167	168	.....	243	.....	113	.....	208	215	996
Salaries—													
Bank officers	43,550	129,247	46,206	46,678	33,200	36,471	63,761	48,688	37,101	37,782	41,051	56,657	620,392
Clerical staff	49,039	228,485	42,615	44,861	35,303	37,893	85,865	55,236	31,926	38,773	39,940	56,891	746,827
Special officers and watch- men	604	11,017	8,311	4,357	700	3,424	10,289	2,127	1,667	1,419	2,762	434	47,111
All other .....	.....	29,534	.....	2,541	1,882	.....	5,138	2,043	816	1,062	2,981	160	46,157
Directors' fees	4,060	12,090	3,590	2,120	3,020	2,188	2,050	5,450	3,740	3,975	1,575	2,372	46,230
Per diem allowance	1,010	950	1,080	1,320	1,230	2,540	590	1,640	940	2,540	815	465	15,120
Traveling expenses	711	1,344	1,361	1,571	1,806	2,471	961	1,843	1,506	5,313	1,132	.....	20,019
Officers' and clerks' traveling expenses	921	2,605	163	954	669	1,067	1,227	1,219	361	1,203	1,139	3,825	15,353
Legal fees	2,400	.....	1,700	2,000	500	600	2,750	.....	1,500	775	2,400	1,323	15,948
Rent	15,246	55,551	9,070	16,625	5,807	12,153	22,915	13,077	5,660	8,850	.....	13,669	178,623
Taxes and fire insurance	430	.....	13	.....	2,629	1,211	.....	.....	74	.....	1,184	104	5,645
Telephone	4,452	6,464	2,803	1,694	685	535	1,906	711	1,031	810	870	2,313	24,274
Telegraph	565	3,216	325	817	657	843	815	769	699	565	585	2,371	12,229

Postage.....	5,507	17,374	1,470	7,940	5,210	6,826	14,362	9,477	6,552	8,838	3,166	3,203	89,925
Expressage.....	3,036	12,907	1,186	4,692	4,116	2,483	9,510	2,906	5,030	1,234	8,424	6,960	61,112
Insurance and premiums on fidelity bonds.....	2,647	4,994	4,700	7,416	2,202	2,032	5,876	2,101	2,070	1,871	3,851	3,437	43,197
Light, heat, and power.....	1,651	.....	1,426	725	820	175	2,397	.....	.....	1,185	1,468	464	10,311
Printing and stationery.....	8,004	35,067	7,311	7,544	9,723	7,063	18,002	4,926	7,475	7,314	12,180	18,407	143,016
Repairs and alterations.....	1,289	1,039	233	8,828	11,296	28	528	386	1,267	287	2,473	1,506	29,160
All other expenses.....	26,191	100,830	9,183	5,404	4,683	15,812	37,578	11,490	4,602	17,388	5,029	10,966	249,156
Total expenses of operation...	193,531	704,278	163,955	194,941	141,095	146,748	318,043	177,938	125,101	155,337	145,220	203,396	2,669,585
Cost of Federal Reserve notes issued, including expressage, insurance, etc.....	68,954	343,765	70,340	91,256	58,903	54,808	159,825	49,363	42,381	48,679	30,911	34,998	1,054,183
Miscellaneous charges account note issues.....	.....	15,010	1,887	3,069	3,626	.....	2,314	1,229	1,355	20,886	.....	8,077	57,453
Depreciation of furniture and equipment.....	14,974	.....	3,782	30,232	25,726	8,177	32,225	6,088	41,364	38,353	32,325	28,142	261,388
Depreciation of bank premises.....	.....	.....	.....	.....	28,435	2,500	.....	.....	.....	.....	7,500	.....	38,435
Disbursements of transit department in excess of net service charges received.....	8,256	66,283	22,120	14,594	.....	2,277	.....	.....	.....	8,196	.....	33,098	154,824
Total current expenses.....	285,715	1,129,336	262,084	334,092	257,785	214,510	512,407	234,618	210,201	271,451	215,956	307,711	4,235,866
Net earnings for year 1917.....	912,293	3,718,955	753,875	963,152	512,224	327,312	1,509,871	502,156	418,137	684,499	353,474	547,044	11,202,992
Per cent of average paid-in capital..	17.4	28.2	14.1	14.9	14.8	13.2	20.6	15.9	16.8	21.8	12.9	13.7	18.9

Profit and loss account of each Federal Reserve Bank and of the system as a whole for the calendar year 1917.

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Earnings.....	\$1,198,008	\$4,848,291	\$1,015,959	\$1,297,244	\$770,009	\$541,822	\$2,022,278	\$736,774	\$628,338	\$955,950	\$569,430	\$854,755	\$15,438,858
Current expenses.....	285,715	1,129,336	262,084	834,092	257,785	214,510	512,407	234,618	210,201	271,451	215,956	307,711	4,235,866
Net earnings for year.....	912,293	3,718,955	753,875	963,152	512,224	327,312	1,509,871	502,156	418,137	684,499	353,474	547,044	11,202,992
Profit and loss account Jan. 1, 1917....	11,597	163,064	89,966	94,797	11,664	10,120	61,978	12,748	44,542	91,506	41,903	15,417	649,302
Miscellaneous adjustments in profit and loss during year.....		10,654					2,127		² -2,127	¹ 125			10,529
Total.....	923,890	3,892,673	843,841	1,057,949	523,888	337,432	1,573,976	514,904	460,552	775,880	395,377	562,461	11,862,823
Less:													
Cost of Federal Reserve currency not yet issued to bank (includ- ing expressage, insurance, etc.)..	33,667	445,248				14,320	43,001			42,508			578,744
Premium on United States bonds.				209,470			159,515			75,462	1,407		445,854
Reserved for depreciation on United States bonds.....	138,267	205,880			50,000	24,909	77,603		³ 21,657			91,000	609,316
Total deductions.....	171,934	651,128		209,470	50,000	39,229	280,119		21,657	117,970	1,407	91,000	1,633,914
Net profits Dec. 31, 1917.....	751,956	3,241,545	843,841	848,479	473,888	298,203	1,293,857	514,904	438,895	657,910	393,970	471,461	10,228,909
Dividends paid.....	597,829	1,941,642	622,150	715,614	240,944	215,972	860,058	284,566	363,876	360,236	187,744	394,490	6,785,121
Dividends accrued and paid on sur- rendered stock including miscel- laneous adjustments in dividend account.....	3,927	1,177	1,453	554		2,231	2,201		19	4,267	490	286	16,605
Total dividends paid dur- ing year.....	601,756	1,942,819	623,603	716,168	240,944	218,203	862,259	284,566	363,895	364,503	188,234	394,776	6,801,726

Profit and loss Dec. 31, 1917, after payment of dividends.....	150,200	1,298,726	220,238	132,311	232,944	80,000	431,598	230,338	75,000	293,407	205,736	76,685	3,427,183
Distribution of profit and loss:													
Paid to Government account													
franchise tax.....	75,100	649,363			116,472	40,000	215,799		37,500				1,134,234
Carried to surplus account.....	75,100	649,363			116,472	40,000	215,799		37,500				1,134,234
Profit and loss Jan. 1, 1918.....			220,238	132,311				230,338		293,407	205,736	76,685	1,158,715
Dividends paid to.....	12-31-17	12-31-17	6-30-17	6-30-17	12-31-17	12-31-17	12-31-17	12-31-16	12-31-17	6-30-17	6-30-17	12-31-16	

¹ Credit.

² Amount paid to the Chicago Federal Reserve Bank in adjustments of dividends due to banks transferred from the Minneapolis to the Chicago district.

³ Includes \$6,500 for abrasion on gold coin.

Transit department disbursements and net service charges of each Federal Reserve Bank and of the system as a whole for the calendar year 1917.

DISBURSEMENTS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Expenses of operation:													
Salaries—													
Bank officers				\$3,563	\$3,000	\$469		\$725			\$2,169		\$9,926
Clerical staff	\$51,854	\$58,871	\$55,134	39,950	29,254	20,279	\$35,042	15,868	\$23,799	\$28,631	27,292	\$28,922	414,896
All other				228				52		6	655		941
Officers' and clerks traveling expenses		631	213	201									1,045
Legal fees						185	37					1,098	1,320
Rent	7,041	6,590	1,630	2,232	1,200	2,750	5,013	1,445	3,000	1,600		750	33,251
Taxes and fire insurance	65		35	204					60		28		392
Telephone	53	57		55		36	288	247	48	26	24		834
Telegraph	61	345		32	1	15	78	104			127	312	1,075
Postage	19,157	22,294	17,939	12,626	10,659	8,278	8,578	7,799	8,951	17,544	9,353	9,769	152,947
Expressage	8,027	28,850	11,756	66	480	11	466	969			2,301	14,262	67,188
Insurance and premiums on fidelity bonds	894	880	1,391	488			130	240	656	525	815	33	6,052
Light, heat, and power	1,585		235	138	747	148	600	5,118		304	240	366	9,481
Printing and stationery	5,350	10,942	3,780	5,790	2,271	2,294	6,157	19	4,121	3,133	4,924	5,077	53,858
Repairs and alterations	107		118	420			48	2,106		152	52	356	3,359
All other expenses, not specified	1,938	17,746	4,652	2,819	886	5,033	4,449		726	544	1,714	3,200	43,707
Total expenses of operation	96,132	147,206	96,883	68,812	48,498	39,498	60,886	34,692	41,361	52,465	49,694	64,145	800,272
Depreciation of furniture and equipment			4,818	15,754	2,688	10,746		1,640	3,100	2,441	2,846		44,033
Total disbursements	96,132	147,206	101,701	84,566	51,186	50,244	60,886	36,332	44,461	54,906	52,540	64,145	844,305

SERVICE CHARGES.

Member banks.....	\$86, 670	\$128, 271	\$93, 507	\$60, 964	\$43, 028	\$30, 042	\$110, 243	\$48, 994	\$32, 821	\$15, 714	\$28, 945	\$13, 864	\$693, 063
Other Federal Reserve Banks.....	12, 139	17, 762	16, 048	26, 017	22, 592	25, 091	17, 529	22, 299	20, 542	34, 603	25, 445	20, 001	260, 068
Total service charges received.....	98, 809	146, 033	109, 555	86, 981	65, 620	55, 133	127, 772	71, 293	53, 363	50, 317	54, 390	33, 865	953, 131
Service charges paid other Federal Reserve Banks.....	10, 933	65, 110	29, 974	17, 009	10, 047	7, 166	65, 322	32, 235	2, 773	3, 607	1, 467	2, 818	248, 461
Service charges, net.....	87, 876	80, 923	79, 581	69, 972	55, 573	47, 967	62, 450	39, 058	50, 590	46, 710	52, 923	31, 047	704, 670
Transit department disbursements in excess of net service charges received.....	8, 256	66, 283	22, 120	14, 594	14, 387	2, 277	11, 564	12, 726	16, 129	8, 196	1383	33, 098	139, 635

¹ Excess service charges.

Fiscal agent department disbursements of each Federal Reserve Bank, amounts reimbursed, and balances reimbursable by the United States Treasury, to the end of the calendar year 1917.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Total disbursements to Dec. 31, 1917.....	\$294, 499	\$900, 040	\$186, 008	\$237, 581	\$66, 921	\$70, 380	\$458, 278	\$191, 516	\$106, 338	\$114, 172	\$92, 798	\$376, 219	\$3, 094, 750
Amounts reimbursed by United States Treasury to Dec. 31, 1917.....	151, 288	539, 690	85, 975	98, 333	23, 700	24, 686	170, 850	66, 667	52, 211	27, 722	27, 793	128, 615	1, 397, 530
Balances reimbursable.....	143, 211	360, 350	100, 033	139, 248	43, 221	45, 694	287, 428	124, 849	54, 127	86, 450	65, 005	247, 604	1, 697, 220

Cost of furniture and equipment, including vaults, also bank premises.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance as reported Jan. 1, 1917.....			\$15,410	\$20,164	\$12,000	\$12,282	\$28,109	\$28,689	\$59,274	\$41,961	\$37,164		\$255,053
Additional purchases during calendar year ending Dec. 31, 1917.....	\$14,974		18,771	25,822	25,479	6,641	4,116	23,538	14,691	12,583	9,007	\$28,142	183,764
Total.....	14,974		34,181	45,986	37,479	18,923	32,225	52,227	73,965	54,544	46,171	28,142	438,817
Depreciation charged during calendar year ending Dec. 31, 1917.....	14,974		8,600	45,986	28,414	18,923	32,225	7,728	44,464	40,794	35,171	28,142	305,421
Balance Jan. 1, 1918.....			25,581		9,065			44,499	29,501	13,750	11,000		133,396
Bank premises.....			10,000		300,000	140,875					136,736	120,000	707,611

¹ Refund of \$195.50 deducted.

Cost of unissued Federal Reserve notes.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance as reported Jan. 1, 1917.....	\$29,230	\$235,599	\$27,708	\$39,544	\$9,355	\$20,315	\$67,958	\$19,763	\$16,295	¹ \$28,599	\$8,940	.....	¹ \$503,306
Additional cost during calendar year ending Dec. 31, 1917.....	73,391	553,414	43,144	51,712	49,548	49,401	134,868	45,767	39,001	62,588	32,132	\$34,998	1,169,964
Total.....	102,621	789,013	70,852	91,256	58,903	69,716	202,826	65,530	55,296	91,187	41,072	34,998	1,673,270
Cost of Federal Reserve notes charged to current expenses during calendar year ending Dec. 31, 1917.....	102,621	789,013	70,340	91,256	58,903	69,128	202,826	49,363	42,381	91,187	30,911	34,998	1,632,927
Balance Jan. 1, 1918.....			512	.....	.....	588	.....	16,167	12,915	.....	10,161	.....	40,343

¹ Includes cost of Federal Reserve bank notes amounting to \$983.82.

Earnings and current expenses, by months, for the calendar year 1917, of each Federal Reserve Bank and of the system as a whole.

EARNINGS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
January	\$53,987	\$120,886	\$48,394	\$65,114	\$44,597	\$47,800	\$88,968	\$31,400	\$32,121	\$29,731	\$20,826	\$49,982	\$633,806
February	43,978	109,043	45,091	52,713	35,436	26,584	68,040	31,283	31,310	31,311	24,678	34,413	533,880
March	45,168	91,582	44,794	51,150	37,496	21,128	63,591	33,052	31,094	34,889	22,943	31,090	507,977
April	53,134	107,644	47,812	54,016	44,603	23,870	68,272	35,947	34,082	34,955	28,886	38,725	571,946
May	53,867	156,521	72,047	66,220	55,669	28,271	89,149	43,806	43,184	42,511	34,747	52,476	738,468
June	89,452	437,386	78,704	73,082	58,850	28,873	136,407	47,167	39,952	72,814	33,119	59,645	1,155,451
July	104,597	339,244	87,023	78,742	66,862	26,861	192,247	53,281	49,422	88,498	36,581	62,530	1,235,888
August	110,323	233,893	90,314	107,090	65,074	33,380	160,522	55,826	60,826	97,756	45,805	75,312	1,136,121
September	108,553	315,977	95,853	117,730	68,800	44,330	170,449	66,900	70,234	92,918	53,031	80,282	1,285,057
October	126,746	672,011	85,419	131,306	69,299	73,964	247,193	91,293	58,689	106,034	79,296	91,571	1,832,911
November	161,013	1,033,209	122,933	193,726	85,379	85,520	336,516	96,824	83,836	166,516	88,510	119,352	2,573,334
December	247,190	1,180,895	197,575	306,265	133,557	101,241	399,360	147,269	87,459	158,017	100,625	159,377	3,218,830
Total	1,198,008	4,848,291	1,015,959	1,297,244	765,622	541,822	2,020,714	734,048	622,209	955,950	569,047	854,755	15,423,669
Net service charges in excess of transit department disbursements					4,387		1,564	2,726	6,129		383		15,189
Total earnings	1,198,008	4,848,291	1,015,959	1,297,244	770,009	541,822	2,022,278	736,774	628,338	955,950	569,430	854,755	15,438,858

CURRENT EXPENSES.

January.....	\$11, 736	\$53, 558	\$11, 354	\$12, 104	\$10, 395	\$10, 972	\$18, 968	\$12, 428	\$7, 705	\$11, 040	\$10, 022	\$11, 244	\$181, 526
February.....	14, 088	61, 972	15, 548	15, 153	8, 147	11, 424	23, 194	12, 183	9, 892	11, 085	9, 271	11, 416	203, 373
March.....	14, 908	66, 284	15, 340	15, 207	8, 672	10, 882	25, 960	11, 391	8, 995	12, 537	9, 407	10, 984	210, 567
April.....	15, 667	61, 834	15, 703	18, 178	8, 779	10, 631	31, 639	11, 677	11, 889	12, 374	9, 994	11, 076	219, 441
May.....	14, 656	58, 375	15, 145	20, 215	10, 483	10, 566	34, 175	15, 228	11, 166	13, 078	8, 988	11, 262	223, 337
June.....	18, 226	65, 532	19, 226	23, 006	77, 994	9, 717	30, 258	14, 495	11, 288	11, 789	25, 627	33, 481	340, 639
July.....	20, 785	73, 825	13, 530	20, 731	11, 867	12, 753	60, 844	16, 194	13, 378	15, 934	10, 921	17, 132	287, 894
August.....	22, 077	90, 565	18, 098	17, 048	10, 567	13, 232	36, 949	15, 961	12, 608	18, 415	13, 579	20, 259	289, 358
September.....	24, 428	96, 832	23, 618	24, 934	12, 425	25, 957	43, 408	19, 883	18, 533	26, 535	24, 952	20, 612	362, 117
October.....	29, 841	136, 796	28, 240	28, 244	11, 337	29, 502	51, 845	33, 690	24, 655	32, 187	23, 017	26, 830	456, 184
November.....	30, 815	157, 874	25, 456	33, 251	16, 171	23, 787	59, 441	34, 034	17, 977	31, 980	17, 810	24, 994	473, 590
December.....	60, 232	139, 606	38, 706	91, 427	70, 948	42, 810	95, 726	37, 454	62, 115	66, 301	52, 368	75, 323	833, 016
Total.....	277, 459	1, 063, 053	239, 964	319, 498	257, 785	212, 233	512, 407	234, 618	210, 201	263, 255	215, 956	274, 613	4, 081, 042
Transit department disbursements in excess of net service charges re- ceived.....	8, 256	66, 283	22, 120	14, 594	.....	2, 277	.....	.....	.....	8, 196	.....	33, 098	154, 824
Total current expenses.....	285, 715	1, 129, 336	262, 084	334, 092	257, 785	214, 510	512, 407	234, 618	210, 201	271, 451	215, 956	307, 711	4, 235, 866

NOTE.—Increases in current expenses shown for the months of June and December are due to the inclusion of special charges account depreciation of furniture and equipment, also cost of Federal Reserve currency during these two months.

Exhibit I.—STATE BANKS AND TRUST COMPANIES ADMITTED TO MEMBERSHIP.

The following list shows the State banks and trust companies which have been admitted to membership in the Federal Reserve system up to and including December 31, 1917:

	Capital.	Surplus.	Total re-sources.
Alabama:			
Birmingham—American Trust & Savings Bank.....	\$500,000	\$250,000	\$5,836,700
Eufaula—Bank of Eufaula.....	100,000	14,000	378,828
Marion—Marion Central Bank.....	50,000	100,000	497,661
Montgomery—Sullivan Bank & Trust Co.....	250,000	25,750	605,582
Total.....	900,000	389,750	7,318,771
Colorado: Denver—International Trust Co.....	500,000	500,000	13,803,659
Connecticut:			
Bridgeport—Bridgeport Trust Co.....	500,000	300,000	7,866,545
New Haven—Union & New Haven Trust Co.....	650,000	500,000	4,574,303
Total.....	1,150,000	800,000	12,440,848
Delaware: Wilmington—Wilmington Trust Co.....	1,000,000	500,000	13,141,081
District of Columbia: Washington—Continental Trust Co.....	1,000,000	100,000	4,289,237
Florida:			
Deland—Volusia County Bank.....	100,000	100,000	1,217,318
Tampa—Citizens Bank & Trust Co.....	250,000	500,000	3,550,995
Total.....	350,000	600,000	4,768,313
Georgia:			
Athens—American State Bank.....	100,000	20,000	538,635
Atlanta—			
Central Bank & Trust Corporation.....	1,000,000	300,000	9,620,109
Trust Company of Georgia.....	1,000,000	1,000,000	3,893,161
Brunswick—Brunswick Bank & Trust Co.....	100,000	72,000	1,049,176
Savannah—			
Citizens & Southern Bank.....	1,000,000	1,000,000	18,537,851
Savannah Bank & Trust Co.....	630,000	570,000	8,415,862
West Point Citizens Bank.....	50,000	.....	172,477
Total.....	3,880,000	2,962,000	42,227,271
Idaho:			
Genesee—Genesee Exchange Bank.....	25,000	12,500	482,091
Kimberly—Bank of Kimberly.....	35,000	10,250	389,592
Total.....	60,000	22,750	871,683
Illinois:			
Chicago—			
Austin State Bank.....	200,000	60,000	2,668,743
Central Trust Co. of Illinois.....	6,000,000	1,000,000	54,074,035
Chicago Savings Bank & Trust Co.....	1,000,000	200,000	12,733,891
First Trust & Savings Bank.....	5,000,000	5,000,000	84,207,394
Foreman Bros. Banking Co.....	1,500,000	500,000	18,141,352
Harris Trust & Savings Bank.....	2,000,000	2,000,000	33,570,255
Hyde Park State Bank.....	200,000	50,000	1,840,530
Kaspar State Bank.....	500,000	300,000	6,476,754
Merchants Loan & Trust Co.....	3,000,000	8,000,000	109,517,884
Noel State Bank.....	300,000	75,000	2,428,746
Standard Trust & Savings Bank.....	1,000,000	500,000	9,980,043
State Bank of Chicago.....	1,500,000	3,000,000	38,004,507
Union Trust Co.....	1,500,000	1,500,000	37,348,934
United State Bank of Chicago.....	200,000	30,000	869,220

	Capital.	Surplus.	Total re-sources.
Illinois—Continued.			
Cicero—Kirchman State Bank.....	\$100,000	\$25,000	\$613,746
Elmington—Elmington State Bank.....	50,000	10,000	721,719
Elmhurst—Elmhurst State Bank.....	60,000	25,000	708,766
Evanston—State Bank of Evanston.....	150,000	200,000	4,142,437
Joliet—			
Commercial Trust & Savings Bank.....	100,000	5,000	569,684
Joliet Trust & Savings Bank.....	100,000	25,000	766,311
Kewanee—Union State Savings Bank & Trust Co.....	100,000	25,000	1,170,562
Martinsville—Martinsville State Bank.....	50,000	17,000	388,031
Oak Park—Suburban Trust & Savings Bank.....	100,000	10,000	379,251
Quincy—State Savings Loan & Trust Co.....	1,000,000	.....	8,092,397
Total.....	25,710,000	22,557,000	429,410,312
Indiana:			
Elkhart—St. Joseph Valley Bank.....	100,000	50,000	2,484,247
Kentland—Discount & Deposit State Bank.....	70,000	35,000	549,592
Paoli—Paoli State Bank.....	25,000	750	194,868
Total.....	195,000	85,750	3,228,707
Iowa:			
Brighton—Brighton State Bank.....	50,000	10,000	672,810
Cedar Falls—Security Trust & Savings Bank.....	50,000	5,000	919,170
Clinton—Peoples Trust & Savings Bank.....	300,000	300,000	5,179,745
Des Moines—Iowa Loan & Trust Co.....	500,000	100,000	7,436,044
Gilman—Citizens Savings Bank.....	25,000	11,000	383,807
Mason City—Commercial Savings Bank.....	100,000	14,000	1,117,161
Ottumwa—Ottumwa Savings Bank.....	100,000	30,000	1,205,090
Sioux City—Bankers Loan & Trust Co.....	100,000	5,000	277,320
Sutherland—First Savings Bank.....	50,000	.....	320,203
Vail—Farmers State Bank.....	50,000	8,000	264,041
Total.....	1,325,000	483,000	17,775,391
Kansas:			
Fairview—Fairview State Bank.....	30,000	15,000	291,985
Fort Scott—Fort Scott State Bank.....	100,000	26,000	748,859
Hiawatha—Morrill & Janes Bank.....	100,000	50,000	1,143,410
Wichita—Southwest State Bank.....	200,000	9,000	1,521,337
Total.....	430,000	100,000	3,705,591
Kentucky:			
Louisville—German Insurance Bank.....	250,000	500,000	7,307,484
Maysville—First Standard Bank & Trust Co.....	175,000	60,000	1,418,794
Mount Sterling—Exchange Bank of Kentucky.....	50,000	25,000	434,572
Total.....	475,000	585,000	9,160,850
Louisiana:			
Gretna—Jefferson Trust & Savings Bank.....	30,000	20,000	402,332
Iota—Bank of Iota.....	25,000	.....	114,204
New Orleans—			
Canal Bank & Trust Co.....	2,000,000	500,000	21,210,372
Hibernia Bank & Trust Co.....	1,500,000	2,000,000	25,881,516
Interstate Trust & Banking Co.....	750,000	500,000	9,171,943
Metropolitan Bank.....	400,000	200,000	4,077,889
Total.....	4,705,000	3,220,000	60,858,256
Maryland:			
Baltimore—			
Baltimore Commercial Bank.....	500,000	100,000	2,668,945
Baltimore Trust Co.....	1,000,000	2,000,000	15,990,745
Maryland Trust Co.....	1,000,000	.....	8,974,128
Total.....	2,500,000	2,100,000	27,633,818
Massachusetts:			
Boston—			
American Trust Co.....	1,000,000	2,000,000	25,578,848
Commonwealth Trust Co.....	1,000,000	500,000	24,001,520
International Trust Co.....	1,500,000	1,500,000	23,933,840
Metropolitan Trust Co.....	300,000	300,000	5,787,080
Old Colony Trust Co.....	6,000,000	7,000,000	150,784,124
Cambridge—Charles River Trust Co.....	200,000	200,000	2,893,283
Fitchburg—Fitchburg Bank & Trust Co.....	500,000	250,000	4,935,072
Newton—Newton Trust Co.....	400,000	400,000	4,889,053
Norwood—Norwood Trust Co.....	200,000	.....	2,563,580
Winchester—Winchester Trust Co.....	100,000	25,000	731,236
Worcester—Worcester Bank & Trust Co.....	1,250,000	500,000	24,123,410
Total.....	12,450,000	12,675,000	270,221,046

	Capital.	Surplus.	Total re- sources.
Michigan:			
Albion—Commercial & Savings Bank.....	\$75,000	\$40,000	\$798,485
Charlotte—Eaton County Savings Bank.....	100,000	20,000	925,622
Detroit—			
First State Bank.....	500,000	150,000	8,275,489
Peninsular State Bank.....	2,500,000	1,000,000	27,270,333
Peoples State Bank.....	2,500,000	2,500,000	71,761,759
The Dime Savings Bank.....	1,000,000	1,000,000	32,769,194
Wayne County & Home Savings Bank.....	3,000,000	3,000,000	53,681,743
Detroit Savings Bank.....	750,000	750,000	19,524,470
Central Savings Bank.....	500,000	100,000	11,962,743
American State Bank.....	500,000	185,130	7,243,617
Flint—			
Citizens Commercial & Savings Bank.....	150,000	175,000	3,438,805
Union Trust & Savings Bank.....	100,000	135,000	3,848,355
Industrial Savings Bank.....	250,000	250,000	4,307,935
Fremont—Old State Bank.....	50,000	25,000	875,831
Gladstone—State Savings Bank.....	50,000	15,000	571,986
Grand Haven—Grand Haven State Bank.....	75,000	50,000	1,662,949
Grand Rapids—			
Grand Rapids Savings Bank.....	400,000	350,000	8,479,169
Kent State Bank.....	500,000	500,000	9,419,740
Hart—Oceana County Savings Bank.....	40,000	13,000	427,901
Highland Park—Highland Park State Bank.....	1,000,000	400,000	20,976,678
Hudson—Boies State Savings Bank.....	75,000	25,000	734,295
Jackson—			
Central State Bank.....	100,000	26,000	1,062,781
Union Bank of Jackson.....	400,000	100,000	4,388,130
Lansing—Lansing State Savings Bank.....	150,000	100,000	2,632,821
Lapeer—Lapeer Savings Bank.....	50,000	10,000	545,232
Monroe—B. Dansard & Sons' State Bank.....	100,000	20,000	1,027,265
Mount Pleasant—Exchange Savings Bank.....	50,000	30,000	791,176
Niles—Niles City Bank.....	100,000	20,000	699,175
Petersburg—H. C. McLachlin & Co. State Bank.....	25,000	5,000	362,541
Port Huron—St. Clair County Savings Bank.....	100,000	50,000	1,319,436
Rochester—Rochester Savings Bank.....	50,000	10,000	556,346
Romeo—Romeo Savings Bank.....	50,000	30,000	1,081,181
Saugatuck—Fruit Growers State Bank.....	50,000	10,000	476,786
Sault Ste. Marie—Sault Savings Bank.....	100,000	35,000	1,140,382
St. Clair—Commercial & Savings Bank.....	50,000	10,000	746,874
Total.....	15,490,000	11,139,130	306,387,276
Minnesota:			
Minneapolis—			
Bankers Trust & Savings Bank.....	1,000,000	200,000	2,197,403
German American Bank.....	200,000	200,000	4,689,159
St. Anthony Falls Bank.....	300,000	60,000	3,763,062
St. Paul—Peoples Bank.....	300,000	50,000	2,280,204
Spring Valley—Farmers State Bank.....	25,000	5,000	119,092
Winona—Merchants Bank of Winona.....	100,000	50,000	2,581,970
Total.....	1,925,000	565,000	15,660,800
Mississippi: Summit—Union Bank of Pike.....			
	25,000	4,000	165,516
Missouri:			
Kansas City—			
Commerce Trust Co.....	1,000,000	750,000	32,897,159
Fidelity Trust Co.....	1,000,000	1,000,000	14,461,776
St. Louis—			
Franklin Bank.....	600,000	700,000	8,961,674
German American.....	1,000,000	700,000	9,239,685
German Savings Institution.....	1,500,000	1,000,000	19,261,222
International Bank of.....	500,000	500,000	6,981,718
Lafayette South Side Bank.....	800,000	400,000	12,604,870
Mercantile Trust Co.....	3,000,000	6,500,000	40,732,458
Mississippi Valley Trust Co.....	3,000,000	3,500,000	30,414,523
St. Louis Union Bank.....	2,500,000	2,500,000	44,389,921
Total.....	14,900,000	17,550,000	219,945,006
Montana:			
Helena—Conrad Trust & Savings Bank.....	200,000	80,000	3,042,678
Hingham—Hingham State Bank.....	35,000	.....	335,296
Opheim—First State Bank.....	25,000	5,000	229,183
Sidney—Yellowstone Valley Bank & Trust Co.....	100,000	5,000	748,601
Total.....	360,000	90,000	4,355,758

	Capital.	Surplus.	Total re- sources.
Nebraska:			
Lewellen—Bank of Lewellen.....	\$25,000	\$10,000	\$250,820
Pender—Pender State Bank.....	50,000	3,000	403,036
Total.....	75,000	13,000	653,856
New Jersey:			
Bloomfield—Bloomfield Trust Co.....	200,000	100,000	3,213,787
Camden—Camden Safe Deposit & Trust Co.....	500,000	800,000	10,352,728
Montclair—Bank of Montclair.....	100,000	80,000	2,790,827
Passaic—Passaic Trust & Safe Deposit Co.....	200,000	100,000	7,130,181
Plainfield—Plainfield Trust Co.....	300,000	200,000	8,749,434
Rahway—Rahway Trust Co.....	100,000	25,000	398,277
Westfield—Peoples Bank & Trust Co.....	100,000	80,000	2,005,718
Total.....	1,500,000	1,385,000	34,649,950
New York:			
Batavia—The Bank of Genesee.....	100,000	100,000	1,151,907
Brooklyn—			
Brooklyn Trust Co.....	1,500,000	2,898,481	40,270,926
Franklin Trust Co.....	1,000,000	1,000,000	24,823,842
Manufacturers Trust Co.....	1,000,000	300,000	15,031,812
Peoples Trust Co.....	1,000,000	1,000,000	29,443,301
Buffalo—			
Buffalo Trust Co.....	500,000	500,000	9,621,217
Citizens Commercial Trust Co.....	1,250,000	1,250,000	18,196,063
New York—			
Bankers Trust Co.....	11,250,000	11,250,000	327,011,784
Bank of America.....	1,500,000	6,000,000	60,903,035
Broadway Trust Co.....	1,500,000	750,000	34,726,703
Central Trust Co.....	5,000,000	15,000,000	209,953,374
Columbia Trust Co.....	5,000,000	5,000,000	124,186,774
Corn Exchange Bank.....	3,500,000	6,991,165	153,989,100
Equitable Trust Co.....	6,000,000	10,500,000	230,210,148
Fidelity Trust Co.....	1,000,000	1,000,000	13,965,146
German American Bank.....	750,000	250,000	8,404,825
Germania Bank of the City of.....	400,000	600,000	8,731,766
Guaranty Trust Co.....	25,000,000	25,000,000	613,535,033
Manhattan Co.....	2,050,000	4,500,000	82,094,144
Mercantile Trust & Deposit Co.....	1,000,000	500,000	8,593,786
Metropolitan Bank.....	2,000,000	1,000,000	28,801,800
Metropolitan Trust Co.....	2,000,000	4,000,000	63,853,782
New York Trust Co.....	3,000,000	10,000,000	90,773,776
Pacific Bank.....	500,000	500,000	13,907,579
Scandinavian Trust Co.....	1,000,000	1,500,000	11,359,362
Union Trust Co.....	3,000,000	4,500,000	87,043,831
U. S. Mortgage & Trust Co.....	2,000,000	4,000,000	92,377,698
W. R. Grace & Co.'s Bank.....	500,000	500,000	6,675,523
United States Trust Co.....	2,000,000	12,000,000	77,455,087
Ogdensburg—St. Lawrence Trust Co.....	100,000	25,000	823,362
Utica—			
Citizens Trust Co.....	500,000	400,000	10,641,931
Oneida County Trust Co.....	250,000	250,000	2,428,746
Utica Trust & Deposit Co.....	400,000	200,000	11,850,975
Watertown—Northern New York Trust Co.....	400,000	400,000	7,151,603
Oneida—Madison County Trust & Deposit Co.....	164,100	94,870	2,224,326
Rome—Rome Trust Co.....	300,000	60,000	3,627,406
Elmira—Chemung Canal Trust Co.....	600,000	400,000	7,301,858
Syracuse—City Bank.....	500,000	148,000	7,442,110
Gloversville—Trust Co. of Fulton County.....	200,000	100,000	527,339
Total.....	89,714,100	134,467,516	2,541,105,483
North Dakota:			
Enderlin—Enderlin State Bank.....	50,000	10,000	395,259
Hettinger—Hettinger State Bank.....	25,000	3,500	282,089
Williston—Bank of Williston.....	50,000	.....	113,071
Total.....	125,000	13,500	790,419
Ohio:			
Cleveland—			
Citizens Savings & Trust Co.....	4,000,000	4,000,000	74,532,631
Cleveland Trust Co.....	2,500,000	2,500,000	55,121,784
Guardian Savings & Trust Co.....	3,000,000	3,000,000	52,731,355
Columbus—Citizens Trust & Savings Bank.....	700,000	150,000	5,271,822
Hillsboro—Hillsboro Bank & Savings Co.....	50,000	12,000	3,651,959
Massillon—Ohio Banking & Trust Co.....	150,000	37,500	1,307,036
Newark—Newark Trust Co.....	200,000	125,000	2,655,417
Steuenville—Steuenville Bank & Trust Co.....	125,000	50,000	1,713,784
Toledo—Guardian Trust & Savings Bank.....	200,000	200,000	4,224,961
Youngstown—City Trust & Savings Bank.....	200,000	150,000	4,752,034
Total.....	11,125,000	10,224,500	202,862,783

	Capital.	Surplus.	Total resources.
Oregon:			
Hood River—Butler Banking Co.....	\$100,000	\$20,000	\$909,708
North Portland—Live Stock State Bank.....	100,000	10,000	872,846
Portland—Ladd & Tilton Bank.....	1,000,000	1,000,000	21,427,913
Total.....	1,200,000	1,030,000	23,210,467
Pennsylvania:			
Lykens—Miners Deposit Bank.....	50,000	110,000	679,897
New Castle—Lawrence Savings & Trust Co.....	300,000	300,000	3,183,907
Philadelphia—			
Commercial Trust Co.....	1,000,000	1,750,000	24,796,108
Girard Trust Co.....	2,500,000	7,500,000	61,172,461
Philadelphia Trust Co.....	1,000,000	4,000,000	26,160,684
Penna. Co. for Insurances on Lives and Granting Annuities.....			
Pittsburgh—			
Pittsburgh Trust Co.....	2,000,000	5,000,000	43,602,088
Union Trust Co.....	2,000,000	1,000,000	21,067,764
Union Trust Co.....	1,500,000	34,500,000	137,516,868
Total.....	10,350,000	54,160,000	318,179,777
Rhode Island: Providence—Industrial Trust Co.....	3,000,000	4,000,000	71,783,303
South Carolina:			
Cheraw—Merchants & Farmers Bank.....	100,000	3,000	338,007
Hartsville—Bank of Hartsville.....	50,000	50,000	394,626
Sumter—Peoples Bank of Sumter.....	100,000	19,400	368,325
Westminster—Westminster Bank.....	100,000	25,000	453,433
Woodruff—Bank of Woodruff.....	40,700	10,500	256,874
Total.....	390,700	107,900	1,811,265
South Dakota: Sioux Falls—Sioux Falls Savings Bank.....	200,000	23,000	3,852,230
Tennessee: Memphis—Union & Planters Bank & Trust Co.....	1,400,000	200,000	15,307,795
Texas:			
Bonham—First State Bank.....	100,000	14,000	543,354
Bremond—First State Bank.....	50,000	25,000	232,823
Dallas—			
Central State Bank.....	200,000	5,000	1,698,236
First State Bank.....	250,000	28,000	3,016,796
De Kalb—First State Bank.....	25,000	25,000	2,638,304
Edgewood—Farmers & Merchants State Bank.....	35,000	7,000	95,675
Hamlin—First State Bank.....	25,000	1,750	158,894
Lubbock—Lubbock State Bank.....	100,000	13,000	837,114
Memphis—Citizens State Bank.....	75,000	26,400	377,003
Savoy—First State Bank.....	25,000	3,500	120,175
Wolfe City—First State Bank.....	50,000	20,000	235,461
Total.....	935,000	168,650	9,954,435
Virginia:			
Chase City—Peoples Bank & Trust Co.....	100,000	10,000	173,005
Harrisonburg—Peoples Bank of.....	150,000	20,000	554,154
Norfolk—Citizens Bank of.....	600,000	500,000	5,896,002
Richmond—The Savings Bank of.....	200,000	200,000	2,198,163
Total.....	1,050,000	730,000	8,821,324
Washington:			
Bellingham—Northwestern State Bank.....	100,000	45,000	1,474,055
Chehalis—Coffman-Dobson Bank & Trust Co.....	150,000	100,000	1,493,790
Cofax—First Savings & Trust Co.....	50,000	15,000	369,711
La Crosse—First State Bank.....	60,000	8,000	715,454
Reardan—Farmers State Bank.....	25,000	7,500	639,855
Rosalie—Bank of Rosalie.....	25,000	5,000	308,777
Seattle—Metropolitan Bank.....	200,000	100,000	3,559,260
Spokane—Spokane & Eastern Trust Co.....	1,000,000	200,000	20,078,867
Wilbur—State Bank of Wilbur.....	50,000	5,000	919,175
Total.....	1,660,000	485,500	29,556,944
West Virginia: Grafton—Grafton Banking & Trust Co.....	100,000	30,000	1,180,082
Wisconsin:			
Clinton—Citizens Bank.....	50,000	10,000	478,360
Madison—Bank of Wisconsin.....	300,000	60,000	2,156,438
Milwaukee—			
Badger State Bank.....	200,000	2,000	1,506,471
Marshall & Illsley Bank.....	1,000,000	700,000	17,405,264
American Exchange Bank.....	250,000	50,000	4,721,622
Total.....	1,800,000	822,000	26,268,155

Exhibit J.—REGULATIONS OF THE FEDERAL RESERVE BOARD.

REGULATION A, SERIES OF 1917.

(Superseding Regulation A of 1916.)

REDISCOUNTS UNDER SECTION 13.

A, NOTES, DRAFT, AND BILLS OF EXCHANGE.

I. *General statutory provisions.*

Any Federal Reserve Bank may discount for any of its member banks any note, draft, or bill of exchange provided—

(a) It has a maturity at the time of discount of not more than 90 days, exclusive of days of grace; but if drawn or issued for agricultural purposes or based on live stock, it may have a maturity at the time of discount of not more than six months, exclusive of days of grace.

(b) It arose out of actual commercial transactions; that is, it must be a note, draft, or bill of exchange which has been issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.

(c) It was not issued for carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

(d) The aggregate of notes, drafts, and bills bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation rediscounted for any one member bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of such bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

(e) It is indorsed by a member bank.

(f) It conforms to all applicable provisions of this regulation.

II. *General character of notes, drafts, and bills of exchange eligible.*

The Federal Reserve Board, exercising its statutory right to define the character of a note, draft, or bill of exchange eligible for rediscount at a Federal Reserve Bank, has determined that—

(a) It must be a note, draft, or bill of exchange the proceeds of which have been used or are to be used in producing, purchasing, carrying, or marketing goods¹ in one or more of the steps of the process of production, manufacture, or distribution.

(b) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for permanent or fixed investments of any kind, such as land, buildings, or machinery.

(c) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for investments of a purely speculative character.

(d) It may be secured by the pledge of goods or collateral, provided it is otherwise eligible.

¹ When used in this regulation the word "goods" shall be construed to include goods, wares, merchandise, or agricultural products, including live stock.

III. *Applications for rediscount.*

All applications for the rediscount of notes, drafts, or bills of exchange must contain a certificate of the member bank, in form to be prescribed by the Federal Reserve Bank, that, to the best of its knowledge and belief, such notes, drafts, or bills of exchange have been issued for one or more of the purposes mentioned in II (a).

IV. *Promissory notes.*

(a) *Definition.*—A promissory note, within the meaning of this regulation, is defined as an unconditional promise, in writing, signed by the maker, to pay, in the United States, at a fixed or determinable future time, a sum certain in dollars to order or to bearer.

(b) *Evidence of eligibility and requirement of statements.*—A Federal Reserve Bank must be satisfied by reference to the note or otherwise that it is eligible for rediscount. Compliance of a note with II (b) may be evidenced by a statement of the borrower showing a reasonable excess of quick assets over certain liabilities. The member bank shall certify in its application whether the note offered for rediscount has been discounted for a depositor or another member bank or whether it has been purchased from a nondepositor. It must also certify whether a financial statement of the borrower is on file.

Such financial statements must be on file with respect to all notes offered for rediscount which have been purchased from sources other than a depositor or a member bank. With respect to any other note offered for rediscount, if no statement is on file, a Federal Reserve Bank shall use its discretion in taking the steps necessary to satisfy itself as to eligibility. It is authorized to waive the requirement of a statement with respect to any note discounted by a member bank for a depositor or another member bank—

(1) If it is secured by a warehouse, terminal, or other similar receipt covering goods in storage;

(2) If the aggregate of obligations of the borrower rediscounted and offered for rediscount at the Federal Reserve Bank is less than a sum equal to 10 per cent of the paid-in capital of the member bank and does not exceed \$5,000.

V. *Drafts, bills of exchange, and trade acceptances.*

(a) *Definition.*—A draft or bill of exchange, within the meaning of this regulation, is defined as an unconditional order in writing, addressed by one person to another, other than a banker as defined under B (b), signed by the person giving it, requiring the person to whom it is addressed, to pay, in the United States, at a fixed or determinable future time, a sum certain in dollars to the order of a specified person; and a trade acceptance is defined as a draft or bill of exchange drawn by the seller on the purchaser of goods sold and accepted by such purchaser.

(b) *Evidence of eligibility.*—A Federal Reserve Bank shall take such steps as it deems necessary to satisfy itself as to the eligibility of the draft or bill offered for rediscount, unless it presents prima facie evidence thereof or bears a stamp or certificate affixed by the acceptor or drawer showing that it is a trade acceptance.

VI. *Six months' agricultural paper.*

(a) *Definition.*—Six months' agricultural paper, within the meaning of this regulation, is defined as a note, draft, bill of exchange, or trade acceptance drawn or issued for agricultural purposes, or based on live stock; that is, a

note, draft, bill of exchange, or trade acceptance the proceeds of which have been used, or are to be used, for agricultural purposes, including the breeding, raising, fattening, or marketing of live stock, and which has a maturity at the time of discount of not more than six months, exclusive of days of grace.

(b) *Eligibility*.—To be eligible for rediscount six months' agricultural paper, whether a note, draft, bill of exchange, or trade acceptance, must comply with the respective sections of this regulation which would apply to it if its maturity were 90 days or less.

VII. *Commodity paper.*

(a) *Definition*.—Commodity paper within the meaning of this regulation is defined as a note, draft, bill of exchange, or trade acceptance accompanied and secured by shipping documents or by a warehouse, terminal, or other similar receipt covering approved and readily marketable, nonperishable staples properly insured.

(b) *Eligibility*.—To be eligible for rediscount at the special rates authorized to be established for commodity paper, such a note, draft, bill of exchange, or trade acceptance must also comply with the respective sections of this regulation applicable to it, must conform to the requirements of the Federal Reserve Bank relating to shipping documents, receipts, insurance, etc., and must be a note, draft, bill of exchange, or trade acceptance on which the rate of interest or discount, including commission, charged the maker, does not exceed 6 per cent per annum.

(c) *Suspension of commodity rate*.—As the special rate on commodity paper is intended to assist actual producers during crop-moving periods and is not designed to benefit speculators, the board reserves the right to suspend the special rates herein provided whenever it is apparent that the movement of crops, which this rate is intended to facilitate, has been practically completed.

B. BANKERS' ACCEPTANCES.

(a) *General statutory provisions*.—Any Federal Reserve Bank may discount for any of its member banks bankers' acceptances which have a maturity at the time of discount of not more than three months' sight, exclusive of days of grace, which are indorsed by at least one member bank, and which grow out of transactions involving the importation or exportation of goods; or, which grow out of transactions involving the domestic shipment of goods, provided shipping documents are attached at the time of acceptance; or, which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. Any Federal Reserve Bank may also acquire drafts or bills of exchange drawn on member banks by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnish dollar exchange.

(b) *Definition*.—A banker's acceptance within the meaning of this regulation is defined as a draft or bill of exchange of which the acceptor is a bank or trust company, or a firm, person, company, or corporation engaged in the business of granting bankers' acceptance credits.

(c) *Eligibility*.—To be eligible for rediscount the bill must have been drawn under a credit opened for the purpose of conducting, or settling accounts resulting from, a transaction or transactions involving (1) the shipment of goods between the United States and any foreign country, or between the United States and any of its dependencies or insular possessions, or between foreign countries, or (2) the domestic shipment of goods, provided shipping documents are attached at the time of acceptance; or it must be a bill which is secured at

the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. Any Federal Reserve Bank may also acquire drafts or bills drawn by a bank or banker in a foreign country or dependency or insular possession of the United States for the purpose of furnishing dollar exchange and accepted by a member bank in accordance with the provisions of regulation C, page 8. Such drafts or bills may be acquired prior to acceptance provided they have the indorsement of a member bank.

(d) *Evidence of eligibility.*—A Federal Reserve Bank must be satisfied, either by reference to the acceptance itself or otherwise, that it is eligible for rediscount. Satisfactory evidence of eligibility may consist of a stamp or certificate affixed by the acceptor in form satisfactory to the Federal Reserve Bank.

REGULATION B, SERIES OF 1917.

(Superseding Regulation B of 1916.)

OPEN-MARKET PURCHASES OF BILLS OF EXCHANGE, TRADE ACCEPTANCES, AND BANKERS' ACCEPTANCES UNDER SECTION 14.

I. *General statutory provisions.*

Section 14 of the Federal Reserve Act permits Federal Reserve Banks under rules and regulations to be prescribed by the Federal Reserve Board to purchase and sell in the open market from banks, firms, corporations, or individuals, bankers' acceptances and bills of exchange of the kinds and maturities made eligible by the act for rediscount, with or without the indorsement of a member bank.

II. *General character of bills and acceptances eligible.*

The Federal Reserve Board, exercising its statutory right to regulate the purchase of bills of exchange and acceptances, has determined that a bill of exchange or acceptance, to be eligible for purchase by Federal Reserve Banks under section 14—

(a) Must not have been issued for carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

(b) Must not be a bill the proceeds of which have been used or are to be used for permanent or fixed investments of any kind, such as land, buildings, or machinery, or for investments of a merely speculative character.

(c) Must have been accepted by the drawee prior to purchase by a Federal Reserve Bank unless it is accompanied and secured by shipping documents or by a warehouse, terminal, or other similar receipt conveying security title.

(d) May be secured by the pledge of goods¹ or collateral, provided it is otherwise eligible.

In addition to the above general requirements, each bill of exchange and trade acceptance purchased under the terms of this regulation must also conform to the more specific requirements set forth under III, and each banker's acceptance must also conform to the more specific requirements set forth under IV.

¹ When used in this regulation the word "goods" shall be construed to include goods, wares, merchandise, or agricultural products, including live stock.

III. *Bills of exchange and trade acceptances.*

(a) *Definition.*—A bill of exchange, within the meaning of this regulation, is defined as an unconditional order in writing, addressed by one person to another, other than a banker as defined under IV (a), signed by the person giving it, requiring the person to whom it is addressed, to pay, in the United States, at a fixed or determinable future time, a sum certain in dollars to the order of a specified person; and a trade acceptance is defined as a bill of exchange drawn by the seller on the purchaser of goods sold, and accepted by such purchaser.

(b) *Eligibility.*—To be eligible for purchase the bill must have arisen out of an actual commercial transaction, domestic or foreign; that is, it must be a bill which has been issued or drawn for agricultural, industrial, or commercial purposes or the proceeds of which have been used or are to be used for the purpose of producing, purchasing, carrying, or marketing goods in one or more of the steps of the process of production, manufacture, or distribution. It must have a maturity at time of purchase of not more than 90 days, exclusive of days of grace.

(c) *Evidence of eligibility.*—A Federal Reserve Bank shall take such steps as it deems necessary to satisfy itself as to the eligibility of the bill offered for purchase, unless it presents *prima facie* evidence thereof or bears a stamp or certificate affixed by the acceptor or drawer showing that it is a trade acceptance.

(d) *Statements.*—Unless indorsed by a member bank, a bill is not eligible for purchase until a satisfactory statement has been furnished of the financial condition of one or more of the parties thereto.

IV. *Bankers' Acceptances.*

(a) *Definition.*—A banker's acceptance, within the meaning of this regulation, is a bill of exchange of which the acceptor is a bank or trust company, or a firm, person, company, or corporation engaged in the business of granting bankers' acceptance credits.

(b) *Eligibility.*—To be eligible for purchase, the bill which must have a maturity at time of purchase of not more than three months, exclusive of days of grace, must have been drawn under a credit opened for the purpose of conducting, or settling accounts resulting from, a transaction or transactions involving—

(1) The shipment of goods between the United States and any foreign country, or between the United States and any of its dependencies or insular possessions, or between foreign countries, or

(2) The shipment of goods within the United States, provided the bill at the time of its acceptance is accompanied by shipping documents, or

(3) The storage within the United States of readily marketable goods, provided the acceptor of the bill is secured by warehouse, terminal, or other similar receipt, or

(4) The storage within the United States of goods which have been actually sold, provided the acceptor of the bill is secured by the pledge or such goods; or it must be a bill drawn by a bank or banker in a foreign country or dependency or insular possession of the United States for the purpose of furnishing dollar exchange. In this latter case the bank or banker drawing the bill must be in a country, dependency, or possession whose usages of trade have been determined by the Federal Reserve Board to require the drawing of bills of

(c) *Evidence of eligibility.*—A Federal Reserve Bank must be satisfied either by reference to the acceptance itself, or otherwise, that it is eligible for purchase. Satisfactory evidence of eligibility may consist of stamp or certificate affixed by the acceptor, in form satisfactory to the Federal Reserve Bank. No evidence of eligibility is required with respect to a bill accepted by a national bank.

(d) *Statements.*—Bankers' acceptances, other than those accepted or indorsed by member banks, shall be eligible for purchase only after the acceptor has furnished a satisfactory statement of financial condition in form to be approved by the Federal Reserve Board and has agreed in writing with a Federal Reserve Bank to inform it upon request concerning the transactions underlying such acceptances.

REGULATION C, SERIES OF 1917.

(Superseding Regulation C of 1916.)

ACCEPTANCE BY MEMBER BANKS OF DRAFTS AND BILLS OF EXCHANGE.

ACCEPTANCE OF DRAFTS OR BILLS OF EXCHANGE DRAWN AGAINST DOMESTIC OR FOREIGN SHIPMENTS OF GOODS OR SECURED BY WAREHOUSE RECEIPTS COVERING READILY MARKETABLE STAPLES.

I. Statutory Provisions.

Under the provisions of the fifth paragraph of section 13 of the Federal Reserve Act, as amended by the acts of September 7, 1916, and June 21, 1917, any member bank may accept drafts or bills of exchange drawn upon it, having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. This paragraph limits the amount which any bank shall accept for any one person, company, firm, or corporation, whether in a foreign or domestic transaction, to an amount not exceeding at any time, in the aggregate, more than 10 per cent of its paid-up and unimpaired capital stock and surplus. This limit, however, does not apply in any case where the accepting bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance. The law also provides that any bank may accept such bills up to an amount not exceeding at any time, in the aggregate, more than one-half of its paid-up and unimpaired capital stock and surplus; or, with the approval of the Federal Reserve Board, up to an amount not exceeding at any time, in the aggregate, more than 100 per cent of its paid-up and unimpaired capital stock and surplus. In no event, however, shall the aggregate amount of acceptances growing out of domestic transactions exceed 50 per cent of such capital stock and surplus.

II. Regulations.

1. Under the provisions of the law referred to above the Federal Reserve Board has determined that any member bank, having an unimpaired surplus equal to at least 20 per cent of its paid-up capital, which desires to accept drafts or bills of exchange drawn for the purposes described above, up to an amount not exceeding at any time, in the aggregate, 100 per cent of its paid-up and unimpaired capital stock and surplus, may file an application for that purpose with the Federal Reserve Board. Such application must be forwarded through the Federal Reserve Bank of the district in which the applying bank is located.

2. The Federal Reserve Bank shall report to the Federal Reserve Board upon the standing of the applying bank, stating whether the business and banking conditions prevailing in its district warrant the granting of such applications.

3. The approval of any such application may be rescinded upon 90 days' notice to the bank affected.

B. ACCEPTANCE OF DRAFTS OR BILLS OF EXCHANGE DRAWN FOR THE PURPOSE OF CREATING DOLLAR EXCHANGE.

1. Statutory provisions.

Section 13 of the Federal Reserve Act also provides that any member bank may accept drafts or bills of exchange drawn upon it having not more than three months' sight to run, exclusive of days of grace, drawn, under regulations to be prescribed by the Federal Reserve Board, by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

No member bank shall accept such drafts or bills of exchange for any one bank to an amount exceeding in the aggregate 10 per cent of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security. No member bank shall accept such drafts or bills in an amount exceeding at any time in the aggregate one-half of its paid-up and unimpaired capital and surplus. This 50 per cent limit is separate and distinct from and not included in the limits placed upon the acceptance of drafts and bills of exchange as described under section A of the regulation.

II. Regulations.

Any member bank desiring to accept drafts drawn by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange shall first make an application to the Federal Reserve Board setting forth the usages of trade in the respective countries, dependencies, or insular possessions in which such banks or bankers are located.

If the Federal Reserve Board should determine that the usages of trade in such countries, dependencies, or possessions require the granting of the acceptance facilities applied for, it will notify the applying bank of its approval and will also publish in the Federal Reserve Bulletin the name or names of those countries, dependencies, or possessions in which banks or bankers are author-

ized to draw on member banks whose applications have been approved for the purpose of furnishing dollar exchange.

The Federal Reserve Board reserves the right to modify or on 90 days' notice to revoke its approval either as to any particular member bank or as to any foreign country or dependency or insular possession of the United States in which it has authorized banks or bankers to draw on member banks for the purpose of furnishing dollar exchange.

REGULATION D, SERIES OF 1917.

[Superseding Regulation D of 1916.]

TIME DEPOSITS AND SAVINGS ACCOUNTS.

Section 19 of the Federal Reserve Act provides, in part, as follows:

Demand deposits, within the meaning of this act, shall comprise all deposits payable within 30 days, and time deposits shall comprise all deposits payable after 30 days, and all savings accounts and certificates of deposit which are subject to not less than 30 days' notice before payment, and all postal savings deposits.

Time deposits, open accounts.

The term "time deposits, open accounts," shall be held to include all accounts not evidenced by certificates of deposit or savings pass books, in respect to which a written contract is entered into with the depositor at the time the deposit is made that neither the whole nor any part of such deposit may be withdrawn by check or otherwise except on a given date or on written notice given by the depositor a certain specified number of days in advance, in no case less than 30 days.

Savings accounts.

The term "savings accounts" shall be held to include those accounts of the bank in respect to which, by its printed regulations, accepted by the depositor at the time the account is opened—

(a) The pass book, certificate, or other similar form of receipt must be presented to the bank whenever a deposit or withdrawal is made; and

(b) The depositor may at any time be required by the bank to give notice of an intended withdrawal not less than 30 days before a withdrawal is made.

Time certificates of deposit.

A "time certificate of deposit" is defined as an instrument evidencing the deposit with a bank, either with or without interest, of a certain sum specified on the face of the certificate payable in whole or in part to the depositor or on his order—

(a) On a certain date, specified on the certificate, not less than 30 days after the date of the deposit; or

(b) After the lapse of a certain specified time subsequent to the date of the certificate, in no case less than 30 days; or

(c) Upon written notice given a certain specified number of days, not less than 30 days before the date of repayment; and

(d) In all cases only upon presentation of the certificate at each withdrawal for proper indorsement or surrender.

REGULATION E, SERIES OF 1917.

(Superseding Regulation E of 1916.)

PURCHASE OF WARRANTS.

Statutory Requirements.

Section 14 of the Federal Reserve Act reads in part as follows:

Every Federal Reserve Bank shall have power—

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board.

For brevity's sake, the term "warrant" when used in this regulation shall be construed to mean "bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months," and the term "municipality" shall be construed to mean "State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts."

Regulation.

I. Any Federal Reserve Bank may purchase warrants issued by a municipality in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues, provided—

(a) They are the general obligations of the entire municipality; it being intended to exclude as ineligible for purchase all such obligations as are payable from "local benefit" and "special assessment" taxes when the municipality at large is not directly or ultimately liable;

(b) They are issued in anticipation of taxes or revenues which are due and payable on or before the date of maturity of such warrants; but the Federal Reserve Board may waive this condition in specific cases. For the purposes of this regulation, taxes shall be considered as due and payable on the last day on which they may be paid without penalty;

(c) They are issued by a municipality—

(1) Which has been in existence¹ for a period of 10 years;

(2) Which for a period of 10 years previous to the purchase has not defaulted¹ for longer than 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it;

(3) Whose net funded indebtedness¹ does not exceed 10 per cent of the valuation of its taxable property, to be ascertained by the last preceding valuation of property for the assessment of taxes.

II. Except with the approval of the Federal Reserve Board, no Federal Reserve Bank shall purchase and hold an amount in excess of 25 per cent of the total amount of warrants outstanding at any time and issued in conformity with provisions of section 14 (b) above quoted, and actually sold by a municipality.

III. Except with the approval of the Federal Reserve Board, the aggregate amount invested by any Federal Reserve Bank in warrants of all kinds shall

¹ See Appendix, p. 172.

not exceed at the time of purchase a sum equal to 10 per cent of the deposits kept by its member banks with such Federal Reserve Bank.

IV. Except with the approval of the Federal Reserve Board, the maximum amount which may be invested at the time of purchase by any Federal Reserve Bank in warrants of any single municipality shall be limited to the following percentages of the deposits kept in such Federal Reserve Bank by its member banks:

Five per cent of such deposits in warrants of a municipality of 50,000 population or over;

Three per cent of such deposits in warrants of a municipality of over 30,000 population, but less than 50,000;

One per cent of such deposits in warrants of a municipality of over 10,000 population, but less than 30,000.

V. Warrants of a municipality of 10,000 population or less shall be purchased only with the special approval of the Board.

The population of a municipality shall be determined by the last Federal or State census. Where it can not be exactly determined the Board will make special rulings.

VI. Opinion of recognized counsel on municipal issues or of the regularly appointed counsel of the municipality, as to the legality of the issue shall be secured and approved in each case by counsel for the Federal Reserve Bank.

VII. Any Federal Reserve Bank may purchase from any of its member banks warrants of any municipality indorsed by such member bank, with waiver of demand, notice, and protest, up to an amount not to exceed 10 per cent of the aggregate capital and surplus of such member bank: *Provided, however,* That such warrants comply with provisions I and III of these regulations, except that where a period of 10 years is mentioned in I (c) hereof a period of 5 years shall be substituted for the purposes of this clause.

APPENDIX TO REGULATION E.

"NET FUNDED INDEBTEDNESS."

The term "net funded indebtedness" is hereby defined to mean the legal gross indebtedness of the municipality (including the amount of any school district or other bonds which depend for their redemption upon taxes levied upon property within the municipality) less the aggregate of the following items:

(1) The amount of outstanding bonds or other debt obligations made payable from current revenues;

(2) The amount of outstanding bonds issued for the purpose of providing the inhabitants of a municipality with public utilities, such as waterworks, docks, electric plants, transportation facilities, etc.: *Provided,* That evidence is submitted showing that the income from such utilities is sufficient for maintenance, for payment of interest on such bonds, and for the accumulation of a sinking fund for their redemption;

(3) The amount of outstanding improvement bonds, issued under laws which provide for the levying of special assessments against abutting property in amounts sufficient to insure the payment of interest on the bonds and the redemption thereof: *Provided,* That such bonds are direct obligations of the municipality and included in the gross indebtedness of the municipality;

(4) The total of all sinking funds accumulated for the redemption of the gross indebtedness of the municipality, except sinking funds applicable to bonds just described in (1), (2), and (3) above.

"EXISTENCE" AND "NONDEFAULT."

Warrants will be construed to comply with that part of I (c) of Regulation E relative to term of existence and nondefault, under the following conditions:

(1) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such warrants, consolidated with or merged into an existing political division which meets the requirements of these regulations, will be deemed to be the warrants of such political division: *Provided*, That such warrants were assumed by such political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(2) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such warrants, wholly succeeded by a newly organized political division whose term of existence, added to that of such original political division or of any other political division so succeeded, is equal to a period of 10 years will be deemed to be warrants of such succeeding political division: *Provided*, That during such period none of such political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it: *And provided further*, That such warrants were assumed by such new political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(3) Warrants issued by or in behalf of any municipality which, prior to such issuance, became the successor of one or more, or was formed by the consolidation or merger of two or more, preexisting political divisions, the term of existence of one or more of which, added to that of such succeeding or consolidated political division, is equal to a period of 10 years, will be deemed to be warrants of a political division which has been in existence for a period of 10 years: *Provided*, That during such period none of such original, succeeding, or consolidated political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it.

REGULATION F, SERIES OF 1917.

(Superseding Regulation F of 1916.)

TRUST POWERS OF NATIONAL BANKS.

I. *Statutory provisions.*

The Federal Reserve Act provides:

SEC. 11. The Federal Reserve Board shall be authorized and empowered:

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds, under such rules and regulations as the said Board may prescribe.

II. *Applications.*

A national bank desiring to exercise any or all of the privileges authorized by section 11, subsection (k), of the Federal Reserve Act, shall make application to the Federal Reserve Board on a form approved by said Board (Form No. 61). Such application shall be forwarded by the applying bank to the Chairman of the Board of Directors of the Federal Reserve Bank of its district, and shall thereupon be transmitted to the Federal Reserve Board with his recommendations.

III. *Separate departments.*

Every national bank permitted to act under this section shall establish a separate trust department, and shall place such department under the management of an officer or officers, whose duties shall be prescribed by the board of directors of the bank.

IV. *Provision for keeping trust funds.*

The funds, securities, and investments held in each trust shall be held separate and distinct from the general funds and securities of the bank, and separate and distinct one from another. The ledgers and other books kept for the trust department shall be entirely separate and apart from the other books and records of the bank.

V. *Examinations.*

Examiners appointed by the Comptroller of the Currency or designated by the Federal Reserve Board will hereafter be instructed to make thorough and complete audits of the cash, securities, accounts, and investments of the trust department of every bank at the same time that examination is made of the banking department.

VI. *Conformity with State laws.*

Nothing in these regulations shall be construed to give to a national bank doing business as trustee, executor, administrator, or registrar of stocks and bonds under section 11 (k) of the Federal Reserve Act any rights or privileges in contravention of the laws of the State in which the bank is located.

VII. *Revocation of permits.*

The Federal Reserve Board reserves the right to revoke permits granted under these regulations in any case where in the opinion of the Board a bank has willfully violated the provisions of these regulations or the laws of any State relating to the operations of such bank when acting as trustee, executor, administrator, or registrar of stocks and bonds.

VIII. *Changes in rules.*

These regulations are subject to change by the Federal Reserve Board; provided, however, that no such change shall prejudice obligations undertaken in good faith under regulations in effect at the time the obligation was assumed.

REGULATION G, SERIES OF 1917.

(Superseding Regulation G of 1916.)

LOANS ON FARM LAND AND OTHER REAL ESTATE.

Section 24 of the Federal Reserve Act provides in part that—

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land situated within its Federal Reserve district or within a radius of one hundred miles of the place in which such bank is located, irrespective of district lines, and may also make loans secured by improved and unencumbered real estate located within one hundred miles of the place in which such bank is located, irrespective of district lines; but no loan made upon the security of such farm land shall be made for a longer time than five years, and no loan made upon the security of such real estate as distinguished from farm land shall be made for a longer time than one year nor shall the amount of any such loan, whether upon such farm land or upon such real estate, exceed fifty per centum of the actual value of the property offered as security. Any such bank may make such loans, whether secured by such farm land or such real estate, in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

National banks not located in central reserve cities may, therefore, legally make loans secured by improved and unencumbered farm land or other real estate as provided by this section.

Certain conditions and restrictions must, however, be observed—

(a) There must be no prior lien on the land; that is, the lending bank must hold an absolute first mortgage or deed of trust.

(b) The amount of the loan must not exceed 50 per cent of the actual value of the land by which it is secured.

(c) The maximum amount of loans which a national bank may make on real estate, whether on farm land or on other real estate as distinguished from farm land, is limited under the terms of the act to an amount not in excess of one-third of its time deposits at the time of the making of the loan, and not in excess of one-third of its average time deposits during the preceding calendar year: *Provided, however,* That if one-third of such time deposits as of the date of making the loan, or one-third of the average time deposits for the preceding calendar year, is less than one-fourth of the capital and surplus of the bank as of the date of making the loan, the bank in such event shall have authority to make loans upon real estate under the terms of the act to the extent of one-fourth of the bank's capital and surplus as of that date.

(d) Farm land to be eligible as security for a loan by a national bank must be situated within the Federal Reserve district in which such bank is located or within a radius of 100 miles of such bank irrespective of district lines. *

(e) Real estate as distinguished from farm land to be eligible as security for a loan by a national bank must be located within a radius of 100 miles of such bank irrespective of district lines.

(f) The right of a national bank to "make loans" under section 24 includes the right to purchase or discount loans already made as well as the right to make such loans in the first instance: *Provided, however,* That no loan secured by farm land shall have a maturity of more than five years from the date on which it was purchased or made by the national bank and that no loan secured by other real estate shall have a maturity of more than one year from such date.

(g) Though no national bank is authorized under the provisions of section 24 to make a loan on the security of real estate, other than farm land, for a

period exceeding one year, nevertheless, at the end of the year, it may properly make a new loan upon the same security for a period not exceeding one year. The maturing note must be canceled and a new note taken in its place, but in order to obviate the necessity of making a new mortgage or deed of trust for each renewal, the original mortgage or deed of trust may be so drawn in the first instance as to cover possible future renewals of the original note. Under no circumstances, however, must the bank obligate itself in advance to make such a renewal. It must, in all cases, preserve the right to require payment at the end of the year and to foreclose the mortgage should that action become necessary. The same principles apply to loans of longer maturities secured by farm lands.

(h) In order that real estate loans held by a bank may be readily classified, a statement signed by the officers making a loan and having knowledge of the facts upon which it is based must be attached to each note secured by a first mortgage on the land by which the loan is secured, certifying in detail as of the date of the loan that all of the requirements of law have been duly observed.

REGULATION H, SERIES OF 1917.

(Superseding Regulation H of 1916.)

MEMBERSHIP OF STATE BANKS AND TRUST COMPANIES.

I. *Statutory requirements.*

Section 9 of the Federal Reserve Act, as amended by the act approved June 21, 1917, which authorizes State banks and trust companies to become members of the Federal Reserve system, is quoted in the appendix to this regulation on page 24.

II. *Banks eligible for membership.*

A State bank or a trust company to be eligible for membership in a Federal Reserve Bank must comply with the following conditions:

1. It must have been incorporated under a special or general law of the State or district in which it is located.

2. It must have a minimum paid-up unimpaired capital stock as follows: In cities or towns not exceeding 3,000 inhabitants, \$25,000. In cities or towns exceeding 3,000 but not exceeding 6,000 inhabitants, \$50,000. In cities or towns exceeding 6,000 but not exceeding 50,000 inhabitants, \$100,000. In cities exceeding 50,000 inhabitants, \$200,000.

III. *Application for membership.*

Any eligible State bank or trust company may make application on F. R. B. Form 83a, made a part of this regulation, to the Federal Reserve Board for an amount of capital stock in the Federal Reserve Bank of its district equal to 6 per cent of the paid-up capital stock and surplus of such State bank or trust company. This application must be forwarded direct to the Federal Reserve agent of the district in which the applying bank or trust company is located and must be accompanied by Exhibits I, II, and III, referred to on page 1 of the application blank.

IV. *Approval of application.*

In passing upon an application the Federal Reserve Board will consider especially—

1. The financial condition of the applying bank or trust company and the general character of its management.

2. Whether the corporate powers exercised by the applying bank or trust company are consistent with the purposes of the Federal Reserve Act.

3. Whether the laws of the State or district in which the applying bank or trust company is located contain provisions likely to prevent proper compliance with the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board made in conformity therewith.

If, in the judgment of the Federal Reserve Board, an applying bank or trust company conforms to all the requirements of the Federal Reserve Act and these regulations, and is otherwise qualified for membership, the board will issue a certificate of approval, subject to such conditions as it may deem necessary to insure compliance with the act and these regulations. When the conditions imposed by the board have been accepted by the applying bank or trust company the board will issue a certificate of approval, whereupon the applying bank or trust company shall make a payment to the Federal Reserve Bank of its district of one-half of the amount of its subscription, i. e., 3 per cent of the amount of its paid-up capital and surplus, and upon receipt of this payment the appropriate certificate of stock will be issued by the Federal Reserve Bank. The remaining half of the subscription of the applying bank or trust company shall be subject to call when deemed necessary by the Federal Reserve Board.

V. *Powers and restrictions.*

Every State bank or trust company, while a member of the Federal reserve system—

1. Shall retain its full charter and statutory rights as a State bank or trust company, subject to the provisions of the Federal Reserve Act and to the regulations of the Federal Reserve Board, including any conditions embodied in the certificate of approval;

2. Shall maintain such improvements and changes in its banking practice as may have been specifically required of it by the Federal Reserve Board as a condition of its admission and shall not lower the standard of banking then required of it; and

3. Shall enjoy all the privileges and observe all those requirements of the Federal Reserve Act and of the regulations of the Federal Reserve Board made in conformity therewith which are applicable to State banks and trust companies which have become member banks.

VI. *Examinations and reports.*

Every State bank or trust company, while a member of the Federal Reserve System, shall be subject to examinations made by direction of the Federal Reserve Board or of the Federal Reserve Bank by examiners selected or approved by the Federal Reserve Board.

In order to avoid duplication, examinations of State banks and trust companies made by State authorities will be accepted in lieu of examinations by examiners selected or approved by the board wherever these are satisfactory to the directors of the Federal Reserve Bank and where, in addition, satisfactory arrangements for cooperation in the matter of examination between

the designated examiners of the board and those of the States already exist or can be effected with State authorities. Examiners from the staff of the board or of the Federal Reserve Banks will, whenever desirable, be designated by the board to act with the examination staff of the State, in order that uniformity in the standard of examination may be assured.

Every State bank or trust company, while a member of the Federal Reserve System, shall be required to make in each year not less than three reports of condition and of the payment of dividends. Such reports shall be made to the Federal Reserve Bank of its district on call of such bank on dates to be fixed by the Federal Reserve Board.

APPENDIX TO REGULATION H.

Section 9 of the Federal Reserve Act as amended by the act approved June 21, 1917, provides that:

Any bank incorporated by special law of any State, or organized under the general laws of any State, or of the United States, desiring to become a member of the Federal Reserve System, may make application to the Federal Reserve Board, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal Reserve Bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, subject to such conditions as it may prescribe, may permit the applying bank to become a stockholder of such Federal Reserve Bank.

In acting upon such applications, the Federal Reserve Board shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this act.

Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal Reserve Bank of the district its stock subscription shall be payable on call of the Federal Reserve Board and stock issued to it shall be held subject to the provisions of this act.

All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relate to the payment of unearned dividends. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section fifty-two hundred and nine of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal Reserve Bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal Reserve Bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within ten days after the date they are called for shall subject the offending bank to a penalty of \$100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal Reserve Bank by suit or otherwise.

As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of report. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the bank examined.

If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board made pursuant thereto, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than twenty-five per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board.

Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

No applying bank shall be admitted to membership in a Federal Reserve Bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national bank act.

Banks becoming members of the Federal Reserve System under authority of this section shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section fifty-two hundred and forty of the Revised Statutes as amended by section twenty-one of this act. Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal Reserve System shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks: *Provided, however,* That no Federal Reserve Bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than ten per centum of the capital and surplus of such State bank or trust company, but the discount of bills of exchange drawn against actually existing value and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as borrowed money within the meaning of this section. The Federal Reserve Bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guaranty to the effect that the borrower is not liable to such bank in excess of the amount provided by this section, and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal Reserve Bank.

It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal Reserve System upon hearing by the Federal Reserve Board.

REGULATION I, SERIES OF 1917.

(Superseding Regulation I of 1916.)

INCREASE OR DECREASE OF CAPITAL STOCK OF FEDERAL RESERVE BANKS.

Increase of Capital Stock.

Whenever the capital stock of any Federal Reserve Bank shall be increased by new banks becoming members, or by the increase of capital or surplus of any member bank and the allotment of additional capital stock to such bank, the board of directors of such Federal Reserve Bank shall certify such increase to the Comptroller of the Currency on Form 58, which is made a part of this regulation.

Decrease of capital stock.

I. Whenever a member bank reduces its capital stock or surplus, and, in the case of reduction of its capital, such reduction has been approved by the Comptroller of the Currency and by the Federal Reserve Board in accordance with the provisions of section 28 of the Federal Reserve Act, it shall file with the Federal Reserve Bank of which it is a member an application on Form 60, which is made a part of this regulation. When this application has been approved, the Federal Reserve Board shall take up and cancel the receipt issued to such bank for cash payments made on its subscription and shall issue in lieu thereof a new receipt after refunding to the member bank the proportionate amount due such bank on account of the subscription canceled. The receipt so issued shall show the date of original issue, so that dividends may be calculated thereon.

II. Whenever a member bank shall be declared insolvent and a receiver appointed by the proper authorities, such receiver shall file with the Federal Reserve Bank of which the insolvent bank is a member an application on Form 87, which is made a part of this regulation, for the surrender and cancellation of the stock held by and for the refund of all balances due to such insolvent member bank. Upon approval of this application by the Federal Reserve agent the Federal Reserve Bank shall accept and cancel the stock surrendered, and shall adjust accounts between the member bank and the Federal Reserve Bank by applying to the indebtedness of the insolvent member bank to such Federal Reserve Bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per cent per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized receiver of such insolvent member bank.

III. Whenever a member bank goes into voluntary liquidation and a liquidating agent is appointed, such agent shall file with the Federal Reserve Bank of which it is a member an application on Form 86, which is made a part of this regulation, for the surrender and cancellation of the stock held by and for the refund of all balances due to such liquidating member bank. Upon approval of this application by the Federal Reserve agent the Federal Reserve Bank shall accept and cancel the stock surrendered, and shall adjust accounts between the liquidating member bank and the Federal Reserve Bank by applying to the indebtedness of the liquidating member bank to such Federal Reserve Bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per cent per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized liquidating agent of such liquidating member bank.

IV. Whenever the stock of a Federal Reserve Bank shall be reduced in the manner provided in Paragraphs I, II, or III of this regulation the board of directors of such Federal Reserve Bank shall, in accordance with the provisions of section 6, file with the Comptroller of the Currency a certificate of such reduction on Form 59, which is made a part of this regulation.

REGULATION J, SERIES OF 1917.

(Superseding Regulation J of 1916.)

CHECK CLEARING AND COLLECTION

Section 16 of the Federal Reserve Act authorizes the Federal Reserve Board to require each Federal Reserve Bank to exercise the function of a clearing house for its member banks, and section 13 of the Federal Reserve Act, as amended by the act approved June 21, 1917, authorizes each Federal Reserve Bank to receive from any nonmember bank or trust company, solely for the purposes of exchange or of collection, deposits of current funds in lawful money, national-bank notes, Federal Reserve notes, checks, and drafts payable upon presentation, or maturing notes and bills, provided such nonmember bank or trust company maintains with its Federal Reserve Bank a balance sufficient to offset the items in transit held for its account by the Federal Reserve Bank.

In pursuance of the authority vested in it under these provisions of law, the Federal Reserve Board, desiring to afford both to the public and to the various banks of the country a direct, expeditious, and economical system of check collection and settlement of balances, has arranged to have each Federal Reserve Bank exercise the functions of a clearing house for such of its member banks as desire to avail themselves of its privileges and for such State banks and trust companies as may maintain with the Federal Reserve Bank a balance sufficient to qualify it as a clearing member under the provisions of section 13.

Each Federal Reserve Bank shall exercise the functions of a clearing house under the following general terms and conditions:

(1) Each Federal Reserve Bank will receive at par from its member banks and from nonmember banks in its district which have become clearing members, checks¹ drawn on all member and clearing member banks and on all other nonmember banks which agree to remit at par through the Federal Reserve Bank of their district.

(2) Each Federal Reserve Bank will receive at par from other Federal Reserve Banks and will receive at par from all member and clearing member banks, regardless of their location, for the credit of their accounts with their respective Federal Reserve Banks, checks drawn upon all member and clearing member banks of its district and upon all other nonmember banks of its district whose checks can be collected at par by the Federal Reserve Bank. The Federal Reserve Banks will prepare a par list of all nonmember banks, to be revised from time to time, which will be furnished to member and clearing member banks.

(3) Immediate credit entry upon receipt subject to final payment will be made for all such items upon the books of the Federal Reserve Bank at full

¹ A check is generally defined as a draft or order upon a bank, or order upon a bank or banking house, purporting to be drawn upon a deposit of funds, for the payment at all events of a certain sum of money to a certain person therein named, or to him or his order, or to bearer, and payable instantly on demand.

face value, but the proceeds will not be counted as part of the minimum reserve nor become available to meet checks drawn until actually collected, in accordance with the best practice now prevailing.

(4) Checks received by a Federal Reserve Bank on its member or clearing-member banks will be forwarded direct to such banks and will not be charged to their accounts until sufficient time has elapsed within which to receive advice of payment.

(5) In the selection of collecting agents for handling checks on nonmember banks, which have not become clearing members, member banks will be given the preference.

(6) Under this plan each Federal Reserve Bank will receive at par from its member and clearing-member banks checks on all member and clearing-member banks and on all other nonmember banks whose checks can be collected at par by any Federal Reserve Bank. Member and clearing-member banks will be required by the Federal Reserve Board to provide funds to cover at par all checks received from or for the account of their Federal reserve banks: *Provided, however,* That a member or clearing-member bank may ship currency or specie from its own vaults at the expense of its Federal Reserve Bank to cover any deficiency which may arise because of and only in the case of inability to provide items to offset checks received from or for the account of its Federal Reserve Bank.¹

(7) Section 19 of the Federal Reserve Act provides that—

The required balance carried by a member bank with a Federal Reserve Bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.

It is manifest that items in process of collection can not lawfully be counted as part of the minimum reserve balance to be carried by a member bank with its Federal Reserve Bank. Therefore, should a member bank draw against such items the draft would be charged against its reserve balance if such balance were sufficient in amount to pay it; but any resulting impairment of reserve balances would be subject to all the penalties provided by the act.

Inasmuch as it is essential that the law in respect to the maintenance by member banks of the required minimum reserve balance shall be strictly complied with, the Federal Reserve Board, under authority vested in it by section 19 of the act, hereby prescribes as the penalty for any deficiency in reserves a sum equivalent to an interest charge on the amount of the deficiency of 2 per cent per annum above the ninety-day discount rate of the Federal Reserve Bank of the district in which the member bank is located. The Board reserves the right to increase this penalty whenever conditions require it.

For the purpose of keeping their reserve balances intact member banks may at all times have recourse to the rediscount facilities offered by their respective Federal Reserve Banks.

(8) Each Federal Reserve Bank will determine by analysis the amounts of uncollected funds appearing on its books to the credit of each member bank. Such analysis will show the true status of the reserve held by the Federal Reserve Bank for each member bank and will enable it to apply the penalty for impairment of reserve.

¹ In accordance with instructions issued by the Federal Reserve Board on Apr. 24, 1917, the various Federal Reserve Banks have issued circulars setting forth the conditions under which their respective member banks may draw drafts on their Reserve Bank accounts payable with or through any other Federal Reserve Bank.

A schedule of the time required within which to collect checks will be furnished to each bank to enable it to determine the time at which any item sent to its Federal Reserve Bank will be counted as reserve and become available to meet any checks drawn.

(9) In handling items for member and clearing member banks, a Federal Reserve Bank will act as agent only. The Board will require that each member and clearing member bank authorize its Federal Reserve Bank to send checks for collection to banks on which checks are drawn, and, except for negligence, such Federal Reserve Bank will assume no liability. Any further requirements that the Board may deem necessary will be set forth by the Federal Reserve Banks in their letters of instruction to their member and clearing member banks. Each Federal Reserve Bank will also promulgate rules and regulations governing the details of its operations as a clearing house, such rules and regulations to be binding upon all member and nonmember banks which are clearing through the Federal Reserve Bank.

(10) The cost of collecting and clearing checks must necessarily be borne by the banks receiving the benefit and in proportion to the service rendered. An accurate account will be kept by each reserve bank of the cost of performing this service and the Federal Reserve Board will, by rule, fix the charge, at so much per item, which may be imposed for the service of clearing or collection rendered by the reserve banks, as provided in section 16 of the Federal Reserve Act.

REGULATIONS GOVERNING THE EXPORTATION OF COIN, BULLION, AND CURRENCY.

EXECUTIVE ORDER.

By virtue of the authority vested in me, I direct that the regulations, orders, limitations, and exceptions prescribed in relation to the exportation of coin, bullion, and currency shall be administered by and under the authority of the Secretary of the Treasury; and upon the recommendation of the Secretary of the Treasury, I hereby prescribe the following regulations in relation thereto:

1. Any individual, firm, or corporation desiring to export from the United States or any of its Territorial possessions to any foreign country named in the proclamation dated September seventh, nineteen hundred and seventeen, any coin, bullion, or currency shall first file an application in triplicate with the Federal reserve bank of the district in which such individual, firm, or corporation is located, such application to state under oath and in detail the nature of the transaction, the amount involved, the parties directly and indirectly interested, and such other information as may be of assistance to the proper authorities in determining whether the exportation for which a license is desired will be compatible with the public interest.

2. Each Federal reserve bank shall keep a record copy of each application filed with it under the provisions of this regulation and shall forward the original application and a duplicate to the Federal Reserve Board at Washington, together with such information or suggestions as it may believe proper in the circumstances, and shall, in addition, make a formal recommendation as to whether or not in its opinion the exportation should be permitted.

3. The Federal Reserve Board, subject to the approval of the Secretary of the Treasury, is hereby authorized and empowered upon receipt of such application and the recommendation of the Federal reserve bank to make such ruling as it may deem proper in the circumstances and, if in its opinion the exportation in question be compatible with the public interest, to permit said exportation to be made; otherwise to refuse it.

WOODROW WILSON.

THE WHITE HOUSE, *September 7, 1917.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

Whereas Congress has enacted and the President has, on the fifteenth day of June, one thousand nine hundred and seventeen, approved a law which contains the following provisions:

Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times and under such regulations and orders and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: *Provided, however*, That no preference shall be given to the ports of one State over those of another.

Any person who shall export, ship, or take out, or deliver or attempt to deliver for export, shipment, or taking out, any article in violation of this title, or of any regulation or order made hereunder, shall be fined not more than \$10,000, or, if a natural person, imprisoned for not more than two years, or both; and any article so delivered or exported, shipped, or taken out, or attempted to be so delivered or exported, shipped, or taken out, shall be seized and forfeited to the United States; and any officer, director, or agent of a corporation who participates in any such violation shall be liable to like fine or imprisonment, or both.

Whenever there is reasonable cause to believe that any vessel, domestic or foreign, is about to carry out of the United States any article or articles in violation of the provisions of this title, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the Secretary of Commerce, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law, to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart. Whoever, in violation of any of the provisions of this section shall take, or attempt to take, or authorize the taking of any such vessel out of port or from the jurisdiction of the United States, shall be fined not more than \$10,000 or imprisoned not more than two years, or both; and, in addition, such vessel, her tackle, apparel, furniture, equipment, and her forbidden cargo shall be forfeited to the United States.

And whereas the President has heretofore by proclamation, under date of the twenty-seventh day of August in the year one thousand nine hundred and seventeen, declared certain exports in time of war unlawful, and the President finds that the public safety requires that such proclamation be amended and supplemented in respect to the articles hereinafter mentioned:

Now, therefore, I, Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern, that the public safety requires that, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: Coin, bullion, and currency shall not, on and after the tenth day of September, in the year one thousand nine hundred and seventeen, be exported from or shipped from or taken out of the United States or its territorial possessions to Albania, Austria-Hungary, Belgium, Bulgaria, Denmark, her colonies, possessions, or protectorates, Germany, her colonies, possessions, or protectorates, Greece, Liechtenstein, Luxembourg, the Kingdom of the Netherlands, Norway, Spain, her colonies, possessions, or protectorates, Sweden, Switzerland or Turkey, Abyssinia, Afghanistan, Argentina, Bolivia, Brazil, China, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt, France, her colonies, pos-

sessions, or protectorates, Guatemala, Haiti, Honduras, Italy, her colonies, possessions, or protectorates, Great Britain, her colonies, possessions, or protectorates, Japan, Liberia, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, the colonies, possessions, or protectorates of the Netherlands, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions, or protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Uruguay, or Venezuela.

The regulations, orders, limitations, and exceptions prescribed will be administered by and under the authority of the Secretary of the Treasury, from whom licenses in conformity with said regulations, orders, limitations, and exceptions will issue.

Except as hereby amended and supplemented, the above-mentioned proclamation under date of August 27, 1917, shall continue in full force and effect.

In witness whereof I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington, this seventh day of September in the year of our Lord one thousand nine hundred and seventeen and of the independence of the United States of America the one hundred and forty-second.

WOODBOW WILSON.

By the President:

ROBERT LANSING, *Secretary of State.*

ADMINISTRATIVE PROCEDURE.

METHOD OF MAKING APPLICATION.

Individuals firms and corporations desiring to obtain licenses for the exportation of coin, bullion, and currency, must file an application with the Federal reserve bank of the district in which the applicant resides or where the transaction requiring the shipment originates. These applications must be made on a standard form which has been furnished to all Federal reserve banks.

EXPORTS OF GOLD.

It will be the general policy of the board not to authorize the exportation of gold unless the shipment applied for is shown to be connected in a direct and definite way with a corresponding importation of merchandise for consumption in the United States, but in any case authorization will be granted only where the exportation of gold in payment for such merchandise is found to be compatible with the public interest. In reaching its conclusions, however, the board will consider all attending circumstances in each particular case.

SHIPMENTS OF CANADIAN SILVER COIN AND CURRENCY.

Until further notice the board will approve all applications for the exportation of Canadian silver coin and currency without limitation. The Treasury Department has instructed collectors of customs to pass such shipments into Canada when approved by the Federal reserve bank of the district from which the shipments are made. Continuous permits for shipments of Canadian silver coin and currency without requiring an application in each case, may be granted by Federal reserve banks upon condition that each transaction will be reported to it without delay. The Federal reserve banks will transmit to the board weekly reports of all applications of every kind passed upon by them, showing the amount of each shipment.

EXPORTS OF SILVER BULLION AND SILVER COIN OF FOREIGN MINTAGE.

Applications for the exportation of silver bullion and silver coin of foreign mintage will in general be approved by the Federal Reserve Board upon recommendation of the Federal Reserve Bank with which the application is filed.

UNITED STATES NOTES, NATIONAL BANK NOTES, AND FEDERAL RESERVE NOTES.

Applications for the exportation of United States notes, national bank notes, and Federal reserve notes will, as a rule, be approved by the Federal Reserve Board, but each application must come before the board for its determination before shipment is made.

TRAVELERS LEAVING THE COUNTRY.

Instructions have been issued by the Treasury Department to collectors of customs to permit travelers leaving the country to carry on their persons or in their baggage:

(a) United States notes, national bank notes, and Federal reserve notes not to exceed \$5,000 for each adult;

(b) American silver dollars, subsidiary silver coins, and silver certificates not to exceed \$200 for each adult;

(c) Gold coin or gold certificates not to exceed \$200 for each adult.

Collectors of customs have been informed that in dealing with travelers they may act in accordance with these regulations, without communicating with the Federal Reserve Board or with the Federal Reserve Bank of their district.

GENERAL.

Shipments of coin or currency which appear to be or are suspected of being for enemy account or for the benefit of the enemy, will not be permitted. These regulations are issued subject to change without notice, and no application granted will be regarded as constituting a precedent.

FEDERAL RESERVE BOARD,

By W. P. G. HARDING, *Governor*.

Approved:

W. G. McADOO,

Secretary of the Treasury.

WASHINGTON, D. C., *September 21, 1917.*

Exhibit K.—FOREIGN BRANCHES AUTHORIZED.

The Board has authorized the establishment of foreign branches and subbranches of national banks as follows:

National City Bank, New York City :	Date authorized.
Branch at Buenos Aires, Argentina.....	Sept. 2, 1914
Subbranch at Montevideo, Uruguay ¹	Apr. 16, 1915
Branch at Rio de Janeiro, Brazil.....	Sept. 2, 1914
Subbranches at Santos, Sao Paulo, Pernambuco, Para, and Bahia, Brazil.....	Dec. 23, 1914
Branch at Habana, Cuba.....	Mar. 17, 1915
Subbranches at Santiago, Matanzas, Cienfuegos, Guan- tanamo, Camaguey, Cardenas, Manzanillo, Cuba; Kingston, Jamaica; and Santo Domingo, Santo Domingo.....	Mar. 17, 1915
Branch at Valparaiso, Chile.....	Oct. 18, 1915
Subbranches at Antofagasta and Santiago, Chile.....	Oct. 18, 1915
Branch at Genoa, Italy.....	May 25, 1916
Subbranches at Turin, Milan, Venice, Florence, Rome, Naples, and Palermo, Italy.....	May 25, 1916
Branch at Petrograd, Russia.....	July 5, 1916
Subbranches at Moscow, Odessa, Warsaw, Riga, Baku, Astrakhan, Vladivostok, Sebastopol, Helsingfors, and Vilna, Russia.....	July 5, 1916
Branch at Lima, Peru.....	July 31, 1917
Subbranches at Payta, Callao, and Mollendo, Peru.....	July 31, 1917
Branch at Caracas, Venezuela.....	July 31, 1917
Subbranches at La Guayra, Porto Cabello, and Mara- caybo.....	July 31, 1917
Commercial National Bank, Washington, D. C. :	
Branch at Panama City, Panama.....	Jan. 12, 1915
Branch at Cristobal, Canal Zone.....	Nov. 30, 1914
First National Bank, Boston, Mass. :	
Branch at Buenos Aires, Argentina.....	Jan. 29, 1917

¹ Made an independent branch Dec. 8, 1917.

Exhibit L.—LIST OF NATIONAL BANKS GIVEN FIDUCIARY POWERS FROM JANUARY 1, 1917, TO DECEMBER 31, 1917.

DISTRICT N. 1.

Location.	Name of bank.	Powers granted.
Maine:		
Bar Harbor.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Massachusetts:		
Boston.....	Webster & Atlas National Bank ..	Do.
Brookton.....	Home National Bank.....	Do.
Edgartown.....	Edgartown National Bank.....	Trustee, executor, and administrator.
Haverhill.....	Merrimack National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Gardner.....	First National Bank.....	Do.
Leominster.....	Merchants National Bank.....	Do.
Lynn.....	Manufacturers National Bank.....	Do.
Plymouth.....	Plymouth National Bank.....	Do.
Wareham.....	National Bank of Wareham.....	Do.
Worcester.....	Mechanics National Bank.....	Do.
New Hampshire:		
Concord.....	National State Capital Bank.....	Do.
Vermont:		
Brattleboro.....	Vermont National Bank.....	Trustee, executor, and administrator.
Windsor.....	State National Bank.....	Do.

DISTRICT NO. 2.

Connecticut:		
Bridgeport.....	First-Bridgeport National Bank...	Registrar of stocks and bonds.
New Jersey:		
Paterson.....	Paterson National Bank.....	Do.
Phillipsburg.....	Phillipsburg National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Red Bank.....	Second National Bank.....	Do.
Somerville.....	do.....	Do.
Sussex.....	Farmers National Bank.....	Do.
New York:		
New York.....	Atlantic National Bank.....	Registrar of stocks and bonds.
Do.....	Mechanics & Metals National Bank	Do.
Oneida.....	Oneida Valley National Bank.....	Do.

DISTRICT NO. 3.

New Jersey:		
Camden.....	National State Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Pennsylvania:		
Maytown.....	Maytown National Bank.....	Do.
Myerstown.....	Myerstown National Bank.....	Do.
Philadelphia.....	Eighth National Bank.....	Do.
Do.....	Philadelphia National Bank.....	Registrar of stocks and bonds.
Topton.....	National Bank of Topton.....	Trustee, executor, and administrator.
West Grove.....	National Bank of West Grove.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Wilkes-Barre.....	Second National Bank.....	Do.
Williamsport.....	West Branch National Bank.....	Do.

DISTRICT NO. 4.

Location.	Name of bank.	Powers granted.
Ohio:		
Akron.....	First-Second National Bank.....	Trustee and registrar of stocks and bonds.
Canton.....	First National Bank.....	Registrar of stocks and bonds.
Cleveland.....	do.....	Trustee and registrar of stocks and bonds.
Do.....	Union National Bank.....	Registrar of stocks and bonds.
Mansfield.....	Citizens National Bank.....	Do.
Painesville.....	Painesville National Bank.....	Do.
Pennsylvania:		
Pittsburgh.....	German National Bank of Allegheny.	Trustee, executor, administrator, and registrar of stocks and bonds.
West Virginia:		
New Cumberland.....	First National Bank.....	Trustee.

DISTRICT NO. 5.

Maryland:		
Hyattsville.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Rising Sun.....	National Bank of Rising Sun.....	Do.
North Carolina:		
Newbern.....	National Bank of Newbern.....	Do.
Virginia:		
Appalachia.....	First National Bank.....	Trustee.
Danville.....	do.....	Trustee, executor, administrator, and registrar of stocks and bonds.
West Virginia:		
Clarksburg.....	Union National Bank.....	Do.

DISTRICT NO. 6.

Alabama:		
Cullman.....	Leeth National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Florida:		
St. Petersburg.....	Central National Bank.....	Trustee, executor, and administrator.
Do.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Georgia:		
Atlanta.....	Lowry National Bank.....	Do.
Macon.....	Fourth National Bank.....	Do.
Louisiana:		
Alexandria.....	First National Bank.....	Do.

DISTRICT NO. 7.

Indiana:		
Crawfordsville.....	Citizens National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Mishawaka.....	First National Bank.....	Do.
Monrovia.....	do.....	Do.
Muncie.....	Merchants National Bank.....	Do.
Iowa:		
Council Bluffs.....	First National Bank.....	Do.
Decorah.....	National Bank of Decorah.....	Do.
Dubuque.....	First National Bank.....	Do.
Emmetsburg.....	Emmetsburg National Bank.....	Do.
Gladbrook.....	First National Bank.....	Trustee, executor, and administrator.
Kanawha.....	do.....	Do.
Manchester.....	do.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Red Oak.....	do.....	Do.
Waverly.....	do.....	Do.
Michigan:		
Battle Creek.....	Central National Bank.....	Do.
Benton Harbor.....	Farmers & Merchants National Bank.	Trustee, executor, and administrator.
Birmingham.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Flint.....	First National Bank.....	Do.
Lansing.....	Capital National Bank.....	Do.

DISTRICT NO. 8.

Location.	Name of bank.	Powers granted.
Arkansas:		
Fordyce.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Marianna.....	Lee County National Bank.....	Do.
Illinois:		
Metropolis.....	City National Bank.....	Do.
Indiana:		
Mitchell.....	First National Bank.....	Do.
Kentucky:		
Bowling Green.....	American National Bank.....	Trustee and registrar of bonds.
Missouri:		
St. Louis.....	National Bank of Commerce.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Springfield.....	Union National Bank.....	Do.

DISTRICT NO. 9.

South Dakota:		
Arlington.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Sioux Falls.....	Minnehaha National Bank.....	Do.

DISTRICT NO. 10.

Colorado:		
Fort Collins.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Hugo.....	do.....	Trustee, executor, and administrator.
Kansas:		
Luray.....	do.....	Do.
Salina.....	Farmers National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Missouri:		
Kansas City.....	First National Bank.....	Do.
Nebraska:		
Norfolk.....	Norfolk National Bank.....	Trustee, executor, and administrator.
Omaha.....	United States National Bank.....	Registrar of stocks and bonds.
Ord.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Oklahoma:		
McAlester.....	American National Bank.....	Trustee.
Oklahoma City.....	Farmers National Bank.....	Do.
Wyoming:		
Buffalo.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Casper.....	Casper National Bank.....	Do.

DISTRICT NO. 11.

Louisiana:		
Shreveport.....	Commercial National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
New Mexico:		
Carlsbad.....	First National Bank.....	Do.
Roswell.....	Citizens National Bank.....	Trustee, executor, and administrator.
Texas:		
Campbell.....	Campbell National Exchange Bank.....	Do.
Dallas.....	Tenison National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Orange.....	First National Bank.....	Do.
Palestine.....	Royal National Bank.....	Do.
San Angelo.....	San Angelo National Bank.....	Trustee, executor, and administrator.

DISTRICT NO. 12.

Idaho:		
Boise City.....	Boise City National Bank.....	Registrar of stocks and bonds.
Moscow.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Oregon:		
Marshfield.....	First National Bank of Coos Bay.....	Registrar of stocks and bonds.
Utah:		
Salt Lake City.....	Continental National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Washington:		
Colfax.....	Farmers National Bank.....	Do.

Exhibit M.—ACCEPTANCES TO 100 PER CENT.

The following banks have been granted authority by the Federal Reserve Board to accept drafts and bills of exchange up to 100 per cent of their capital and surplus. This list includes all banks which have been granted such powers up to and including December 31, 1917:

District No. 1—

Hartford Aetna National Bank, Hartford, Conn.
Massasoit-Pocasset National Bank, Fall River, Mass.
First National Bank, Boston, Mass.
Second National Bank, Boston, Mass.
Merchants National Bank, Boston, Mass.
National Shawmut Bank, Boston, Mass.
Old Colony Trust Co., Boston, Mass.
Webster & Atlas National Bank, Boston, Mass.
National Union Bank, Boston, Mass.
Safety Fund National Bank, Fitchburg, Mass.
Mechanics National Bank, New Bedford, Mass.
Merchants National Bank, Worcester, Mass.
Blackstone Canal National Bank, Providence, R. I.

District No. 2—

American Exchange National Bank, New York City.
Bank of New York, N. B. A., New York City.
Atlantic National Bank, New York City.
Mechanics & Metals National Bank, New York City.
Irving National Bank, New York City.
National City Bank, New York City.
National Bank of Commerce, New York City.
Harriman National Bank, New York City.
Chemical National Bank, New York City.
Chase National Bank, New York City.
Corn Exchange Bank, New York City.
National Park Bank, New York City.
Citizens National Bank, New York City.
Guaranty Trust Co., New York City.
Liberty National Bank, New York City.
Central Trust Co., New York City.
Bankers Trust Co., New York City.
Equitable Trust Co., New York City.
Importers & Traders National Bank, New York City.
W. R. Grace & Co.'s Bank, New York City.
Franklin Trust Co., New York City.
Seaboard National Bank, New York City.
Columbia Trust Co., New York City.
Mercantile Bank of the Americas, New York City.
First National Bank, Utica, N. Y.

District No. 3—

Philadelphia National Bank, Philadelphia, Pa.
Tradesmen's National Bank, Philadelphia, Pa.
Fourth Street National Bank, Philadelphia, Pa.
Girard National Bank, Philadelphia, Pa.
Market Street National Bank, Philadelphia, Pa.

District No. 4—

Fifth-Third National Bank, Cincinnati, Ohio.
Union National Bank, Cleveland, Ohio.
First National Bank, Cleveland, Ohio.
Cleveland Trust Co., Cleveland, Ohio.
Union Trust Co., Pittsburgh, Pa.

District No. 5:

Merchants-Mechanics' First National Bank, Baltimore, Md.
Farmers & Merchants' National Bank, Baltimore, Md.
Murchison National Bank, Wilmington, N. C.
Bank of Charleston, N. B. A., Charleston, S. C.
People's National Bank, Charleston, S. C.
First National Bank of Danville, Va.
Merchants' National Bank, Hampton, Va.
Norfolk National Bank, Norfolk, Va.
Seaboard National Bank, Norfolk, Va.
Merchants' National Bank, Richmond, Va.
American National Bank, Richmond, Va.
First National Bank, Richmond, Va.

District No. 6:

Central National Bank, Albany, Ala.
Farmers & Merchants' National Bank, Troy, Ala.
American National Bank, Cordele, Ga.
Fourth National Bank, Macon, Ga.
National Bank of Savannah, Ga.
Savannah Bank & Trust Co., Savannah, Ga.
Whitney-Central National Bank, New Orleans, La.
Commercial National Bank, New Orleans, La.
New Orleans National Bank, New Orleans, La.

District No. 7:

First National Bank, Chicago, Ill.
National Bank of the Republic, Chicago, Ill.
Continental & Commercial National Bank, Chicago, Ill.
Merchants' Loan & Trust Co., Chicago, Ill.

District No. 8:

First National Bank, Canton, Miss.

District No. 10:

First National Bank, Hutchinson, Kans.
First National Bank, St. Joseph, Mo.

District No. 11:

American Exchange National Bank, Dallas, Tex.
Tenison National Bank, Dallas, Tex.
City National Bank, Dallas, Tex.
American National Bank, Fort Worth, Tex.
South Texas Commercial National Bank, Houston, Tex.

District No. 12:

First National Bank, Portland, Oreg.
Northwestern National Bank, Portland, Oreg.
Anglo & London-Paris National Bank, San Francisco, Cal.
First National Bank, San Francisco, Cal.
Wells-Fargo Nevada National Bank, San Francisco, Cal.
Bank of California, N. A., San Francisco, Cal.
Crocker National Bank, San Francisco, Cal.
American National Bank, San Francisco, Cal.
National Bank of Commerce, Seattle, Wash.

Exhibit N.—PERSONNEL AND SALARIES.

Salaries of officers and employees of Federal Reserve Banks.

FEDERAL RESERVE BANK OF BOSTON.

Departments.	Number of officers and employees.			Salaries.		
	1915	1916	1917	1915	1916	1917
Chairman and Federal Reserve agent.....	1	1	1	\$10,000	\$10,000	\$12,000
Governor.....	1	1	1	15,000	20,000	20,000
Other officers.....	2	3	5	8,500	10,900	17,500
Banking department.....	4	13	55	6,100	15,260	57,700
Bookkeeping department.....	3	12	17	3,100	11,360	16,530
Transit department.....	3	25	30	2,100	24,400	24,964
Federal Reserve agent's department.....	2	3	4	2,500	3,680	7,100
Fiscal agency department.....	.....	.....	112	.....	.....	106,200
General.....	4	13	23	3,580	10,280	26,378
Total.....	20	71	248	50,880	105,940	288,372

FEDERAL RESERVE BANK OF NEW YORK.

Chairman and Federal Reserve agent.....	1	1	1	\$16,000	\$16,000	\$20,000
Governor.....	1	1	1	30,000	15,000	30,000
Deputy governor ¹.....	.....	1	2	.....	20,000	45,000
Other officers.....	4	6	8	32,800	42,000	56,200
Banking department.....	47	88	287	60,588	97,552	301,648
Bookkeeping department.....	5	10	15	4,620	10,700	15,360
Transit department.....	9	57	168	6,430	36,480	94,480
Federal Reserve agent's department.....	.....	.....	6	.....	.....	9,520
Fiscal agency department:	.....	.....	.....	.....	.....	.....
Bond issue.....	.....	.....	213	.....	.....	248,284
Certificates of indebtedness.....	.....	.....	34	.....	.....	45,340
Government deposit.....	.....	.....	52	.....	.....	67,308
General.....	6	9	42	5,540	8,460	37,440
Total.....	73	173	829	155,978	246,192	970,580

FEDERAL RESERVE BANK OF PHILADELPHIA.

Chairman and Federal Reserve agent.....	1	1	1	\$10,000	\$10,000	\$10,000
Governor.....	1	1	1	20,000	20,000	20,000
Other officers.....	1	2	4	5,000	10,200	21,250
Banking department.....	8	12	38	14,400	15,940	34,084
Bookkeeping department.....	4	10	17	3,300	9,360	18,080
Transit department.....	6	35	74	5,880	24,180	47,790
Federal Reserve agent's department.....	5	5	6	5,976	7,140	8,060
Fiscal agency department.....	.....	.....	26	.....	.....	23,160
General.....	19	23	25	12,480	14,672	16,848
Total.....	45	89	192	77,036	111,492	199,272

FEDERAL RESERVE BANK OF CLEVELAND.

Chairman and Federal Reserve agent.....	1	1	1	\$10,000	\$10,000	\$12,000
Governor.....	1	1	1	18,000	20,000	20,000
Other officers.....	2	3	6	7,000	10,750	21,050
Banking department.....	9	73	21	16,900	13,436	23,800
Bookkeeping department.....	4	4	15	5,160	4,380	19,080
Transit department.....	2	364	73	1,080	23,370	52,710
Federal Reserve agent's department.....	2	2	5	3,500	3,780	7,820
Fiscal agency department.....	.....	.....	70	.....	.....	87,180
General.....	10	10	19	6,900	8,040	16,440
Total.....	31	65	211	68,540	93,750	260,080

¹ Total deputy governors, 3; one serving without pay.

Salaries of officers and employees of Federal Reserve Banks—Continued.

FEDERAL RESERVE BANK OF RICHMOND.

Departments.	Number of officers and employees.			Salaries.		
	1915	1916	1917	1915	1916	1917
Chairman and Federal Reserve agent.....	1	1	1	\$10,000	\$10,000	\$10,000
Governor.....	1	1	1	10,000	12,000	15,000
Other officers.....	2	2	4	5,978	9,428	14,550
Banking department.....	10	11	18	12,742	13,956	22,880
Bookkeeping department.....	3	5	6	4,748	5,520	4,980
Transit department.....	7	36	43	2,278	11,599	21,954
Federal Reserve agent's department.....	1	1	2	945	916	2,400
Fiscal agency department.....			20			21,024
General.....	5	6	14	6,439	8,819	8,540
Total.....	30	63	109	53,130	72,238	121,328

FEDERAL RESERVE BANK OF ATLANTA (INCLUDING NEW ORLEANS BRANCH).

Chairman and Federal Reserve agent.....	1	1	1	\$7,500	\$9,000	\$10,000
Governor.....	1	1	1	9,000	9,000	10,000
Other officers.....	4	4	3	13,100	12,060	11,380
Banking department.....	23	21	35	23,928	21,828	37,690
Bookkeeping department.....	3	5	6	3,600	5,100	6,480
Transit department.....	2	24	28	1,260	15,900	20,180
Federal Reserve agent's department.....	2	3	3	3,200	4,380	5,220
Fiscal agency department.....			51			61,010
General.....	5	6	4	3,180	4,080	3,120
Total.....	41	65	132	64,768	81,348	165,080

FEDERAL RESERVE BANK OF CHICAGO.

Chairman and Federal Reserve agent.....	1	1	1	\$10,000	\$10,000	\$10,000
Governor.....	1	1	1	20,000	20,000	20,000
Other officers.....	2	3	7	14,000	17,500	33,500
Banking department.....	18	33	36	21,428	31,880	47,880
Bookkeeping department.....	4	9	10	4,100	8,700	9,520
Transit department.....	9	40	61	8,700	30,240	49,280
Federal Reserve agent's department.....	2	2	5	7,200	7,800	13,800
Fiscal agency department.....			166			215,930
General.....	13	21	77	11,134	20,985	61,130
Total.....	50	110	364	96,560	147,105	465,040

FEDERAL RESERVE BANK OF ST. LOUIS (INCLUDING LOUISVILLE BRANCH).

Chairman and Federal Reserve agent.....	1	1	1	\$10,000	\$10,000	\$10,000
Governor.....	1	1	1	20,000	20,000	20,000
Other officers.....	2	2	8	13,500	13,500	35,500
Banking department.....	8	12	43	12,820	17,180	44,500
Bookkeeping department.....	5	6	7	6,200	6,260	5,900
Transit department.....	14	24	50	9,660	16,140	34,620
Federal Reserve agent's department.....	3	3	2	5,900	5,900	3,340
Fiscal agency department.....			59			65,840
General.....	5	4	6	2,820	2,820	4,920
Total.....	39	53	177	80,900	91,800	224,620

FEDERAL RESERVE BANK OF MINNEAPOLIS.

Chairman and Federal Reserve agent.....	1	1	1	\$7,500	\$9,000	\$10,000
Governor.....	1	1	1	15,000	15,000	18,000
Other officers.....	1	1	3	3,000	3,500	12,500
Banking department.....	10	14	30	11,940	15,850	29,120
Bookkeeping department.....	3	6	6	2,450	5,540	6,040
Transit department.....	1	29	37	2,000	19,460	24,040
Federal Reserve agent's department.....	3	2	2	5,520	4,080	4,580
Fiscal agency department.....			47			51,180
Total.....	20	54	127	47,420	72,430	155,460

Salaries of officers and employees of Federal Reserve Banks—Continued.

FEDERAL RESERVE BANK OF KANSAS CITY.

Departments.	Number of officers and employees.			Salaries.		
	1915	1916	1917	1915	1916	1917
Chairman and Federal Reserve agent.....	1	1	1	\$7,500	\$7,500	\$7,500
Governor.....	1	1	1	7,500	10,000	12,500
Other officers.....	1	2	4	6,000	8,800	17,400
Bookkeeping department.....	6	4	4	6,120	4,500	5,340
Transit department.....	16	26	26	10,980	18,780	22,960
Federal Reserve agent's department.....	3	3	5	4,080	4,380	7,680
Fiscal agency department.....			85			93,190
General.....	12	15	27	13,460	18,460	27,020
Total.....	40	52	153	55,640	72,420	193,590

FEDERAL RESERVE BANK OF DALLAS.

Chairman and Federal Reserve agent.....	1	1	1	\$7,500	\$9,000	\$10,000
Governor.....	1	1	1	10,000	10,000	12,000
Other officers.....	2	3	4	11,000	15,000	19,700
Banking department.....	11	12	31	17,140	17,760	39,300
Bookkeeping department.....	2	5	7	1,620	5,100	6,360
Transit department.....	2	27	39	2,100	20,760	33,140
Federal Reserve agent's department.....	2	2	2	7,400	3,700	3,700
Fiscal agency department.....			75			60,690
General.....	10	12	10	9,060	11,680	7,580
Total.....	31	63	170	65,820	93,000	192,470

FEDERAL RESERVE BANK OF SAN FRANCISCO (INCLUDING SPOKANE, PORTLAND, AND SEATTLE BRANCHES.)

Chairman and Federal Reserve agent.....	1	1	1	\$12,000	\$12,000	\$14,000
Governor.....	1	1	1	15,000	15,000	18,000
Other officers.....	2	3	10	10,200	12,200	39,500
Tellers.....	2	4	11	4,200	4,860	15,240
Discount department.....	2	2	8	2,820	2,880	11,460
Transit department.....	1	15	31	750	11,640	28,740
Bookkeeping department.....	2	5	17	2,520	4,620	18,240
General.....	7	27	61	7,200	23,810	63,140
Auditing department.....	1	2	8	2,400	3,300	12,186
Federal Reserve agent's department.....	3	2	3	7,000	1,620	3,420
Fiscal agency department.....			122			146,100
Total.....	22	62	273	64,120	91,930	370,026

SALARIES OF OFFICERS AND EMPLOYEES OF THE FEDERAL RESERVE BOARD AS OF
DECEMBER 31, 1917.

OFFICE OF THE SECRETARY.

H. Parker Willis, secretary.....	\$9,000
Sherman Allen, assistant secretary and fiscal agent.....	6,000
1 at \$2,250.....	2,250
1 at \$2,100.....	2,100
1 at \$1,500.....	1,500
2 at \$1,440.....	2,880
1 at \$1,320.....	1,320
1 at \$1,200.....	1,200
1 at \$1,000.....	1,000
2 at \$900.....	1,800
	\$29,050

OFFICES OF MEMBERS OF THE BOARD.

Staff:	
5 at \$2,700.....	13,500
1 at \$1,800.....	1,800
5 at \$1,440.....	7,200
	22,500

OFFICE OF COUNSEL.

Milton C. Elliott, counsel	\$9,000
J. P. Cotton, consulting counsel	2,000
Staff:	
1 at \$4,500	4,500
1 at \$2,100	2,100
1 at \$1,800	1,800
1 at \$1,440	1,440
1 at \$1,320	1,320
	\$22,160

DIVISION OF AUDIT AND EXAMINATION.

Joseph A. Broderick, chief of division	7,200
2 at \$3,600	7,200
1 at \$2,800	2,800
1 at \$1,600	1,600
2 at \$1,500	3,000
3 at \$1,320	3,960
1 at \$1,200	1,200
1 at \$420	420
	27,380

DIVISION OF REPORTS AND STATISTICS.

Morris Jacobson, chief of division	4,200
Staff:	
1 at \$2,250	2,250
1 at \$2,000	2,000
1 at \$1,800	1,800
3 at \$1,650	4,950
1 at \$1,500	1,500
1 at \$1,400	1,400
1 at \$1,200	1,200
1 at \$1,000	1,000
1 at \$3 per diem.	
	20,300
	121,390

DIVISION OF FOREIGN EXCHANGE.

Staff:	
1 at \$4,000	4,000
1 at \$1,320	1,320
	5,320

DIVISION OF ISSUE AND REDEMPTION.

Willard E. Buell, chief of division	2,500
Staff:	
1 at \$1,900	1,900
1 at \$1,320	1,320
1 at \$1,200	1,200
3 at \$960	2,880
4 at \$900	3,600
	13,400

MESSENGERS.

2 at \$900	1,800
5 at \$840	4,200
	6,000

CHARWOMEN.

3 at \$264	792
Total	146,902

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SALARIES OF NATIONAL-BANK EXAMINERS EFFECTIVE IN THE YEAR ENDING DEC. 31, 1917.

Stephen L. Newnham, supervising examiner, not assigned to any
Federal Reserve District----- \$4, 200

DISTRICT NO. 1—BOSTON.

(389 national member banks.)

James D. Brennan, chief examiner----- \$8, 000
2 examiners, at \$3,600; 1 examiner, at \$3,000; 1 examiner, at
\$2,700; 1 examiner, at \$2,400----- 15, 300
23, 300

DISTRICT NO. 2—NEW YORK.

(624 national member banks.)

William P. Malburn, chief examiner----- 15, 000
1 examiner, at \$4,200; 1 examiner, at \$3,900; 1 examiner, at
\$3,600; 2 examiners, at \$3,300; 2 examiners, at \$3,000; 3
examiners, at \$2,700----- 32, 400
47, 400

DISTRICT NO. 3—PHILADELPHIA.

(631 national member banks.)

Edward I. Johnson, chief examiner----- 8, 000
1 examiner, at \$4,500; 1 examiner, at \$4,200; 1 examiner, at
\$3,600; 1 examiner, at \$3,300; 2 examiners, at \$3,000; 1
examiner, at \$2,700; 3 examiners, at \$2,400----- 31, 500
39, 500

DISTRICT NO. 4—CLEVELAND.

(750 national member banks.)

Silas H. L. Cooper, chief examiner----- 8, 000
1 examiner, at \$5,500; 3 examiners, at \$3,900; 2 examiners, at
\$3,600; 1 examiner, at \$2,700; 3 examiners, at \$2,400----- 34, 300
42, 300

DISTRICT NO. 5—RICHMOND.

(518 national member banks.)

James K. Doughton, chief examiner----- 6, 500
1 examiner, at \$6,000; 4 examiners, at \$3,300; 3 examiners, at
\$3,000; 2 examiners, at \$2,700; 1 examiner, at \$2,400----- 36, 000
42, 500

DISTRICT NO. 6—ATLANTA.

(372 national member banks.)

Elmore F. Higgins, chief examiner----- 6, 500
1 examiner, at \$3,600; 3 examiners, at \$3,000; 1 examiner, at
\$2,400----- 15, 000
21, 500

DISTRICT NO. 7—CHICAGO.

(1,042 national member banks.)

Sherrill Smith, chief examiner----- 12, 000
1 examiner, at \$5,000; 1 examiner, at \$4,200; 1 examiner, at
\$3,900; 1 examiner, at \$3,600; 3 examiners, at \$3,300; 5 ex-
aminers, at \$3,000; 2 examiners, at \$2,700; 3 examiners,
at \$2,400----- 54, 200
66, 200

DISTRICT NO. 8—ST. LOUIS.

(466 national member banks.)

Joseph M. Logan, chief examiner-----	\$7, 500	
2 examiners, at \$4,200; 1 examiner, at \$3,600; 1 examiner, at \$3,300; 1 examiner at \$3,000; 3 examiners, at \$2,400-----	25, 500	\$33, 000

DISTRICT NO. 9—MINNEAPOLIS.

(764 national member banks.)

Peter M. Kerst, chief examiner-----	8, 000	
2 examiners, at \$3,900; 1 examiner, at \$3,600; 1 examiner, at \$3,300; 2 examiners, at \$3,000; 3 examiners, at \$2,400-----	27, 900	35, 900

DISTRICT NO. 10—KANSAS CITY.

(948 national member banks.)

Jay D. Rising, chief examiner-----	6, 500	
2 examiners, at \$3,900; 1 examiner, at \$3,600; 2 examiners, at \$3,300; 1 examiner, at \$3,000; 3 examiners, at \$2,700; 5 examiners, at \$2,400-----	41, 100	47, 600

DISTRICT NO. 11—DALLAS.

(619 national member banks.)

Richard H. Collier, acting chief examiner-----	4, 500	
1 examiner, at \$3,900; 2 examiners, at \$3,300; 2 examiners, at \$3,000; 1 examiner, at \$2,700; 1 examiner, at \$2,400-----	21, 600	26, 100

DISTRICT NO. 12—SAN FRANCISCO.

(534 national member banks.)

Claud Gatch, chief examiner-----	8, 500	
1 examiner, at \$6,000; 2 examiners, at \$4,500; 1 examiner, at \$3,900; 1 examiner, at \$3,300; 4 examiners, at \$2,700; 3 examiners, at \$2,400-----	40, 200	48, 700
Total-----	478, 200	

RECAPITULATION.

Examining staff:

Chief examiners—

At \$15,000 per annum-----	1
At \$12,000 per annum-----	1
At \$8,500 per annum-----	1
At \$8,000 per annum-----	4
At \$7,500 per annum-----	1
At \$6 500 per annum-----	3
At \$4,500 per annum-----	¹ 1

Total chief examiners-----	12
Salaries, chief examiners-----	99, 000

¹ Acting.

Other examiners—

At \$6,000 per annum	2
At \$5,500 per annum	1
At \$5,000 per annum	1
At \$4,500 per annum	3
At \$4,200 per annum	16
At \$3,900 per annum	11
At \$3,500 per annum	11
At \$3,300 per annum	17
At \$3,000 per annum	22
At \$2,700 per annum	18
At \$2,400 per annum	27

Total other examiners	119

Salaries, other examiners	\$379,200

Total examining staff	131

Total salaries	473,200

¹ Includes 1 supervising examiner.

Exhibit O.—DIRECTORY OF THE FEDERAL RESERVE BOARD AND FEDERAL RESERVE BANKS.

FEDERAL RESERVE BOARD.

EX OFFICIO MEMBERS.

WILLIAM G. MCADOO,
Secretary of the Treasury,
Chairman.

JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

W. P. G. HARDING, *Governor.*
PAUL M. WARBURG, *Vice Governor.*
FREDERIC A. DELANO.
ADOLPH C. MILLER.
CHARLES S. HAMLIN.

H. PARKER WILLIS, *Secretary.*
SHERMAN ALLEN, *Assistant Secretary*
and Fiscal Agent.

M. C. ELLIOTT, *Counsel.*

OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS.

DISTRICT NO. 1.—FEDERAL RESERVE BANK OF BOSTON.

[Frederic H. Curtiss, chairman and Federal Reserve Agent. Allen Hollis, deputy chairman. Chas. A. Morss, governor.]

Director.	Residence.	Term expires.
Class A:		
T. P. Beal.....	Boston, Mass.....	Dec. 31, 1920
Thomas W. Farnam.....	New Haven, Conn.....	Dec. 31, 1919
A. M. Heard.....	Manchester, N. H.....	Dec. 31, 1918
Class B:		
Chas. A. Morss.....	Boston, Mass.....	Dec. 31, 1920
E. R. Morse.....	Proctor, Vt.....	Dec. 31, 1919
Chas. G. Washburn.....	Worcester, Mass.....	Dec. 31, 1918
Class C:		
Frederic H. Curtiss.....	Boston, Mass.....	Dec. 31, 1920
Allen Hollis.....	Concord, N. H.....	Dec. 31, 1918

DISTRICT NO. 2.—FEDERAL RESERVE BANK OF NEW YORK.

[Pierre Jay, chairman and Federal Reserve Agent. George F. Peabody, deputy chairman and deputy reserve agent. Benjamin Strong, jr., governor.]

Director.	Residence.	Term expires.
Class A:		
William Woodward.....	New York, N. Y.....	Dec. 31, 1919
R. H. Treman.....	Ithaca, N. Y.....	Dec. 31, 1920
F. D. Locke.....	Buffalo, N. Y.....	Dec. 31, 1918
Class B:		
H. R. Towne.....	New York, N. Y.....	Dec. 31, 1919
W. B. Thompson.....	Yonkers, N. Y.....	Dec. 31, 1920
L. R. Palmer.....	Croton-on-Hudson, N. Y.....	Dec. 31, 1918
Class C:		
Pierre Jay.....	New York, N. Y.....	Dec. 31, 1919
George F. Peabody.....	Lake George, N. Y.....	Dec. 31, 1918
W. L. Saunders.....	New York, N. Y.....	Dec. 31, 1920

DISTRICT NO. 3.—FEDERAL RESERVE BANK OF PHILADELPHIA.

[Richard L. Austin, chairman and Federal Reserve Agent. H. B. Thompson, deputy chairman.
Charles J. Rhoads, governor.]

Director.	Residence.	Term expires.
Class A:		
Joseph Wayne, jr.....	Philadelphia, Pa.....	Dec. 31, 1920
W. H. Peck.....	Scranton, Pa.....	Dec. 31, 1918
M. J. Murphy.....	Clarks Green, Pa.....	Dec. 31, 1919
Class B:		
A. B. Johnson.....	Philadelphia, Pa.....	Do.
E. S. Stuart.....	do.....	Dec. 31, 1920
G. W. F. Gaunt.....	Mullica Hill, N. J.....	Dec. 31, 1918
Class C:		
Richard L. Austin.....	Philadelphia, Pa.....	Dec. 31, 1920
H. B. Thompson.....	Wilmington, Del.....	Dec. 31, 1919
Chas. C. Harrison.....	Philadelphia, Pa.....	Dec. 31, 1918

DISTRICT NO. 4.—FEDERAL RESERVE BANK OF CLEVELAND.

[D. C. Wills, chairman and Federal Reserve Agent. Lyman H. Treadway, deputy chairman. E. R. Faneher, governor.]

Director.	Residence.	Term expires.
Class A:		
Robert Wardrop.....	Pittsburgh, Pa.....	Dec. 31, 1920
W. S. Rowe.....	Cincinnati, Ohio.....	Dec. 31, 1919
S. B. Rankin.....	South Charleston, Ohio.....	Dec. 31, 1918
Class B:		
T. A. Combs.....	Lexington, Ky.....	Dec. 31, 1920
R. P. Wright.....	Erie, Pa.....	Dec. 31, 1919
John Stambaugh.....	Youngstown, Ohio.....	Dec. 31, 1918
Class C:		
D. C. Wills.....	Bellevue, Pa.....	Dec. 31, 1920
Lyman H. Treadway.....	Cleveland, Ohio.....	Dec. 31, 1919
H. F. Wolfe.....	Columbus, Ohio.....	Dec. 31, 1918

DISTRICT NO. 4.—CINCINNATI BRANCH OF FEDERAL RESERVE BANK OF CLEVELAND.

[L. W. Manning, manager.]

Director.	Residence.	Term expires.
W. S. Rowe.....	Cincinnati, Ohio.....	Dec. 31, 1918
L. W. Manning.....	do.....	Do.
W. C. Procter.....	do.....	Do.
Judson Harmon.....	do.....	Do.
Chas. A. Hinsch.....	do.....	Do.

DISTRICT NO. 4.—PITTSBURGH BRANCH OF FEDERAL RESERVE BANK OF CLEVELAND.

[George De Camp, manager.]

Director.	Residence.	Term expires.
R. B. Mellon.....	Pittsburgh, Pa.....	Dec. 31, 1918
Chas. W. Brown.....	do.....	Do.
James D. Callery.....	do.....	Do.
T. H. Given.....	do.....	Do.
George De Camp.....	do.....	Do.

DISTRICT NO. 5.—FEDERAL RESERVE BANK OF RICHMOND.

[Caldwell Hardy, chairman and Federal Reserve Agent. James A. Moncure, deputy chairman.
George J. Seay, governor.]

Director.	Residence.	Term expires.
Class A:		
H. B. Wilcox.....	Baltimore, Md.....	Dec. 31, 1918
J. F. Bruton.....	Wilson, N. C.....	Dec. 31, 1919
Edwin Mann.....	Bluefield, W. Va.....	Dec. 31, 1920
Class B:		
Edmund Strudwick.....	Richmond, Va.....	Dec. 31, 1918
D. R. Coker.....	Hartsville, S. C.....	Dec. 31, 1920
D. F. Oyster.....	Washington, D. C.....	Dec. 31, 1919
Class C:		
James A. Moncure.....	Richmond, Va.....	Do.
Caldwell Hardy.....	Norfolk, Va.....	Dec. 31, 1920

DISTRICT NO. 6.—FEDERAL RESERVE BANK OF ATLANTA.

[M. B. Wellborn, chairman and Federal Reserve Agent. Edward T. Brown, deputy chairman.
Joseph A. McCord, governor.]

Director.	Residence.	Term expires.
Class A:		
L. P. Hillyer.....	Macon, Ga.....	Dec. 31, 1918
F. W. Foote.....	Hattiesburg, Miss.....	Dec. 31, 1919
P. R. Kittles.....	Sylvania, Ga.....	Dec. 31, 1920
Class B:		
Edgar B. Stern.....	New Orleans, La.....	Do.
J. A. McCrary.....	Decatur, Ga.....	Dec. 31, 1918
W. H. Hartford.....	Nashville, Tenn.....	Dec. 31, 1919
Class C:		
M. B. Wellborn.....	Anniston, Ala.....	Dec. 31, 1920
Edward T. Brown.....	Atlanta, Ga.....	Dec. 31, 1918
W. H. Kettig.....	Birmingham, Ala.....	Dec. 31, 1919

DISTRICT NO. 6.—NEW ORLEANS BRANCH OF FEDERAL RESERVE BANK OF ATLANTA.

[James E. Zunts, chairman. Marcus Walker, manager. W. D. Wellborn, Representative Federal Reserve Agent.]

Director.	Residence.	Term expires.
Frank Roberts.....	Lake Charles, La.....	Dec. 31, 1918
J. E. Boudcn, Jr.....	New Orleans, La.....	Do.
J. J. Gannon.....	do.....	Do.
H. B. Lightcap.....	Jackson, Miss.....	Do.
Edgar B. Stern.....	New Orleans, La.....	Do.
A. P. Bush.....	Mobile, Ala.....	Do.
Jas. E. Zunts.....	New Orleans, La.....	Do.

DISTRICT NO. 7.—FEDERAL RESERVE BANK OF CHICAGO.

[William A. Heath, chairman and Federal Reserve Agent. James Simpson, deputy chairman. James B. McDougal, governor.]

Director.	Residence.	Term expires.
Class A:		
Geo. M. Reynolds.....	Chicago, Ill.....	Dec. 31, 1918
J. B. Forgan.....	do.....	Dec. 31, 1919
E. L. Johnson.....	Waterloo, Iowa.....	Dec. 31, 1920
Class B:		
John W. Blodgett.....	Grand Rapids, Mich.....	Dec. 31, 1919
M. B. Hutchison.....	Ottumwa, Iowa.....	Dec. 31, 1920
A. H. Vogel.....	Milwaukee, Wis.....	Dec. 31, 1918
Class C:		
William A. Heath.....	Evanston, Ill.....	Do.
James Simpson.....	Chicago, Ill.....	Dec. 31, 1920
E. T. Meredith.....	Des Moines, Iowa.....	Dec. 31, 1919

DISTRICT NO. 7—DETROIT BRANCH OF FEDERAL RESERVE BANK OF CHICAGO.

[Robert B. Locke, manager.]

Director.	Residence.	Term expires.
Robert B. Locke.....	Detroit, Mich.....	Dec. 31, 1918
John Ballantyne.....	do.....	Do.
Chas. H. Hodges.....	do.....	Do.
Emory W. Clark.....	do.....	Do.
Julius H. Haass.....	do.....	Do.

DISTRICT NO. 8.—FEDERAL RESERVE BANK OF ST. LOUIS.

[William McC. Martin, chairman and Federal Reserve Agent. Rolla Wells, governor.]

Director.	Residence.	Term expires.
Class A:		
Walker Hill.....	St. Louis, Mo.....	Dec. 31, 1920
F. O. Watts.....	do.....	Dec. 31, 1918
Sam A. Ziegler.....	Albion, Ill.....	Dec. 31, 1919
Class B:		
David C. Biggs.....	St. Louis, Mo.....	Dec. 31, 1918
W. B. Plunkett.....	Little Rock, Ark.....	Dec. 31, 1919
Leroy Percy.....	Greenville, Miss.....	Dec. 31, 1920
Class C:		
W. McC. Martin.....	St. Louis, Mo.....	Dec. 31, 1918
John W. Boehne.....	Evansville, Ind.....	Dec. 31, 1920
C. P. J. Mooney.....	Memphis, Tenn.....	Dec. 31, 1919

DISTRICT NO. 8.—LOUISVILLE BRANCH OF FEDERAL RESERVE BANK OF ST. LOUIS.

[W. P. Kincheloe, manager.]

Director.	Residence.	Term expires.
George W. Norton.....	Louisville, Ky.....	Dec. 31, 1918
W. P. Kincheloe.....	do.....	Do.
F. M. Sackett.....	do.....	Do.
W. C. Montgomery.....	Elizabethtown, Ky.....	Do.
Chas. E. Hoge.....	Frankfort, Ky.....	Do.

DISTRICT NO. 9.—FEDERAL RESERVE BANK OF MINNEAPOLIS.

[John H. Rich, chairman and Federal Reserve Agent. Wm. H. Lightner, deputy chairman. Theodore Wold, governor.]

Director.	Residence.	Term expires.
Class A:		
E. W. Decker.....	Minneapolis, Minn.....	Dec. 31, 1919
L. B. Hanna.....	Fargo, N. Dak.....	Dec. 31, 1920
J. C. Bassett.....	Aberdeen, S. Dak.....	Dec. 31, 1918
Class B:		
F. R. Bigelow.....	St. Paul, Minn.....	Dec. 31, 1919
F. P. Luxon.....	La Crosse, Wis.....	Dec. 31, 1918
N. B. Holter.....	Helena, Mont.....	Dec. 31, 1920
Class C:		
John H. Rich.....	Red Wing, Minn.....	Do.
Wm. H. Lightner.....	St. Paul, Minn.....	Dec. 31, 1918
John W. Black.....	Houghton, Mich.....	Dec. 31, 1919

DISTRICT NO. 10.—FEDERAL RESERVE BANK OF KANSAS CITY.

[Chas. M. Sawyer, chairman and Federal Reserve Agent. F. W. Fleming, deputy chairman. J. Z. Miller, jr., governor.]

Director.	Residence.	Term expires.
Class A:		
J. C. Mitchell.....	Denver, Colo.....	Dec. 31, 1918
W. J. Bailey.....	Atchison, Kans.....	Dec. 31, 1919
C. E. Burnham.....	Norfolk, Nebr.....	Dec. 31, 1920
Class B:		
M. L. McClure.....	Kansas City, Mo.....	Dec. 31, 1919
T. C. Byrne.....	Omaha, Nebr.....	Dec. 31, 1918
Harry W. Gibson.....	Muskogee, Okla.....	Dec. 31, 1920
Class C:		
Asa E. Ramsay.....	Kansas City, Mo.....	Do.
F. W. Fleming.....	do.....	Dec. 31, 1919
R. H. Malone.....	Denver, Colo.....	Dec. 31, 1918

DISTRICT NO. 10.—DENVER BRANCH OF FEDERAL RESERVE BANK OF KANSAS CITY.

[C. A. Burkhardt, manager.]

Director.	Residence.	Term expires.
C. C. Parks.....	Denver, Colo.....	Dec. 31, 1918
A. C. Foster.....	do.....	Do.
C. A. Burkhardt.....	do.....	Do.
John Evans.....	do.....	Do.
Alva Adams.....	Pueblo, Colo.....	Do.

DISTRICT NO. 10.—OMAHA BRANCH OF FEDERAL RESERVE BANK OF KANSAS CITY.

[O. T. Eastman, manager.]

Director.	Residence.	Term expires.
Luther Drake.....	Omaha, Nebr.....	Dec. 31, 1918
J. C. McNish.....	do.....	Do.
O. T. Eastman.....	do.....	Do.
P. L. Hall.....	Lincoln, Nebr.....	Do.
R. O. Marnell.....	Nebraska City, Nebr.....	Do.

DISTRICT NO 11.—FEDERAL RESERVE BANK OF DALLAS.

[W. F. Ramsey, chairman and Federal Reserve Agent. W. B. Newsome, deputy chairman. R. L. Van Zandt, governor.]

Director.	Residence.	Term expires.
Class A:		
J. T. Scott.....	Houston, Tex.....	Dec. 31, 1918
E. K. Smith.....	Shreveport, La.....	Dec. 31, 1920
B. A. McKinney.....	Durant, Okla.....	Dec. 31, 1919
Class B:		
Marion Sansom.....	Fort Worth, Tex.....	Do.
Frank Kell.....	Wichita Falls, Tex.....	Dec. 31, 1918
J. J. Culbertson.....	Paris, Tex.....	Dec. 31, 1920
Class C:		
W. F. Ramsey.....	Dallas, Tex.....	Do.
W. B. Newsome.....	do.....	Dec. 31, 1918
H. O. Wooten.....	Abilene, Tex.....	Dec. 31, 1919

DISTRICT NO. 12.—FEDERAL RESERVE BANK OF SAN FRANCISCO.

[John Perrin, chairman and Federal Reserve Agent. Walton N. Moore, deputy chairman. James K. Lynch, governor.]

Director.	Residence.	Term expires.
Class A:		
C. K. McIntosh.....	San Francisco, Cal.....	Dec. 31, 1919
J. E. Fishburn.....	Los Angeles, Cal.....	Dec. 31, 1920
Alden Anderson.....	Sacramento, Cal.....	Dec. 31, 1918
Class B:		
A. B. C. Dohrmann.....	San Francisco, Cal.....	Dec. 31, 1920
J. A. McGregor.....	do.....	Dec. 31, 1918
E. H. Cox.....	Madera, Cal.....	Dec. 31, 1919
Class C:		
John Perrin.....	Pasadena, Cal.....	Dec. 31, 1920
Edward G. Elliott.....	Berkeley, Cal.....	Dec. 31, 1919
Walton N. Moore.....	San Francisco, Cal.....	Dec. 31, 1918

DISTRICT NO. 12.—PORTLAND BRANCH OF FEDERAL RESERVE BANK OF SAN FRANCISCO.

[W. N. Ambrose, acting manager.]

Directors.	Residence.	Term expires.
A. L. Mills.....	Portland, Oreg.....	Dec. 31, 1918
J. C. Ainsworth.....	do.....	Do.
W. N. Ambrose.....	do.....	Do.
Nathan Strauss.....	do.....	Do.
Thomas C. Burke.....	do.....	Do.

DISTRICT NO. 12.—SEATTLE BRANCH OF FEDERAL RESERVE BANK OF SAN FRANCISCO.

[C. J. Shepherd, manager.]

Directors.	Residence.	Term expires.
M. F. Backus.....	Seattle, Wash.....	Dec. 31, 1918
N. H. Latimer.....	do.....	Do.
C. J. Shepherd.....	do.....	Do.
Chas. H. Clarke.....	do.....	Do.
Chas. E. Peabody.....	do.....	Do.

DISTRICT NO. 12.—SPOKANE BRANCH OF FEDERAL RESERVE BANK OF SAN FRANCISCO.

[Chas. A. McLean, manager.]

Directors.	Residence.	Term expires.
E. T. Coman.....	Spokane, Wash.....	Dec. 31, 1918
D. W. Twohy.....	do.....	Do.
Chas. A. McLean.....	do.....	Do.
Peter McGregor.....	do.....	Do.
G. I. Toevs.....	do.....	Do.

FEDERAL ADVISORY COUNCIL.

- District No. 1.—Daniel G. Wing, president First National Bank, Boston, Mass.
- District No. 2.—J. P. Morgan, of J. P. Morgan & Co., New York City.
- District No. 3.—L. L. Rue, president Philadelphia National Bank, Philadelphia, Pa.
- District No. 4.—W. S. Rowe, president First National Bank, Cincinnati, Ohio; director Federal Reserve Bank of Cleveland.
- District No. 5.—J. W. Norwood, president Norwood National Bank, Greenville, S. C.
- District No. 6.—Charles A. Lyerly, president First National Bank, Chattanooga, Tenn.
- District No. 7.—James B. Forgan, president First National Bank, Chicago, Ill.; director Federal Reserve Bank of Chicago.
- District No. 8.—F. O. Watts, president Third National Bank, St. Louis, Mo.; director Federal Reserve Bank of St. Louis.
- District No. 9.—J. R. Mitchell, president Capital National Bank, St. Paul, Minn.
- District No. 10.—E. F. Swinney, president First National Bank, Kansas City, Mo.
- District No. 11.—T. J. Record, president City National Bank, Paris, Tex.
- District No. 12.—Herbert Fleishacker, president Anglo and London-Paris National Bank, San Francisco. Cal.

Exhibit P.—DESCRIPTION OF FEDERAL RESERVE DISTRICTS.

Below are descriptions of the 12 Federal Reserve districts, accompanied by estimates of the population of each district recently furnished by the Bureau of the Census. No detailed description of Federal Reserve districts has been issued since the Organization Committee completed its work about four years ago. A map showing outline of the districts is also appended.

DISTRICT NO. 1.—BOSTON (6,963,987).

Connecticut (except Fairfield County) (975,434).

Maine (777,340).

Massachusetts (3,775,973).

New Hampshire (444,429).

Rhode Island (625,865).

Vermont (364,946).

DISTRICT NO. 2.—NEW YORK (13,111,816).

Connecticut (county of Fairfield) (289,939).

New Jersey (counties of Monmouth, Middlesex, Hunterdon, Somerset, Union, Essex, Passaic, Hudson, Bergen, Morris, Sussex, and Warren) (2,361,695).

New York (10,460,182).

DISTRICT NO. 3.—PHILADELPHIA (6,632,611).

Delaware (215,160).

New Jersey (except counties enumerated under District No. 2) (652,499).

Pennsylvania (eastern part) (5,764,952). Counties:

Adams.	Chester.	Huntingdon.	Monroe.	Snyder.
Bedford.	Clearfield.	Juniata.	Montgomery.	Sullivan.
Berks.	Clinton.	Lackawanna.	Montour.	Susquehanna.
Blair.	Columbia.	Lancaster.	Northampton.	Tioga.
Bradford.	Cumberland.	Lebanon.	Northumberland.	Union.
Bucks.	Dauphin.	Lehigh.	Perry.	Wayne.
Cambria.	Delaware.	Luzerne.	Philadelphia.	Wyoming.
Cameron.	Elk.	Lycoming.	Pike.	York.
Carbon.	Franklin.	McKean.	Potter.	
Center.	Fulton.	Mifflin.	Schuylkill.	

DISTRICT NO. 4—CLEVELAND (9,314,762).

Kentucky (eastern part) (1,039,880). Counties:

Bath.	Estill.	Kenton.	Magoffin.	Pulaski.
Bell.	Fayette.	Knott.	Martin.	Robertson.
Boone.	Fleming.	Knox.	Mason.	Rockcastle.
Bourbon.	Floyd.	Laurel.	Menifee.	Rowan.
Boyd.	Garrard.	Lawrence.	Montgomery.	Scott.
Bracken.	Grant.	Lee.	Morgan.	Whitley.
Breathitt.	Greenup.	Leslie.	Nicholas.	Wolfe.
Campbell.	Harlan.	Letcher.	Owsley.	Woodford.
Carter.	Harrison.	Lewis.	Pendleton.	
Clark.	Jackson.	Lincoln.	Perry.	
Clay.	Jessamine.	McCreary.	Pike.	
Elliott.	Johnson.	Madison.	Powell.	

Ohio (5,212,085).

Pennsylvania (western part) (2,895,090). Counties:

Allegheny.	Clarion.	Forest.	Lawrence.	Warren.
Armstrong.	Crawford.	Greene.	Mercer.	Washington.
Beaver.	Erie.	Indiana.	Somerset.	Westmoreland.
Butler.	Fayette.	Jefferson.	Venango.	

West Virginia (northern part) (167,707). Counties:

Brooke.	Marshall.	Ohio.	Tyler.	Wetzel.
Hancock.				

DISTRICT NO. 5—RICHMOND (9,278,461).

District of Columbia, (369,282).

Maryland (1,373,673).

North Carolina (2,434,381).

South Carolina (1,643,205).

Virginia (2,213,025).

West Virginia (all counties except Brooke, Hancock, Marshall, Ohio, Tyler, and Wetzel) (1,244,895).

DISTRICT NO. 6—ATLANTA (10,055,640).

Alabama (2,363,939).

Florida (916,185).

Georgia (2,895,841).

Louisiana (southern part) (1,260,490). Parishes:

Acadia.	Iberia.	Rapides.	Tangipahoa.
Allen.	Iberville.	St. Bernard.	Terrebonne.
Ascension.	Jefferson.	St. Charles.	Vermillion.
Assumption.	Jefferson Davis.	St. Helena.	Vernon.
Avoynes.	Lafayette.	St. James.	Washington.
Calcasieu.	Lafourche.	St. John the Baptist.	West Baton Rouge.
Cameron.	Livingston.	St. Landry.	West Feliciana.
East Baton Rouge.	Orleans.	St. Martin.	
East Feliciana.	Plaquemines.	St. Mary.	
Evangeline.	Pointe Coupee.	St. Tammany.	

Mississippi (southern part) (996,935). Counties:

Adams.	Greene.	Jones.	Neshoba.	Smith.
Amite.	Hancock.	Kemper.	Newton.	Walthall.
Claiborne.	Harrison.	Lamar.	Pearl River.	Warren.
Clarke.	Hinds.	Lauderdale.	Perry.	Wayne.
Copiah.	Issaquena.	Lawrence.	Pike.	Wilkinson.
Covington.	Jackson.	Leake.	Rankin.	Yazoo.
Forrest.	Jasper.	Lincoln.	Scott.	
Franklin.	Jefferson.	Madison.	Sharkey.	
George.	Jefferson Davis.	Marion.	Simpson.	

Tennessee (eastern part) (1,622,250). Counties:

Anderson.	Dekalb.	Jackson.	Monroe.	Sevier.
Bedford.	Dickson.	James.	Montgomery.	Smith.
Bledsoe.	Fentress.	Jefferson.	Moore.	Stewart.
Blount.	Franklin.	Johnson.	Morgan.	Sullivan.
Bradley.	Giles.	Knox.	Overton.	Sumner.
Campbell.	Grainger.	Lawrence.	Perry.	Trousdale.
Cannon.	Greene.	Lewis.	Pickett.	Unicoi.
Carter.	Grundy.	Lincoln.	Polk.	Union.
Cheatham.	Hamblen.	Loudon.	Putnam.	Van Buren.
Claiborne.	Hamilton.	McMinn.	Rhea.	Warren.
Clay.	Hancock.	Macon.	Roane.	Washington.
Cocke.	Hawkins.	Marion.	Robertson.	Wayne.
Coffee.	Hickman.	Marshall.	Rutherford.	White.
Cumberland.	Houston.	Maury.	Scott.	Williamson.
Davidson.	Humphreys.	Meigs.	Sequatchie. ●	Wilson.

DISTRICT NO. 7—CHICAGO (14,154,175).

Illinois (northern part) (4,977,386). Counties:

Boone.	Douglas.	Kankakee.	Marshall.	Shelby.
Bureau.	Dupage.	Kendall.	Mason.	Stark.
Carroll.	Edgar.	Knox.	Menard.	Stephenson.
Cass.	Ford.	Lake.	Mercer.	Tazewell.
Champaign.	Fulton.	La Salle.	Moultrie.	Vermilion.
Christian.	Grundy.	Lee.	Ogle.	Warren.
Clark.	Hancock.	Livingston.	Peoria.	Whiteside.
Coles.	Henderson.	Logan.	Piatt.	Will.
Cook.	Henry.	McDonough.	Putnam.	Winnebago.
Cumberland.	Iroquois.	McHenry.	Rock Island.	Woodford.
Dekalb.	Jo Daviess.	McLean.	Sangamon.	
Dewitt.	Kane.	Macon.	Schuyler.	

Indiana (northern part) (2,227,340). Counties:

Adams.	Delaware.	Jay.	Newton.	Steuben.
Allen.	Elkhart.	Jennings.	Noble.	Tippecanoe.
Bartholomew.	Fayette.	Johnson.	Ohio.	Tipton.
Benton.	Fountain.	Kosciusko.	Owen.	Union.
Blackford.	Franklin.	Lagrange.	Parke.	Vermilion.
Boone.	Fulton.	Lake.	Porter.	Vigo.
Brown.	Grant.	Laporte.	Pulaski.	Wabash.
Carroll.	Hamilton.	Madison.	Putnam.	Warren.
Cass.	Hancock.	Marion.	Randolph.	Wayne.
Clay.	Hendricks.	Marshall.	Ripley.	Wells.
Clinton.	Henry.	Miami.	Rush.	White.
Dearborn.	Howard.	Monroe.	St. Joseph.	Whitley.
Decatur.	Huntington.	Montgomery.	Shelby.	
Dekalb.	Jasper.	Morgan.	Starke.	

Iowa (2,224,771).

Michigan (southern part) (2,721,733). Counties:

Alcona.	Claire.	Isabella.	Midland.	Presque Isle.
Allegan.	Clinton.	Jackson.	Missaukee.	Roscommon.
Alpena.	Crawford.	Kalamazoo.	Monroe.	Saginaw.
Antrim.	Eaton.	Kalkaska.	Montcalm.	St. Clair.
Arenac.	Emmet.	Kent.	Montmorency.	St. Joseph.
Barry.	Genesee.	Lake.	Muskegon.	Sanilac.
Bay.	Gladwin.	Lapeer.	Newaygo.	Shiawasee.
Benzie.	Grand Traverse.	Leelanau.	Oakland.	Tuscola.
Berrien.	Gratiot.	Lenawee.	Oceana.	Van Buren.
Branch.	Hillsdale.	Livingston.	Ogenaw.	Washtenaw.
Calhoun.	Huron.	Macomb.	Osceola.	Wayne.
Cass.	Ingham.	Manistee.	Oscoda.	Wexford.
Charlevoix.	Ionia.	Mason.	Otsego.	
Cheboygan.	Iosco.	Mecosta.	Ottawa.	

Wisconsin (southern part) (2,002,945). Counties:

Adams.	Fond du Lac.	Kewaunee.	Oconto.	Sheboygan.
Brown.	Grant.	Lafayette.	Outagamie.	Vernon.
Calumet.	Green.	Langlade.	Ozaukee.	Walworth.
Clark.	Green Lake.	Manitowoc.	Portage.	Washington.
Columbia.	Iowa.	Marathon.	Racine.	Waukesha.
Crawford.	Jackson.	Marinette.	Richland.	Waupaca.
Dane.	Jefferson.	Marquette.	Rock.	Waushara.
Dodge.	Juneau.	Milwaukee.	Sauk.	Winnebago.
Door.	Kenosha.	Monroe.	Shawano.	Wood.

DISTRICT NO. 8—ST. LOUIS (9,291,698).

Arkansas (1,766,343).

Illinois (southern part) (1,257,609). Counties:

Adams.	Effingham.	Jefferson.	Montgomery.	Saline.
Alexander.	Fayette.	Jersey.	Morgan.	Scott.
Bond.	Franklin.	Johnson.	Perry.	Union.
Brown.	Gallatin.	Lawrence.	Pike.	Wabash.
Calhoun.	Greene.	Macoupin.	Pope.	Washington.
Clay.	Hamilton.	Madison.	Pulaski.	Wayne.
Clinton.	Hardin.	Marion.	Randolph.	White.
Crawford.	Jackson.	Massac.	Richland.	Williamson.
Edwards.	Jasper.	Monroe.	St. Clair.	

Indiana (southern part) (608,152). Counties:

Clark.	Gibson.	Knox.	Pike.	Switzerland.
Crawford.	Greene.	Lawrence.	Posey.	Vanderburg.
Davies.	Harrison.	Martin.	Scott.	Warrick.
Dubois.	Jackson.	Orange.	Sullivan.	Washington.
Floyd.	Jefferson.	Perry.	Spencer.	

Kentucky (western part) (1,354,213). Counties:

Adair.	Casey.	Hancock.	McLean.	Shelby.
Allen.	Christian.	Hardin.	Marion.	Simpson.
Anderson.	Clinton.	Hart.	Marshall.	Spencer.
Ballard.	Crittenden.	Henderson.	Meade.	Taylor.
Barren.	Cumberland.	Henry.	Mercer.	Todd.
Boyle.	Daviess.	Hickman.	Metcalfe.	Trigg.
Breckenridge.	Edmonson.	Hopkins.	Monroe.	Trimble.
Bullitt.	Franklin.	Jefferson.	Muhlenberg.	Union.
Butler.	Fulton.	Larue.	Nelson.	Warren.
Caldwell.	Gallatin.	Livingston.	Ohio.	Washington.
Calloway.	Graves.	Logan.	Oldham.	Wayne.
Carlisle.	Grayson.	Lyon.	Owen.	Webster.
Carroll.	Greene.	McCracken.	Russell.	

Mississippi (northern part) (979,635). Counties:

Alcorn.	Clay.	Leflore.	Pontotoc.	Tunica.
Attala.	Coahoma.	Lowndes.	Prentiss.	Union.
Benton.	De Soto.	Marshall.	Quitman.	Washington.
Bolivar.	Grenada.	Monroe.	Sunflower.	Webster.
Calhoun.	Holmes.	Montgomery.	Tallahatchie.	Winston.
Carroll.	Itawamba.	Noxubee.	Tato.	Yalobusha.
Chickasaw.	Lafayette.	Oktibbeha.	Tippah.	
Choctaw.	Lee.	Panola.	Tishomingo.	

Missouri (eastern part) (2,643,367). Counties: All except those included in district No. 10.

Tennessee (western part) (682,379). Counties:

Benton.	Dyer.	Haywood.	McNairy.	Weakley.
Carroll.	Fayette.	Henderson.	Madison.	
Chester.	Gibson.	Henry.	Oblon.	
Crockett.	Hardeman.	Lake.	Shelby.	
Decatur.	Hardin.	Lauderdale.	Tipton.	

DISTRICT NO. 9—MINNEAPOLIS (5,164,426).

Michigan (northern part) (372,533). Counties:

Alger.	Delta.	Houghton.	Luce.	Menominee.
Baraga.	Dickinson.	Iron.	Mackinac.	Ontonagon.
Chippewa.	Gogebic.	Keweenaw.	Marquette.	Schoolcraft.

Minnesota (2,312,445).

Montana (472,935).

North Dakota (765,319).

South Dakota (716,972).

Wisconsin (northern part) (524,222). Counties:

Ashland.	Douglas.	La Crosse.	Price.	Vilas.
Barron.	Dunn.	Lincoln.	Rusk.	Washburn.
Bayfield.	Eau Claire.	Oneida.	St. Croix.	
Buffalo.	Florence.	Pepin.	Sawyer.	
Burnett.	Forest.	Pierce.	Taylor.	
Chippewa.	Iron.	Polk.	Trempealeau.	

DISTRICT NO. 10—KANSAS CITY (7,404,443).

Colorado (988,320).

Kansas (1,851,870).

Missouri (western part) (786,228). Counties:

Andrew.	Buchanan.	Dekalb.	Jasper.	Platte.
Atchisour.	Cass.	Gentry.	McDonald.	Vernon.
Barton.	Clay.	Holt.	Newton.	Worth.
Bates.	Clinton.	Jackson.	Nodaway.	

Nebraska (1,284,126).

New Mexico (northern part) (196,440). Counties:

Cofax.	Mora.	Sandoval.	San Miguel.	Taos.
McKinley.	Rio Arriba.	San Juan.	Santa Fe.	Union.

Oklahoma (all except southeastern part) (2,112,489). Counties:

Adair.	Craig.	Jackson.	Muskogee.	Rogers.
Alfalfa.	Creek.	Jefferson.	Murray.	Roger Mills.
Beaver.	Delaware.	Kay.	Noble.	Seminole.
Blaine.	Dewey.	Kingfisher.	Nowata.	Sequoyah.
Beckham.	Ellis.	Kiowa.	Okfuskee.	Stephens.
Caddo.	Garfield.	Latimer.	Oklahoma.	Texas.
Canadian.	Garvin.	Le Flore.	Okmulgee.	Tulsa.
Carter.	Grant.	Lincoln.	Osage.	Tillman.
Comanche.	Grady.	Logan.	Ottawa.	Washita.
Cotton.	Greer.	Love.	Pawnee.	Wagoner.
Custer.	Harper.	McClain.	Payne.	Washington.
Cherokee.	Harmon.	McIntosh.	Pottawatomie.	Woods.
Cimarron.	Haskell.	Major.	Pittsburg.	Woodward.
Cleveland.	Hughes.	Mayes.	Pontotoc.	

Wyoming (184,970)

DISTRICT NO. 11—DALLAS (5,637,290).

Arizona (southeastern part) (120,828). Counties:

Cochise.	Pima.	Graham.	Santa Cruz.	Greenlee.

Louisiana (northern part) (596,464). Parishes:

Bienville.	Claiborne.	Jackson.	Ouachita.	Webster.
Bossier.	Concordia.	La Salle.	Red River.	West Carroll.
Beauregard.	De Soto.	Lincoln.	Richland.	Winn.
Caddo.	East Carroll.	Madison.	Sabine.	
Caldwell.	Franklin.	Morehouse.	Tensas.	
Catahoula.	Grant.	Natchitoches.	Union.	

New Mexico (southern part) (227,209). Counties:

Bernalillo.	Eddy.	Lincoln.	Quay	Socorro.
Chaves.	Grant.	Luna.	Roosevelt.	Torrence.
Curry.	Guadalupe.	Otero.	Sierra.	Valencia.
Dona Ana.				

Oklahoma (southeastern part) (177,366). Counties:

Atoka.	Choctaw.	Johnston.	Marshall.	Pushmataha.
Bryan.	Coal.	McCurtain.		

Texas (4,515,423).

DISTRICT NO. 12—SAN FRANCISCO (6,631,164).

Arizona (northwestern part) (142,960). Counties:

Apache.	Gila.	Mohave.	Pinal.	Yuma.
Coconino.	Maricopa.	Navajo.	Yavapai.	

California (3,029,032).

Idaho (445,176).

Nevada (110,738).

Oregon (861,992).

Utah (443,866).

Washington (1,597,400).

PART II.

REPORTS OF FEDERAL RESERVE AGENTS TO FEDERAL RESERVE BOARD.

DISTRICT NO. 1—BOSTON.

FREDERIC H. CURTISS, Chairman and Federal Reserve Agent.

INTRODUCTION.

The year 1917 has been momentous in the history of this country through its entrance on the side of the entente powers into the great European war against the central powers in the struggle of democracy against autocracy. The change of financial and commercial activities of the country, brought about by the declaration of war by Congress, has been felt in New England, owing to the character of its industries, probably as much as, if not more, than in any other portion of the United States.

The Federal Reserve Bank of Boston has played no small part in assisting the Government and the New England banks in financing the new requirements brought about by war conditions. War was declared on April 6, 1917, but previous to that time a large portion of the industries in the district were occupied in manufacturing arms, munitions, and other war requisites for the allied powers.

The high cost of labor and of such raw materials as wool, cotton, leather, etc., has kept money in good demand throughout the entire year, so that the resources of the Federal Reserve Banks have been employed to a far greater extent than in previous years, both by discounts for member banks and through purchases in the open market of bankers acceptances.

FINANCIAL RESULTS OF OPERATION.

The activities referred to brought the earnings of the Federal Reserve Bank to a point largely in excess of those of any previous year and these earnings were such that on December 20, 1917, the board of directors, with the approval of the Federal Reserve Board, declared a dividend at the rate of 6 per cent, covering all accumulated dividends up to December 31, 1917. This dividend amounted to \$597,828.54, and covered the period from January 1, 1915, to December 31, 1917.

After these dividends were paid and due depreciation of securities had been allowed, a balance of \$150,200 still remained, 50 per cent of which was carried to a surplus account and the balance paid to the United States Government as a franchise tax, as provided by the Federal Reserve Act. Schedule 1 shows these earnings in detail as compared with the year 1916.

The statement of condition of the bank on December 31, 1917, as compared with December 31, 1916, makes an interesting comparison, as will be seen from Schedule 2.

The total resources at the end of the year 1917 were \$253,000,000, as compared with \$65,000,000 at the end of the year 1916. An increase will be noted in all items making up the balance sheet, the most notable being increases in bills discounted, in deposits of member banks, in Government deposits, and in gold holdings.

GENERAL BUSINESS AND BANKING CONDITIONS IN THE DISTRICT.

The year opened with peace overtures under discussion by the warring nations. The uncertainty as to the effect of an early ending of the war influenced business men to go slow in their future commitments, but the volume of business in the process of manufacture and orders on hand was so large as to cause great activity in practically all manufacturing lines; more especially those engaged in the making of war materials. Although the high prices prevailing on all raw materials and the increasing cost of labor have made it difficult to forecast the costs of production, the industries in this district for the most part have had a profitable year, and in war lines exceptionally large profits have accrued.

Labor troubles, the international situation, embargoes, and other disturbances have created new problems. With the declaration of war, and even before, prices of foodstuffs began to soar and, as the cost of living increased, labor in all lines demanded higher wages. The difficulty in procuring coal and the price of that commodity has been an important factor in the cost of production. With the declaration of war, business more and more turned to Government orders, and banks were called upon to finance to a greater extent industries engaged in such work and subscriptions to bond issues and short-term obligations of the Government.

Early in May, business began to show unusual signs of hesitation and the future trend of prices grew more difficult to prognosticate, especially with commodity prices rising and evidences of hoarding and economy appearing.

With the successful flotation of the first Liberty loan, business identified with the war was greatly stimulated, but a retarding effect was evident in other lines, especially in luxuries and nonessentials.

This resulted in a spotty condition which, with an ever-increasing separation between war and domestic orders, resulted in the two lines diverging more and more as the year went on.

Money rates during the first few months of the year remained low, but as the year advanced the tendency was toward higher rates, strengthening with each offering of certificates of indebtedness by the Secretary of the Treasury until June 15, the date of payment on the first Liberty loan, when rates approached a 6 per cent basis. From that date rates held firm until well into August, easing somewhat at that time, but increasing again in the early fall, when certificate offerings were renewed. As the season for crop moving approached and the financing of the second Liberty loan began to be felt rates materially strengthened, and although banks seldom charged their customers over 6 per cent, their borrowings from the Federal Reserve Bank became heavier and more frequent.

DISCOUNT OPERATIONS.

During the first year and a half of operations of this bank rediscounts from member banks were small, never reaching during that time \$500,000. During July, 1916, these reached a high point of \$5,000,000, from which they quickly receded, and it was not until late in that year that they again expanded, this time to a high point of \$10,000,000.

During January of the present year, rediscounts again declined to just below \$1,000,000 and fluctuations for the balance of the year are outlined in Schedule 4 appended. Early in June, 1917, with the approach of payments on the first Liberty loan, rediscounts expanded to a high point of \$25,500,000. From this point they receded to a little over \$14,000,000, fluctuating with an upward tendency until October, when they dropped to a low point of \$10,800,000.

With the approach of payment dates for the second Liberty loan there was a heavy demand for discounts from members, and through them from nonmembers. These, for the most part, were secured by Liberty loan bonds. The highest point for one day was reached on December 4, when on the eve of an increase in discount rates,¹ the bank discounted or loaned on 1,280 items for about 60 banks something over \$36,000,000. This compares with total rediscounts of \$2,386,923 from 29 banks for the first 13½ months of operation. In other words, the bank rediscounted about 15 times as large an amount in one day as during the entire first 13½ months of operations to December 31, 1915. This brought the total loans to \$101,000,000.

¹ Member banks had been advised that they would be given 48 hours' notice of any change in the discount rates then existing.

On December 4, in order to strengthen the bank's reserve, there were sold from the bank's own portfolio to other Federal Reserve Banks \$5,000,000 of acceptances, and on December 5 a further lot of \$10,000,000. This brought the bank's loans on December 5 down to \$91,000,000.

With the financing incidental to the second Liberty loan and with the withdrawal of Government deposits from depositary banks, the demand on the Federal Reserve Bank from its member banks for accommodation became so heavy that during December, besides selling to the other Federal Reserve Banks bankers' acceptances referred to elsewhere, on December 11 rediscounts amounting to \$20,000,000 secured by Liberty loan bonds were made with other Federal Reserve Banks and on December 18 a further rediscount of \$25,000,000.

TRADE ACCEPTANCES.

The use of the trade acceptance has not broadened during the year and has been confined, as in previous years, largely in connection with the cotton industries.

Money conditions were such last year that note brokers could sell trade acceptances in the open market, but banks have been out of the market for outside paper, especially during the period of the movement of cotton and, therefore, these acceptances have been bought by the Federal Reserve Bank, largely from country banks in mill centers and with such member banks' indorsement, and in increasing amounts toward the end of the year, as will be seen by Schedule 7. Few of the larger banks in the district have yet encouraged the trade acceptance, still being in favor of the single name note and the discount system so long in vogue in this section. The rate on the trade acceptance maintained by the bank has been about one-half per cent lower than the rate on bills discounted.

ACCEPTANCES.

The acceptance business has shown marked growth during the year, the increased cost of raw material necessary for the industries of the district having influenced this form of financing. The development of foreign bills has been most satisfactory, imported wool, cotton, hides, and jute forming the principal merchandise thus financed. This method of financing has done much to develop banking relations between the United States, South America, and the Far East.

The line of development of the domestic acceptance in this district, however, has not been so satisfactory. The fact that rates were maintained for bankers' acceptances by the Federal Reserve Bank below the ruling money rates and the unusual demands for capital which existed, especially in the financing of cotton and

other raw material, induced banks to accept bills drawn rather for general financing purposes than for the transportation or carrying of merchandise.

Some banks have at times accepted drafts simply to extend additional accommodation to customers who were already borrowing up to their legal limit, and acceptances have been made that were not in strict accordance with the tenets of the Federal Reserve Act and the regulations of the Federal Reserve Board.

It will be seen by reference to Schedule 6 that the investment of the Federal Reserve Bank in acceptances has fluctuated widely during the year. In order to strengthen the bank's reserve these investments were allowed to run off early in the year so that in April, at the outbreak of the war, the bank held but \$6,500,000. While the bank has maintained a policy of buying all eligible acceptances when offered and indorsed by its member banks, it has reduced such offerings by raising its purchase rate so as to send acceptances into the portfolios of other banks. As money rates increased, acceptances were offered more freely, and in October the bank had invested some \$30,000,000 in these securities. The raising of the purchase rate has not always been effectual in reducing the volume of offerings of this character coming to the bank, for at times commercial banks were out of the market and other Federal Reserve Banks were giving preference to the acceptances of members in their own district. While, during the development by the banks of this country of this new class of business, it may have been necessary and desirable for the reserve banks to maintain rates for bankers' acceptances much below the ruling local money rates in order to compete with foreign bankers, this has had the effect of limiting their market to the Federal Reserve Bank and a few of the large city banks. Both from the buying and selling standpoint it would appear desirable to encourage a broader and freer market for bankers' acceptances. The Federal Reserve Bank should not feel obliged to support the market for its member banks' acceptances or to restrict its purchases only to its member banks, and the purchase rate should follow more nearly those of similar high-grade short-time investments so as to attract banks throughout the country to carry bankers' acceptances in their portfolios as secondary reserve. Schedules 7 and 8 show the amount and character of these purchasings.

Schedule 9 shows the acceptance liability of national banks in New England at date of comptroller's calls.

UNITED STATES BONDS.

Investments in United States bonds and other Government securities by the Federal Reserve Bank have not shown material increase during the year.

On April 1, the bank purchased through the Secretary of the Treasury 1,057,750 United States 2 per cent bonds, its proportion of the bonds offered by member banks under section 18 of the Federal Reserve Act. One-half of these bonds and similar bonds already held by the bank were converted into one-year Treasury notes. Schedule 2 shows the bank's investments in Government securities on December 31, 1916, and December 31, 1917.

MUNICIPAL WARRANTS.

Municipal warrants have been purchased by the bank only when discounts, bankers' acceptances, and other short-time eligible securities were lacking. The increased use of bankers' acceptances and trade acceptances, and the demand for rediscounts from member banks has been so large that with the exception of \$125,000 city of New York 3½ notes, which matured on June 5, the Federal Reserve Bank has made no purchase of warrants.

RESERVE POSITION.

The reserve position of the Federal Reserve Bank has changed materially during the year. The gold holdings of the bank have increased, but on the other hand the percentage of reserve against deposits, with the greater activities of the bank, shows a decrease.

The increase in the gold has been brought about through several causes: The changes in reserve requirements in the amendments to the Federal Reserve Act of June 21; the admission of State banks to membership; and the process of replacing with Federal Reserve notes gold and gold certificates carried by State and national banks as till money, and, to some extent, the retention by the bank of gold in circulation.

Under a ruling of the Federal Reserve Board, the Boston banks increased their reserve with the Federal Reserve Bank under the new requirements on June 27, the country banks being allowed to maintain their former reserve until July 15.

The reserve position of the bank at weekly periods during the year will be found in Schedule 10, and the gold reserve on chart 10A. Schedule 19 shows the reserve of national banks in New England at date of comptroller's calls.

MOVEMENT OF MEMBERSHIP.

Changes in the status of national banks in the district during the year, especially as to conversion into trust companies, have been less marked than in previous years, and only 13 member banks have sur-

rendered their charters during the year. On the other hand, many of the larger State institutions have joined the system, and the position of this bank has been materially strengthened thereby.

There are now 403 member banks in this district as against 399 at the end of 1916. The number of shares in the Federal Reserve Bank surrendered by the withdrawal of membership during the year amounted to 2,295, as compared to 12,533 subscribed by new members. The details of these changes will be seen in Schedules 11, 12, and 13.

RELATIONS WITH MEMBER BANKS.

Activities in connection with subscriptions to Liberty loan bonds and the financing of such subscriptions, as well as other Government requirements, have brought member banks into closer touch with the Federal Reserve Bank. More banks have availed themselves of rediscount privileges and to a greater extent.

The feeling of the country banker concerning membership in the Federal Reserve system has shown a marked change during the year, and all banks are apparently coming to realize the advantages offered by the reserve system and the strength given them by membership.

More banks have used the check-collection system and to a greater extent, but the charge of nine-tenths of a cent prevents banks from making general use of that facility, especially the country banks, which continue to send their checks largely to their city correspondents. The time-collection system and the transfer-check system have been used to but a limited extent as noted elsewhere in the report.

Permission to act as trustee, etc., under section 11k of the Federal Reserve Act has been granted to the banks named in Schedule 16.

The names of banks authorized during the year to accept up to an amount equal to 100 per cent of their capital and surplus will be found in Schedule 17.

Schedule 14 shows the borrowings of national banks in New England at the time of the comptroller's calls.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

During the past year the bank has also been brought into more intimate relations with the State banks of this district through governmental operations in connection with Liberty loan subscriptions and Government depositaries.

In the handling of Liberty loan operations the officers of State and member banks took prominent parts. Both by redeposits of Government funds and rediscount assistance for carrying bonds,

State banks were given the same accommodation as member banks except that rediscounts made for State banks were made only through and with the indorsement of member banks.

Under authority of the Federal Reserve Act, the Federal Reserve Board ruled on May 15 that Federal Reserve Banks might rediscount for member banks notes of State banks issued for carrying Liberty loan bonds and while this permission was granted only for the period from June 15 to July 15, the time was extended throughout the year.

As the war progressed, State banks began to be more often called upon to finance customers engaged on Government work and such banks began to appreciate the advantages offered by the Federal Reserve Bank to member banks through rediscounts. This, together with amendments to the Federal Reserve Act of June 21, 1917, which were particularly favorable to State institutions, influenced a number of State banks to apply for membership in the Federal Reserve system.

It was not, however, until after the appeal of the President of the United States, on October 13, that State banks began to any great extent to apply for membership, banks applying after that date stating that they were doing so largely for patriotic reasons.

Relations between the officers of the Federal Reserve Bank and those of the State institutions have been most friendly and cordial, and during the year State institutions offered to the reserve bank their gold holdings in exchange for Federal Reserve notes in order to strengthen the gold reserve of the Federal Reserve system.

The admission of these State banks to membership has given additional strength to the reserve system, as the applications of banks have been approved by the reserve bank's committee only when their condition after careful examination demonstrated that their admission would add strength to the system. The list of State banks admitted during the year and their deposits on admittance will be seen by Schedule 13. There are also some 10 or more State banks whose applications for membership are pending. In connection with the examination of the applying State banks, the cooperation of the bank departments of the different States has been most helpful. The special committee of the American Bankers' Association has also been of value in influencing several of the State banks to apply for membership.

Under the laws of several of the States of the district, savings accounts are required to be segregated and invested in savings banks' securities, and are subject to no reserve requirements. As a number of the State banks of the district have built up savings departments of considerable size and the reserve requirements of the Federal Reserve Act require that 3 per cent reserve be carried against savings de-

posits, this has deterred a number of State banks from applying for membership, as have also, to some extent, the requirements of section 22 of that act. While the laws of all of the States in the district allow State banks to join the Federal Reserve system, still in several of the States the laws are such that State banks that have been admitted to the reserve system can not take advantage of the reserve requirements and are obliged to carry such reserves as their State laws specify, which has the effect of increasing the reserve which those banks are required to maintain.

Schedule 15 contains figures regarding eligible nonmember banks.

POLICY IN REGARD TO RATES ON REDISCOUNTS AND PURCHASES OF
ACCEPTANCES.

Government necessities have been an important factor in deciding the discount policy of the Federal Reserve Bank from the time of the declaration of war. Early in the year, at the suggestion of the Federal Reserve Board, this bank, together with other Federal Reserve Banks, raised its open-market rates on bankers' acceptances above the outside rate, and as these securities constituted one of the principal investments of the reserve bank, acceptances coming upon the market were purchased by member banks for their portfolios. The volume of the investment of these securities held by the bank was thereby materially reduced and the reserve of the bank was considerably strengthened. On April 6, 1917, at the outbreak of the war, its reserve was 76 per cent.

During the subscription period of the first Liberty loan, it became necessary to establish a rate to carry Liberty loan bonds, and the directors of the Federal Reserve Bank were for the first time confronted with the question what effect would be produced by Government needs on what might be called the strictly commercial requirements of the district. While, under normal conditions, a rate somewhat higher than the Government loan yielded would have been deemed proper, the directors finally decided that such a rate might interfere with subscriptions to the Government bond issue, and, therefore, decided to establish a $3\frac{1}{2}$ per cent rate both on the 15-day and 90-day notes secured by Liberty loan bonds.

Outside of the marking up of the rate on trade acceptances from $3\frac{1}{2}$ per cent to 4 per cent on June 26, 1917, no other changes were made in the discount rate until August, when the acceptance rate was advanced. At that time it was felt that all rates might properly be moved up, for after the payments on account of Liberty loan subscriptions made on August 15, the banks in the district began to feel the drain caused by these payments, and discounts at the reserve banks became more frequent. It was felt, however, that the raising of

the discount rate at that time might interfere with the sale by the Secretary of the Treasury of the United States of the certificates of indebtedness which were soon to be forthcoming in connection with the second Liberty loan, especially as the act of Congress prevented the Secretary of the Treasury from issuing such certificates at a rate higher than $3\frac{1}{2}$ per cent. From this period on, certain of the member banks began to run up their lines of discount, these banks having demands on them not only for subscriptions to Liberty loan bonds, but also from customers working on Government contracts. In order, however, to protect the reserve of the bank, the rates for bankers' acceptances were steadily increased until they were about one-half per cent above the rate established by the New York Federal Reserve Bank, thereby sending those created in this market largely to the New York bank. Although it was suggested to these member banks that they endeavor to liquidate their rediscounts, it was finally decided that nothing should be done to interfere with Government needs, and liquidation in nonessential industries should be encouraged.

If liquidation in the nonessential industries were to take place, it was decided that such liquidation could be safely accomplished only through some indirect influence coming from the Government itself and that banks should be encouraged to expand in financing Government orders and in placing the different Government loans. After Congress met in September and had given the Secretary of the Treasury the discretion as to rates on Government borrowings, the directors of the reserve bank felt freer to establish rates based on prevailing local conditions.

With the inauguration of the second Liberty loan the same question as to the policy of establishing a rate for carrying these 4 per cent bonds came up for consideration. It was deemed inadvisable to make any change in the previous rate of $3\frac{1}{2}$ per cent, either for 15-day loans to banks secured by Liberty loan bonds or for 90-day loans to individuals so secured, and other rates were not raised. Here again it was found necessary to stimulate subscriptions to Government bonds. With the withdrawal of Government deposits in December, banks, as in July, began to feel the strain and the contraction of the money market again brought the banks to the Federal Reserve Bank for rediscounts. This time it was decided to raise the rates in order to encourage some liquidation, and new rates were accordingly put into effect on December 5 and again on December 12, as shown by Schedule 18.

CREDIT DEPARTMENT.

During the year the credit department, under the supervision of the Federal Reserve agent, began giving more attention to the state-

ments of borrowers from member banks when their notes were offered for rediscount, especially from the viewpoint of eligibility. A policy was adopted of requiring banks to furnish statements of the makers of notes offered, whenever notes were for \$5,000 and over. This policy was adopted with the idea of influencing member banks to extend their credit departments and to give more attention to the character of notes offered.

DEPOSITS.

There are appended Schedules 20, 21, and 22, showing the fluctuation of member bank deposits, United States Government deposits (general account), and United States funds deposited by the bank as fiscal agents with designated depositaries.

Member bank deposits, as will be seen by Schedule 20, showed a very material increase, expanding from a low point of about \$43,000,000 early in the year to a high point of nearly \$118,000,000 on November 15. This high point, however, was maintained only for a few days for use in payments to be made on the second Liberty loan. Most of the increase in deposits is due to the new reserve requirements of the Federal Reserve Act as amended in June, 1917, and to the deposits of State banks admitted to membership.

Schedule 20 shows the trend of deposits during the year. While the policy of penalizing banks deficient in reserves has been continued, the number of banks so penalized has been comparatively small. Government deposits are dealt with later in the report.

PERIODIC REPORTS REGARDING MEMBER BANKS.

Reports of national bank examinations are received regularly, as in previous years, from the chief bank examiner, and similar reports have been placed at the disposal of the Federal Reserve Bank by the bank commissioners of examinations made by them of State banks admitted to membership. These reports have been of great value to the officers in giving them an intimate knowledge of the financial conditions of member banks.

Beginning December 7, weekly reports are being received from member banks in Boston and Springfield, Mass.; Hartford, Conn.; Providence, R. I., and New Haven, Conn., these reports being similar in character to those which the different clearing houses have required of their member banks. These reports should prove of great value in keeping the bank officials in touch with the financial conditions of the district.

EDUCATIONAL AND PUBLICITY WORK.

While the officers of the bank have addressed bankers' meetings and trade organizations, the educational and publicity work has

been confined largely to matters pertaining to the Liberty loans and to inducing the State institutions to join the Federal Reserve system. The close intercourse of the officials of the bank in connection with governmental operations has furnished an opportunity for personal contact, both with the banker and business man, which has been most beneficial. Copies of speeches made by officers of the reserve system and prominent bankers dealing with the different phases of the Federal Reserve Act have been sent from time to time throughout the district.

Banks, and the public in general, have come to appreciate the power of the Federal Reserve system, especially in connection with the financing of the Government loans. The fact that these loans have been financed, as well as the largely increased Government orders, without any undue disturbance in the money market, has done much to impress all thinking banking officials and business men of the potential strength of the reserve bank and the system as a whole.

GOVERNMENT DEPOSITS.

The deposits of the Government, both in the Federal Reserve Bank and with depositary banks has been of unusual magnitude and activity during the year, as will be seen by Schedules 21 and 22. The Government purchases of ammunition and other war supplies manufactured in the district and the receipts and transfers on account of Liberty loan bonds, has made this bank's position as fiscal agent a most important one. Acting under permission given in Treasury Department Circular No. 81, 245 banks qualified as Government depositaries in connection with the first Liberty loan and payments were made by credit and redeposits amounting to about \$82,000,000.

In connection with the second Liberty loan, 209 banks so qualified and payments by credit in connection with the November 15 payment amounted to over \$170,000,000. The securities offered as collateral against these deposits were approved by a committee consisting of Mr. Charles A. Morss, class B director of the bank, as chairman; Mr. A. L. Aiken, governor of the bank; Mr. F. H. Curtiss, Federal Reserve agent, Mr. J. H. Leman, of Merrill, Oldham & Co., bankers; and Mr. G. P. Fogg, of R. L. Day & Co., bankers.

In connection with deposits of securities made against the first Liberty loan payments, several of the larger Boston banks and certain of the Connecticut banks acted as custodians of collateral. Securities pledged in connection with the second Liberty loan were all held by the Federal Reserve Bank of Boston as custodian with the exception of banks in New Haven, Hartford, and Waterbury, Conn., when local banks acted in that capacity.

CERTIFICATES OF INDEBTEDNESS.

The financing of Liberty loan subscriptions and tax payments by purchase of certificates of indebtedness issued from time to time by the Treasury Department has been of great value in relieving the pressure that would otherwise have been felt in the money market of the district through the withdrawal at one time of the large sums of money involved. The banks and the larger business houses have appreciated the advantage of the method of financing and have subscribed liberally as each issue of certificates of indebtedness has been offered. Schedules 23 and 24 show in detail the amount of these securities subscribed through the Federal Reserve Bank of Boston and other data of interest.

Redeposits were made with qualified depository banks in connection with each issue of certificates of indebtedness, in a similar manner as with Liberty loan subscriptions, the deposits being gradually withdrawn by the Government as needs required. The payments by credit in connection with the certificates of indebtedness are included in the figures shown in Schedule 22.

LIBERTY LOANS.

Immediately following the announcement by the Secretary of the Treasury of the initial offering of the first Liberty loan, a meeting of the executive committee of this bank was held to consider the organization of a Liberty loan committee to distribute and handle all details pertaining to the proposed issue of bonds. Representatives from the more important bond houses were asked to meet and assist in perfecting an organization to handle the necessary details pertaining to the bond issue. An organization was laid out covering New England with the exception of Fairfield County, Conn.

The organization for both the first and second loans was practically the same. Special mention should be made of the important part taken by the Boston bankers and brokers to whom is largely due the great success of the distributing end of both Liberty loans. The central committee was representative of the local financial interests and from that the executive committee was chosen.

The headquarters of the executive committee were at 50 State Street, in rooms provided by Lee, Higginson & Co. The Federal Reserve Bank has since leased permanent quarters at 30 Kilby Street for the Liberty loan committee.

In Boston some 79 committees representing the different lines of trade were formed. In each of the banking centers throughout the district local chairmen were chosen, for the most part prominent bankers, and each heading committees representative of the locality. There were 69 such committees in Maine, 47 in New Hampshire, 146

in Massachusetts, 51 in Vermont, 11 in Rhode Island, and 61 in Connecticut. The governors and treasurers of the different States, the mayors of the cities and other public officials, public-safety committees, labor organizations, all have assisted in making the Liberty loans a success.

On the first Liberty loan, the minimum allotment for this district was \$240,000,000, the maximum being \$300,000,000. Subscriptions of \$332,447,000 were received and allotments were made of \$265,017,900. On the second Liberty loan the minimum allotment was \$300,000,000, the maximum being \$500,000,000, and subscriptions were received of \$476,950,050. Allotments were made of \$407,713,700. The basis of the maximum and minimum allotment on the first loan was on the total banking resources of the district, which included savings banks. On the second loan the allotment was on a similar basis, with the exception that but 50 per cent of the savings banks' resources were included. Full details in reference to the allotments and subscriptions by States will be seen by referring to Schedule 25. Schedules 26, 27, and 27A give further details in reference to payments made and various other matters relating to these two bond issues.

WAR-SAVINGS CERTIFICATES.

In connection with the handling of the war-savings certificates campaign, the Federal Reserve Bank has not taken the same active part as it has in sales of Liberty loan bonds. The war-savings certificates campaign has been handled by an organization headed by Federal appointees and has been entirely apart from the direction and guidance of the Federal Reserve Bank. This bank has acted only as custodian of the certificates and stamps, delivering those securities on the instructions of the committee.

FEDERAL RESERVE NOTE ISSUES.

During the year, as will be seen by Schedule 28, an increasing amount of Federal Reserve notes has been issued each month. This has been brought about by two influences; first, by the nonissuance of gold certificates of \$10 and \$20 denominations by the Treasury Department, and, second, by the efforts of the Federal Reserve Bank to strengthen its reserve position through the acquiring of gold held in the tills of member banks and in the pockets of the public, issuing in place thereof Federal Reserve notes. Banks in this district, both member and nonmember, have responded very willingly to this bank's suggestions that they do not pay out gold certificates but retain them, exchanging them for Federal Reserve notes.

As the demand for Federal Reserve notes increased, it was found advisable to carry a larger supply on hand not only in our own vaults,

but in the subtreasury and with the Comptroller of the Currency at Washington. At the present time there is available \$106,700,000 of such notes, a large part of which can be used at once and the balance within 24 hours. Schedule 30 appended shows the amount of Federal Reserve notes of this bank returned to us by the other Federal Reserve Banks and the amounts of notes outside the district returned to issuing banks by us. Schedules 28 and 29 show Federal Reserve notes issued and retired by the bank during the year.

While the Federal Reserve Bank has furnished currency through the issue of Federal Reserve notes to a considerable extent, the bank should have facilities for furnishing currency of all denominations and kinds. The demand for pay-roll needs, with the increased activities in industry, has been felt increasingly during the year.

INTERNAL ORGANIZATION.

During the year there have been held 25 directors' meetings with an average attendance of 8 members. The executive committee has met 30 times and the average attendance has been 4.

At an early meeting of the board of directors, Mr. Daniel G. Wing, president of the First National Bank of Boston, was reelected a member of the Federal Advisory Council.

The terms of Thomas P. Beal, class A director, and Charles A. Morss, class B director, expired December 31, 1917. A new election was held by member banks in group 1, who were represented by these directors and they were unanimously reelected, there being no other nominations made for the offices.

Mr. Frederic H. Curtiss was reappointed by the Federal Reserve Board as a director of the Federal Reserve Bank of Boston for three years ending December 31, 1920. He was redesignated as chairman and Federal Reserve agent.

Owing to the death of Mr. Walter S. Hackney on March 20, 1917, who had been the class C director and vice chairman since October, 1914, Mr. Andrew J. Peters, former Assistant Secretary of the Treasury, was appointed by the Federal Reserve Board to fill the vacancy caused by Mr. Hackney's death.

Mr. Alfred L. Aiken, who had been governor of the Federal Reserve Bank since November, 1914, resigned to accept the presidency of the National Shawmut Bank of Boston.

Mr. Charles A. Morss, formerly treasurer of the Simplex Wire & Cable Co. of Boston, a class B director of the bank, was elected to the position of governor, taking office on December 20, 1917. Mr. Morss has been a close student of finance for many years, and has been connected as director with several of the large local banks.

Mr. Florrimon M. Howe, who has been cashier of the bank since November, 1914, resigned in December to accept the vice presidency of the Industrial Trust Co. of Providence, R. I., and Mr. Chester C. Bullen, formerly assistant cashier, was elected cashier.

The organization of the Federal Reserve Bank, both from the executive and the clerical staff, has had to be largely increased during the year, owing to the additional activities of the reserve bank in connection with its position as fiscal agent for the United States Government.

At the time of the first Liberty loan, the subscription department and bond department was handled largely by volunteer forces, who were liberally contributed by the local banking houses. It was deemed necessary, however, to establish in the bank a permanent organization to handle the details incidental to the second Liberty loan and for the handling of future Government loans. A new plan of reorganization of the entire bank was laid out. This new plan of reorganization led to the election of Mr. William Willett, former assistant auditor of the bank, as assistant cashier in charge of the clearing department. Mr. Harry A. Saunders, formerly head bookkeeper, was appointed assistant cashier and put in charge of the subscription department, Mr. Chester C. Bullen, assistant cashier, being put in charge of the entire bond department. Mr. Harry F. Currier, former national bank examiner, was appointed chief auditor. With the approval of the Federal Reserve Board, Mr. Russell B. Spear was selected by the Federal Reserve agent as assistant Federal Reserve agent, as provided in the recent amendment of the Federal Reserve Act, and, pending the organization of a special department, the handling of the certificates of indebtedness, Government depositaries, and securities deposited by banks against Government funds, has been carried on in the Federal Reserve agent's department.

With the increase of the bank's activities, the greatest problem has been the inadequacy of its present banking quarters, and although considerable more floor space has been added during the year and the clerical force increased from 70 to 256, still it is most important that larger banking quarters be secured and this force materially increased. A committee of the directors has this matter under consideration.

CLEARINGS AND COLLECTIONS.

During the year the check collection department continued to expand with an increasing number of banks sending their checks to the bank for collection. About 25 banks, having a large number of items on points in other Federal Reserve districts, have taken advantage of the direct routing feature of this system and send their

items direct to other Federal Reserve Banks. About 33 banks in other districts are sending items direct to this bank. The charge for collecting remains the same, at nine-tenths of a cent per item. It is noticeable that some banks are sending only their larger items, their smaller ones going through their city correspondents. In spite of the increase in items handled, it has only been necessary to make a slight increase in the number of clerks.

A comparison of figures with other Federal Reserve Banks shows a very much larger percentage of checks outside of the Federal Reserve city handled in this district than in any other. This is due to a considerable extent to the fact that the New England banks were practically all accustomed to remit to the Boston Clearing House before the establishment of the present collection system.

Schedules 31 and 32 contain detailed statistics on the activities of this department.

GOLD-SETTLEMENT FUND.

The gold-settlement fund, the operation of which was outlined in the report of 1915, has continued to become an increasingly important factor in the settlement of exchange without actual transfer of funds from one Federal Reserve Bank to another. During the year the transfers through this fund were largely increased, as will be seen from Schedule 33. The cost of making these transfers is infinitesimal in comparison with the vast total of transfers made. Late in the year the Boston subtreasury began settling its balances by transfers on the books of this bank instead of by the actual exchange of currency, and this has added to the volume of transfers through this fund.

BANK OF ENGLAND STERLING GOLD ACCOUNT.

Following an arrangement made between the Federal Reserve Bank of New York and the Bank of England establishing relations as correspondents in which all the Federal Reserve Banks might participate, this bank made payment in New York for account of the Bank of England on June 7, 1917, of \$3,675,000 in gold, the Bank of England setting aside and holding a similar amount in "ear-marked gold" in London subject to this bank's orders.

CONCLUSION.

There is no better evidence of the important position that the Federal Reserve Bank of Boston has attained at the present time than a survey of the balance sheet shown in schedule 2.

The bank has been tested during the present year in the financing of the great war loans and increased activities of the local industries

to such an extent that its policy of discount is closely watched, and its officials are called into consultation whenever any new problem arises, which frequently occurs, owing to war conditions.

In outlining the bank policy due regard has been taken of the different interests affected and from the broadest national viewpoint. That the war financing has been accomplished without undue disturbance to the local money market has impressed not only the banks but the public at large of the power, strength, and insurance which the Federal Reserve Bank of Boston and the Federal Reserve system furnishes for the handling of commerce and business of the United States.

SCHEDULE 1.—*Income and expense.*

Expense.	1916	1917	Income.	1916	1917
Paid in lieu of dividends on stock canceled.....	\$2,804.17	\$3,926.85	Balance January 1, 1917..		\$11,596.56
Current expense.....	25,357.37	51,288.75	Discount from member banks on—		
Directors' fees.....	5,712.35	5,781.10	Notes discounted....	\$39,641.83	302,612.23
Rent.....	15,139.13	15,246.49	Rediscunts secured by United States bonds.....		153,039.85
Salaries.....	77,085.38	93,193.65			
Exchange paid.....	.40	69.10	Collateral notes.....	2,153.23	87,962.26
Cost of Federal Reserve notes.....	15,141.36	68,954.48	Trade acceptances....	1,508.14	27,502.79
Assessment for expense, Federal Reserve Board..	17,703.57	21,226.35		43,303.20	571,117.13
Charged off:			Discount on open-market purchases:		
Organization.....	17,301.73		Bankers' acceptances, domestic.....	7,709.16	107,831.44
Furniture and equipment.....	15,352.04	8,973.83	Bankers' acceptances, foreign.....	229,147.58	377,903.14
Difference account.....	88.98	814.83	Trade acceptances, foreign.....		16,662.72
Cost of unissued currency.....		33,666.91	State, city, and town notes.....	78,578.27	5,202.73
Repairs and alterations.....		10,450.00		315,435.01	507,600.03
Expenses paid in advance.....		1,462.24	Interest on United States securities.....	57,194.16	94,784.86
Transit department, net cost.....		8,255.87	Appreciation and profit on United States securities..	20,575.00	11,101.60
To balance.....	258,527.42	886,294.79		77,769.16	105,883.46
	450,213.90	1,209,605.24	Commissions.....	10,558.55	6,938.15
			Penalties for deficient reserve.....		6,105.39
			Service charges.....	3,147.98	361.52
			Sundry profits.....		
				450,213.90	1,209,605.24
Dividends paid member banks.....	246,930.86	597,828.54	Jan. 2, balance forward...	258,527.42	886,294.70
Reserve for depreciation on United States securities.....		138,266.25			
Balance to surplus account including payment to United States Government.....	11,596.56	150,200.00			
	258,527.42	886,294.79		258,527.42	886,294.79
			Jan. 3, balance.....	11,596.56	150,200.00

SCHEDULE 2.—Comparative balance sheet Dec. 31, 1916, and Dec. 31, 1917.

	Dec. 31, 1916.	Dec. 31, 1917.
RESOURCES.		
Earning assets:		
Bills discounted for member banks.....	\$3,745,315.28	\$65,882,359.35
Acceptances purchased.....	12,725,167.81	9,037,506.04
State, city, and town notes.....	890,002.23	.....
United States bonds.....	1,332,000.00	609,750.00
United States 1-year Treasury notes.....	1,000,000.00	2,194,000.00
	\$19,692,485.32	\$77,723,615.39
Reserve cash:		
Gold coin and gold certificates.....	11,774,857.50	18,690,900.00
Gold settlement fund.....	14,737,000.00	16,977,000.00
Gold redemption fund for Federal Reserve notes.....	.....	2,000,000.00
Bank of England sterling gold account.....	.....	3,675,000.00
Other lawful money.....	427,683.00	3,574,566.00
	26,939,540.50	44,917,466.00
With Federal Reserve agent:		
Gold against Federal Reserve notes....	13,518,385.00	40,896,820.00
Other resources:		
Interest accrued on United States bonds	13,870.83	21,958.75
Check collection expense (recoverable)...	8,384.44	.....
Expense Liberty loan (recoverable).....	.....	144,167.62
Expenses paid in advance.....	1,564.72	.....
Cost of Federal Reserve notes (unissued)	29,230.20	.....
Due from Liberty loan subscriptions.....	.....	118,035.40
Due from Federal Reserve Banks.....	4,836,131.06	.....
Items in process of collection.....	12,592,167.39	15,007,383.44
Due from banks (Government deposits)	.....	66,489,691.55
Exchanges for clearing house and cash items.....	328,149.59	3,216,597.70
Federal Reserve notes and other cash on hand.....	815,595.87	4,661,035.81
	65,257,119.92	253,196,771.66
Total assets.....		
	65,257,119.92	253,196,771.66
LIABILITIES.		
Capital fund:		
Capital paid in.....	4,889,700.00	5,858,450.00
Surplus.....	.....	.....
Profit and loss account.....	258,527.42	150,200.00
Deposits:		
Due to member banks reserve account...	56,757,135.68	82,842,197.76
Due to Federal Reserve Banks collected funds.....	.....	3,870,139.46
Due to banks uncollected funds.....	1,058,988.16	13,780,544.93
Due to United States Government general account.....	2,130,617.72	2,419,414.94
Due to United States special account.....	.....	66,489,691.55
Cashier's checks outstanding.....	941.30	20,416.33
Federal Reserve notes outstanding.....	13,518,385.00	77,296,820.00
Other liabilities:		
Unearned discount and interest.....	61,209.64	468,896.64
	65,257,119.92	253,196,771.66
Total liabilities.....		
	65,257,119.92	253,196,771.66
Liability for rediscount with other Federal Reserve Banks.....	.....	44,477,789.09

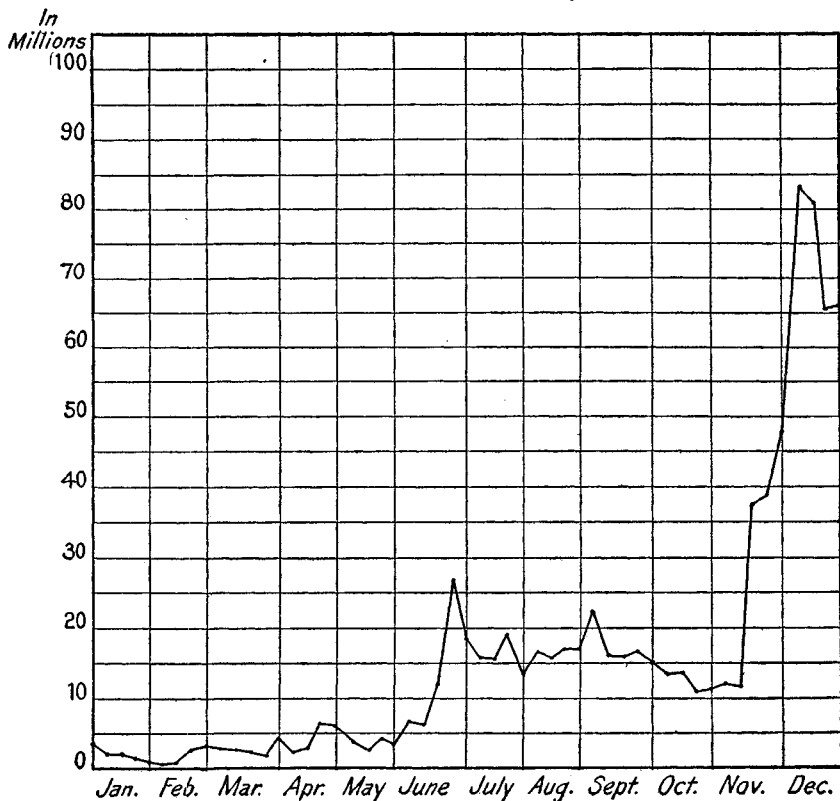
¹ These items not included in total.

SCHEDULE 3.—Money rates in Boston, 1917.

	Jan.	Feb.	Mar.	Apr.	May.	June.
Demand money.....	3-6	3-4½	3½-4	3½-4½	4-5	4½-6
Commercial paper.....	3-4½	3-4½	4-4½	4-5	4½-5	5-6
Brokers' 6 months' paper.....	3½-4½	3½-5	4-5	4½-5	5	5-6
Year money.....	4½-4	4½-4½	4½-4½	4½-5	5	5
Acceptances.....	2½-3½	2½-3½	2½-3½	2½-3½	3-3½	3-3½
Town notes.....	1.00-3.30	2.00-2.70	1.46-4.00	3-50-4.12	4.17-4.55	4.21-5.39
Certificates of indebtedness.....			2	3	3-3½	3½

	July.	Aug.	Sept.	Oct.	Nov.	Dec.
Demand money.....	4½-6	4½-5	4½-6	4-6	4-6	4½-6
Commercial paper.....	4½-5½	4½-5½	5-6	5½-6	5½-6	5½-6
Brokers' 6 months' paper.....	4½-5½	5-5½	5-6	5½-6	5½-6	6
Year money.....	5½-5½	5½-5½	5-5½	6	6	6
Acceptances.....	3-3½	3-4	3½-4	3½-3½	3½-3½	3½-4
Town notes.....	3.92-4.39	3.98-4.93	4.27-4.34	4.24-4.59	4.55-4.90	4.58-5.10
Certificates of indebtedness.....		3½	3½-4	4	4	4

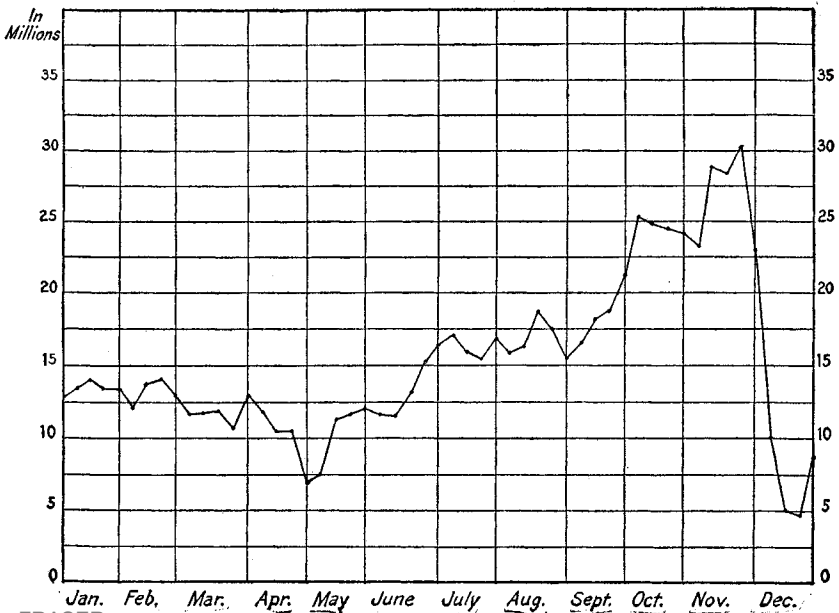
SCHEDULE 4.—Bills discounted, including member banks' collateral notes held at close of business each Friday.



SCHEDULE 5.—Total investments at close of business each Friday.



SCHEDULE 6.—Amount of acceptances held at close of business each Friday.



SCHEDULE 7.—*Acceptances purchased for own account.*

Month.	Foreign acceptances.			Domestic acceptances.			Foreign trade acceptances.		
	Items.	Amount.	Low and high rate.	Items.	Amount.	Low and high rate.	Items.	Amount.	Low and high rate.
			<i>P. ct.</i>			<i>P. ct.</i>			<i>P. ct.</i>
January.....	90	\$2,522,546.66	2½-3½	20	\$516,292.67	3-3½			
February.....	187	4,461,805.32	2½-3½	19	800,416.62	3-3½			
March.....	163	4,803,854.46	2½-3½	8	353,407.60	3-3½			
April.....	17	786,937.47	2½-3½	20	458,149.37	3-3½			
May.....	233	9,077,342.66	3-3½	57	1,140,471.04	3-3½			
June.....	185	6,153,140.45	3-3½	70	2,390,740.88	3-3½			
July.....	67	2,300,664.79	3-3½	22	1,102,781.58	3-3½			
August.....	228	6,068,808.44	3-3½	49	1,253,165.94	3-3½	24	\$229,553.16	4-4
September.....	409	10,654,363.60	3½-4	102	3,958,850.87	3½-3¾	101	2,020,406.37	4-4
October.....	97	4,179,893.80	3½-4	54	1,400,099.76	3½-4	8	60,733.74	4-4
November.....	373	7,831,447.47	3½-3¾	79	3,505,018.51	3½-3¾	50	499,881.92	4-4
December.....	123	3,891,621.91	3½-4½	266	8,508,144.61	3½-4½	45	597,664.73	4-4
Total.....	2,172	62,732,427.03		766	23,387,539.45		228	3,408,239.92	

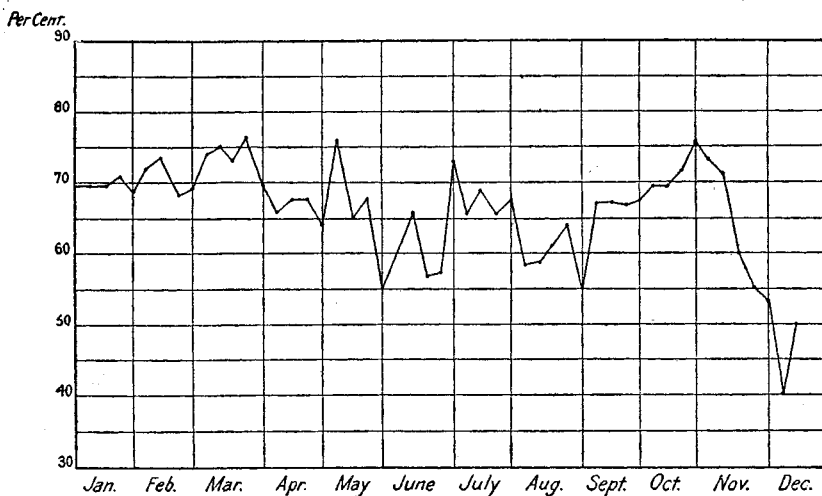
SCHEDULE 8.—*Acceptances purchased for other Federal Reserve Banks.*

Month.	Foreign acceptances.			Domestic acceptances.		
	Items.	Amount.	Low and high rate.	Items.	Amount.	Low and high rate.
			<i>Per cent.</i>			<i>Per cent.</i>
February.....	252	\$6,207,883.16	2½-3½	15	\$326,327.40	3-3½
April.....	124	3,597,019.89	2½-3½	30	1,005,828.17	3-3½
May.....	255	6,392,551.36	3-3½	44	1,357,453.16	3-3½
June.....	118	5,845,222.26	3-3½	32	658,055.21	3-3½
July.....	8	686,000.00	3-3½	10	307,833.22	3½-3¾
August.....	281	9,854,040.11	3-3½	19	735,022.75	3½-3¾
September.....	78	3,244,386.64	3½-4	4	173,805.76	3½-3¾
November.....	211	3,881,947.48	3½-3¾	13	447,560.70	3½-3¾
December.....	584	10,856,513.55	3½-4½	289	10,514,551.63	3½-4½
Total.....	1,911	50,555,564.45		456	15,506,458.00	

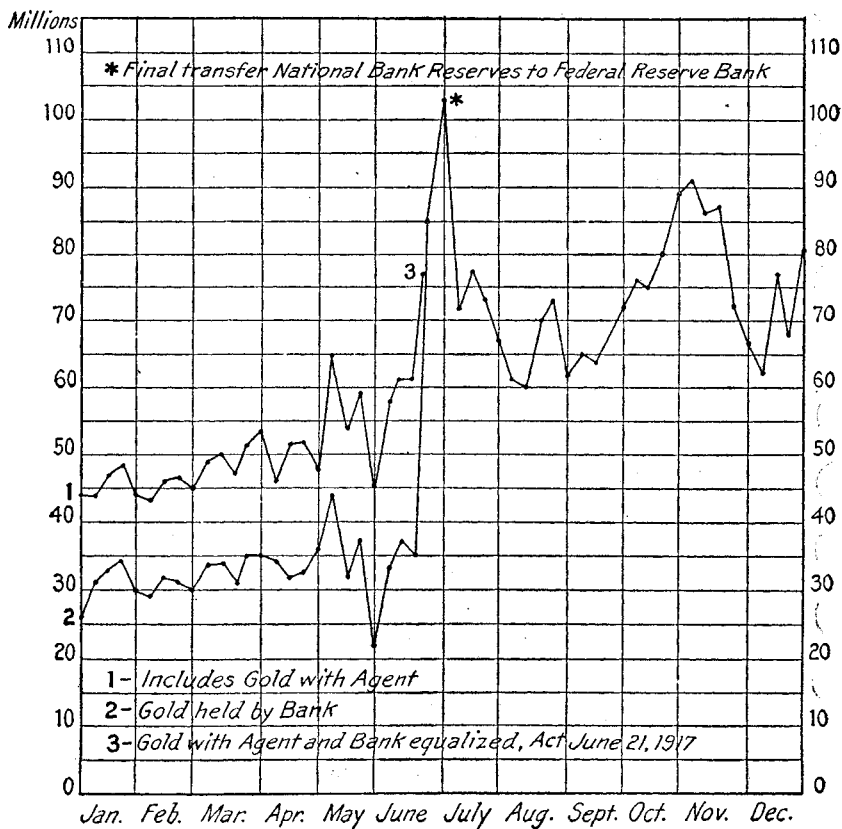
SCHEDULE 9.—*Acceptance liability of national banks in New England at date of Comptroller's calls.*

Mar. 5, 1917.....	\$24,372,000
May 1, 1917.....	25,459,000
June 20, 1917.....	33,147,000
Sept. 11, 1917.....	35,082,000
Nov. 20, 1917.....	44,500,000

SCHEDULE 10.—Cash reserve at close of business each Friday.



SCHEDULE 10A.—Total gold reserve at close of business each Friday.



SCHEDULE 11.—*Member banks liquidated during 1917.*

Name of bank.	Location.	Disposition.	Shares surrendered.
Hadley Falls National Bank...	Holyoke, Mass.....	Formed Hadley Falls Trust Co., Holyoke, Mass.	180
Home National Bank.....	Bangor, Me.....	Consolidated with Merrill Trust Co., Bangor, Me.	210
Second National Bank.....	Ware, Mass.....	Succeeded by Ware Trust Co.	180
Ware National Bank.....	Worcester, Mass.....	Consolidated with Worcester Bank & Trust Co.	234
Worcester National Bank.....	Auburn, Me.....	Succeeded by First Auburn Trust Co.	480
First National Bank.....	Torrington, Conn.....	Succeeded by Brooks Bank & Trust Co.	135
Brooks National Bank.....	Taunton, Mass.....	Succeeded by Bristol County Trust Co.	75
Taunton National Bank.....	Stoneham, Mass.....	Succeeded by Stoneham Trust Co.	465
Stoneham National Bank.....	Rochester, N. H.....	Succeeded by Rochester Trust Co.	36
Rochester National Bank.....	Wiscasset, Me.....	Succeeded by Lincoln County Trust Co.	60
First National Bank.....	Norwood, Mass.....	Succeeded by Norwood Trust Co.	36
Norwood National Bank.....	South Berwick, Me.....	Succeeded by South Berwick Savings Bank & Trust Co.	120
South Berwick National Bank.....			84
Total.....			2,295

SCHEDULE 12.—*New members.*

Name of bank.	Location.	Shares subscribed
North Brookfield National Bank.....	North Brookfield, Mass.....	38
Back Bay National Bank.....	Boston, Mass.....	150
Tanners National Bank.....	Woburn, Mass.....	66
Second National Bank.....	Malden, Mass.....	75
Commonwealth Trust Co.....	Boston, Mass.....	900
Winchester Trust Co.....	Winchester, Mass.....	75
International Trust Co.....	Boston, Mass.....	1,800
Fitchburg Bank & Trust Co.....	Fitchburg, Mass.....	450
Norwood Trust Co.....	Norwood, Mass.....	120
American Trust Co.....	Boston, Mass.....	1,800
Newton Trust Co.....	Newton, Mass.....	480
Industrial Trust Co.....	Providence, R. I.....	4,200
Metropolitan Trust Co.....	Boston, Mass.....	360
Union & New Haven Trust Co.....	New Haven, Conn.....	690
Charles River Trust Co.....	Cambridge, Mass.....	240
Winchester National Bank.....	Winchester, Mass.....	39
Worcester Bank & Trust Co.....	Worcester, Mass.....	1,050
Total.....		12,533

SCHEDULE 13.—*State banks admitted to system.*

Date of admission.	Name of bank.	Location.	Capital and surplus.	Deposits when admitted.
1917.				
Feb. 12	Commonwealth Trust Co.....	Boston, Mass.....	\$1,500,000	\$18,520,000
May 29	Winchester Trust Co.....	Winchester, Mass.....	125,000	530,000
June 9	International Trust Co.....	Boston, Mass.....	3,000,000	14,772,000
July 26	Fitchburg Bank & Trust Co.....	Fitchburg, Mass.....	750,000	3,485,000
Aug. 11	Norwood Trust Co.....	Norwood, Mass.....	200,000	1,771,000
31	American Trust Co.....	Boston, Mass.....	3,000,000	19,905,000
Nov. 5	Newton Trust Co.....	Newton, Mass.....	800,000	3,629,000
9	Industrial Trust Co.....	Providence, R. I.....	7,000,000	58,765,000
Dec 4	Metropolitan Trust Co.....	Boston, Mass.....	600,000	3,559,000
11	Charles River Trust Co.....	Cambridge, Mass.....	400,000	1,881,000
14	Union & New Haven Trust Co.....	New Haven, Conn.....	1,150,000	3,156,000
26	Worcester Bank & Trust Co.....	Worcester, Mass.....	1,750,000	19,790,000

SCHEDULE 14.—*Borrowings of national banks in New England.*

Date.	Bills payable with Federal reserve bank. ¹	Money borrowed elsewhere.	Liabilities for rediscounts. ¹	Total borrowings. ¹	Acceptances rediscounted included in total borrowings. ¹	Rediscounts of Federal Reserve Bank of Boston. ²
Dec. 27, 1916.....	\$610,000	\$4,633,000	\$14,547,000	\$19,790,000	\$8,849,000	\$4,804,000
Mar. 5, 1917.....	110,000	3,089,000	16,299,000	19,498,000	8,733,000	2,535,000
May 1, 1917.....	1,740,000	3,077,000	13,098,000	17,915,000	6,951,000	4,791,000
June 20, 1917.....	7,445,000	8,131,000	21,376,000	36,952,000	6,654,000	15,693,000
Sept. 11, 1917.....	5,177,000	6,124,000	15,883,000	27,184,000	5,738,000	13,757,000
Nov. 20, 1917.....	5,439,000	6,701,000	45,479,000	57,619,000	15,496,000	32,970,000

¹ From reports to Comptroller of the Currency.² As shown by books of Federal Reserve Bank of Boston.SCHEDULE 15.—*Number, capital, and surplus, and deposits, by States, of eligible nonmember banks.*

State.	Number banks.	Capital and surplus.	Deposits.
Connecticut.....	25	\$9,904,300	\$56,828,000
Maine.....	37	6,347,900	59,498,000
Massachusetts.....	80	40,164,000	269,846,000
New Hampshire.....	8	1,500,200	8,970,254
Rhode Island.....	10	18,378,000	154,161,000
Vermont.....	23	2,756,000	30,836,000
Total.....	183	79,050,400	580,139,254

SCHEDULE 16.—*Banks granted fiduciary powers under section 11k of the Federal reserve act.*

Date.	Name.	Location.	Powers granted.
1917			
Jan. 29	Merrimack National Bank.....	Haverhill, Mass.....	Trustee, executor, administrator, and registrar of stocks and bonds.
29	First National Bank.....	Bar Harbor, Me.....	Do.
Mar. 16	Home National Bank.....	Brockton, Mass.....	Do.
May 14	State National Bank.....	Windsor, Vt.....	Trustee, executor, and administrator.
June 18	Webster & Atlas National Bank.	Boston, Mass.....	Trustee, executor, administrator and registrar of stocks and bonds.
Aug. 20	Manufacturers National Bank..	Lynn, Mass.....	Do.
20	Edgartown National Bank.....	Edgartown, Mass.....	Trustee, executor, and administrator.
Oct. 31	National Bank of Wareham.....	Wareham, Mass.....	Trustee, executor, administrator, and registrar of stocks and bonds.
31	Mechanics National Bank.....	Worcester, Mass.....	Do.
Nov. 5	National State Capital Bank....	Concord, N. H.....	Do.
10	Plymouth National Bank.....	Plymouth, Mass.....	Do.
14	Vermont National Bank.....	Brattleboro, Vt.....	Do.
Dec. 28	Merchants National Bank.....	Leominster, Mass....	Do.

SCHEDULE 17.—*Banks granted permission to accept up to 100 per cent of their capital and surplus during 1917.*

Blackstone Canal National Bank, Providence, R. I.	Mechanics National Bank, New Bedford, Mass.
Safety Fund National Bank, Fitchburg, Mass.	Massasoit-Pocasset National Bank, Fall River, Mass.
Hartford-Aetna National Bank, Hartford, Conn.	National Union Bank, Boston, Mass.

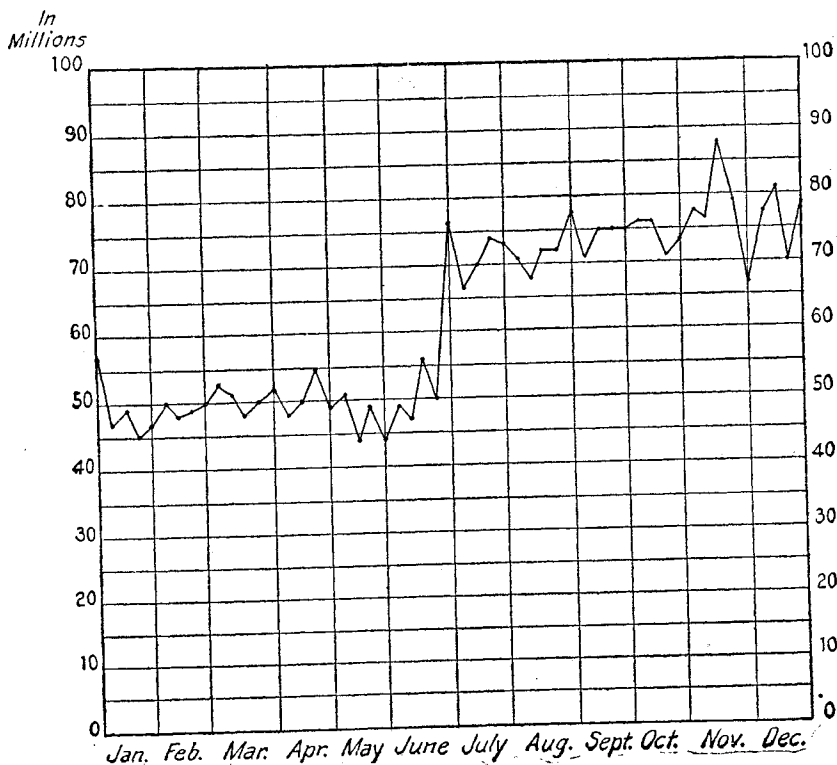
SCHEDULE 18.—*Discount rates.*

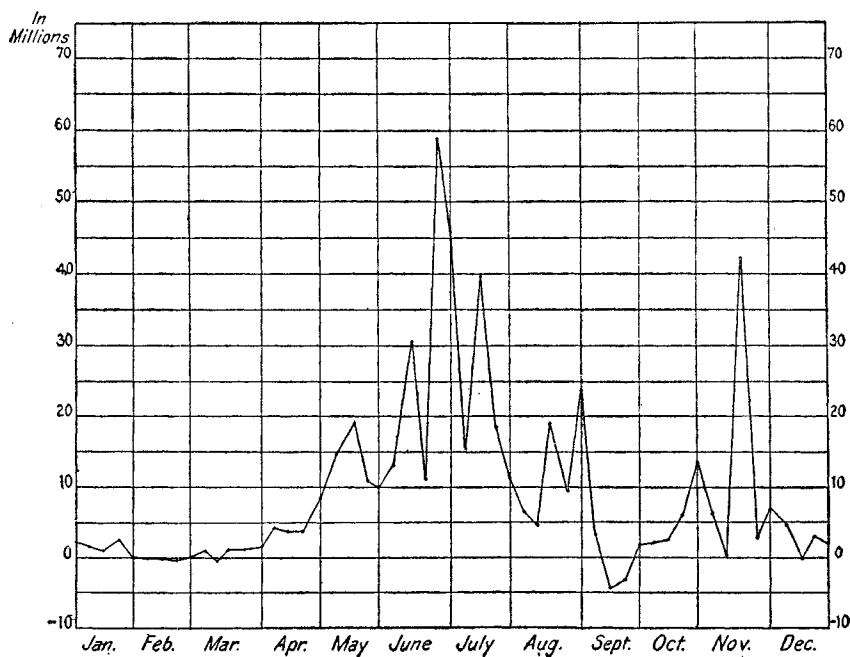
Date.	Maturities of 15 days or less.	Maturities of 16 to 90 days.	Agricultural and live-stock paper 91 days to 6 months.	Trade Acceptances.	Commodity paper.	Secured by United States certificates of indebtedness or Liberty Loan Bonds.	
						15 days or less.	16 to 90 days.
Dec. 7, 1916.....	3½	4	5	3½	4	.....	.....
Mar. 21, 1917.....	3½	4	5	3½	4	.....	.....
June 12, 1917.....	3½	4	5	13½	4	3½	3½
Oct. 23, 1917.....	3½	4	5	4	4	2 3½	2 3½
Dec. 5, 1917.....	4	4½	5	4	4	3½	4
Dec. 12, 1917.....	4	5	5	4	(³)	3½	4

¹June 26, acceptances under 91 days, 4 per cent.²Customers of nonmember banks, 4 per cent.³Merged with commercial paper rates of corresponding maturities on Dec. 5, 1917.SCHEDULE 19.—*Reserves of national banks in New England as reported by Comptroller of the Currency.*

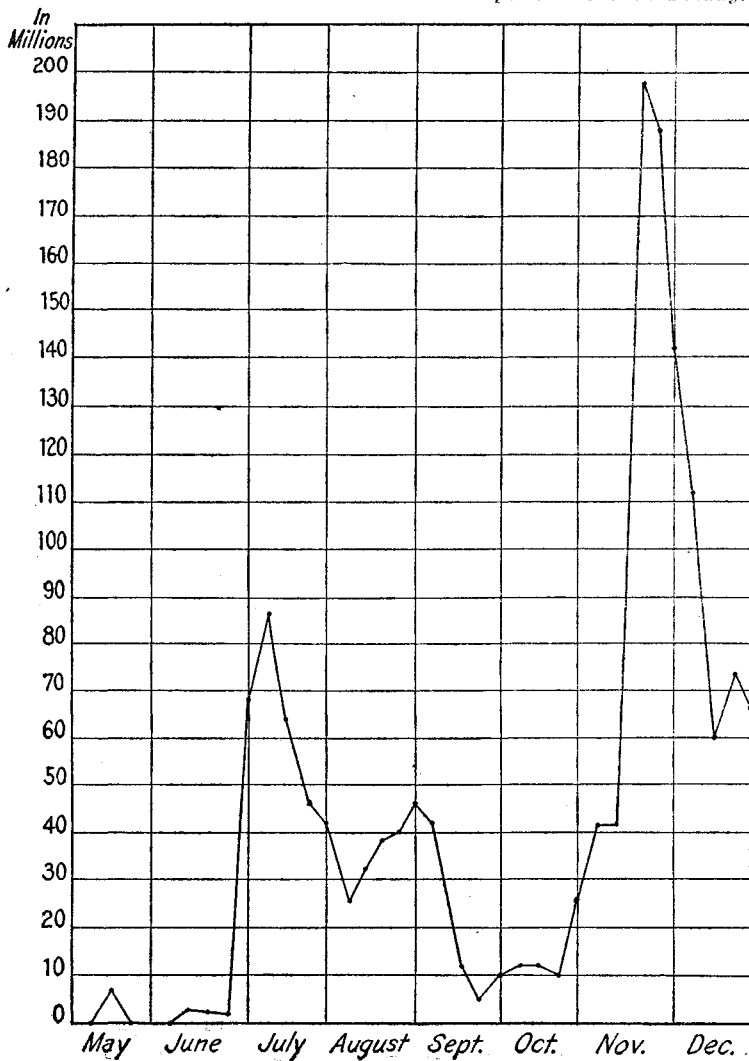
Date.	Total reserve.	Required reserve.	Excess reserve.
Dec. 27, 1916.....	\$172,535,000	\$111,335,000	\$61,200,000
Mar. 5, 1917.....	189,557,000	119,637,000	69,920,000
May 1, 1917.....	190,443,000	117,143,000	73,300,000
June 20, 1917.....	170,872,000	111,832,000	59,040,000
Sept. 11, 1917.....	1 56,725,000	55,823,000	2 902,000
Nov. 20, 1917.....	56,069,000	54,766,000	1,303,000

¹ Cash in vault and due from national banks, not included as reserve, \$108,250,000.² Deficiency.

SCHEDULE 20.—*Member bank deposits at close of business each Friday.*

SCHEDULE 21.—*Treasurer of United States, general account at close of business each Friday.*

SCHEDULE 22.—Amount with Government depositaries each Friday.



SCHEDULE 23.—*Certificates of indebtedness issued at Boston.*

Dated.	Due.	Rate.	Amount issued in each denomination (in thousands of dollars).					Number of sub- scriptions.	Paid for by credit.	Total issued.
			\$500	\$1,000	\$5,000	\$10,000	\$100,000			
Mar. 29	June 29	2	.....	.....	.....	.....	112	1	.....	\$3,000,000
Apr. 25	June 30	3	.....	.....	1,200	3,800	8,800	41	.....	13,800,000
May 1	do.....	3	.....	.....	1,210	790	.....	68	.....	2,000,000
May 10	July 17	3	.....	2,007	4,310	4,050	1,800	105	\$5,450,000	12,167,000
May 25	July 30	3½	.....	2,200	5,000	3,700	300	68	.....	11,200,000
June 8	do.....	3½	.....	3,005	5,825	4,370	5,000	74	3,652,000	18,200,000
Aug. 9	Nov. 11	3½	.....	3,590	6,790	3,920	5,100	53	6,500,000	19,400,000
Aug. 28	Nov. 30	3½	.....	1,645	3,375	3,620	6,500	62	4,593,000	15,140,000
Sept. 17	Dec. 15	3½	.....	1,951	3,160	4,460	2,600	45	5,195,000	12,171,000
Sept. 26	do.....	4	.....	4,149	6,495	8,030	3,500	126	12,245,000	22,174,000
Oct. 18	Nov. 22	4	.....	3,454	5,965	16,630	4,100	138	21,349,000	30,149,000
Oct. 24	Dec. 15	4	.....	2,325	4,175	16,510	10,000	102	27,590,000	33,010,000
Nov. 30	June 25	4	301	1,650	3,580	13,490	1,900	37	20,090,000	20,921,000

¹ Federal Reserve Bank took 12 certificates of \$250,000 each.SCHEDULE 24.—*Certificates of indebtedness.*

Amount allotted to subscriber.	Apr. 25, 1917.		May 1, 1917.		May 10, 1917.		May 25, 1917.	
	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.
\$25,000 and less.....	8	\$140,000	51	\$570,000	59	\$668,000	36	\$432,000
Over \$25,000 to \$50,000.....	10	500,000	11	485,000	17	761,000	11	506,000
Over \$50,000 to \$100,000.....	6	600,000	3	275,000	12	1,003,000	9	770,000
Over \$100,000 to \$250,000.....	9	2,110,000	3	670,000	8	1,635,000	7	1,292,000
Over \$250,000 to \$500,000.....	3	1,200,000	.....	.....	4	1,850,000	1	400,000
Over \$500,000 to \$1,000,000.....	2	1,750,000	.....	.....	3	2,750,000	1	600,000
Over \$1,000,000.....	3	7,500,000	.....	.....	2	3,500,000	3	7,200,000
Total.....	41	13,800,000	68	2,000,000	105	12,167,000	68	11,200,000

Amount allotted to subscriber.	June 8, 1917.		Aug. 9, 1917.		Aug. 28, 1917.		Sept. 17, 1917.	
	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.
\$25,000 and less.....	27	\$423,000	21	\$290,000	24	\$364,000	48	\$649,000
Over \$25,000 to \$50,000.....	10	470,000	13	645,000	10	410,000	28	1,233,000
Over \$50,000 to \$100,000.....	14	1,230,000	7	635,000	12	960,000	16	1,466,000
Over \$100,000 to \$250,000.....	12	2,107,000	6	1,180,000	10	1,680,000	12	2,300,000
Over \$250,000 to \$500,000.....	4	1,520,000	1	400,000	4	1,326,000	15	6,426,000
Over \$500,000 to \$1,000,000.....	2	2,950,000	1	750,000	.....	.....	4	4,000,000
Over \$1,000,000.....	3	9,500,000	4	15,500,000	2	10,400,000	3	6,100,000
Total.....	74	18,200,000	53	19,400,000	62	15,140,000	126	22,174,000

Amount allotted to subscriber.	Sept. 26, 1917.		Oct. 18, 1917.		Oct. 24, 1917.		Nov. 30, 1917.	
	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.	Sub-scriber.	Total amount.
\$25,000 and less.....	15	\$277,000	58	\$806,000	35	\$525,000	11	\$151,000
Over \$25,000 to \$50,000.....	11	540,000	26	1,129,000	24	1,060,000	11	500,000
Over \$50,000 to \$100,000.....	6	575,000	28	2,540,000	19	1,725,000	4	360,000
Over \$100,000 to \$250,000.....	5	1,150,000	12	2,674,000	8	1,700,000	2	460,000
Over \$250,000 to \$500,000.....	5	1,900,000	6	2,800,000	9	4,000,000	6	2,650,000
Over \$500,000 to \$1,000,000.....	1	729,000	.....	.....	2	2,000,000	1	800,000
Over \$1,000,000.....	2	7,000,000	8	20,200,000	5	22,000,000	2	16,000,000
Total.....	45	12,171,000	134	30,149,000	102	33,010,000	37	20,921,000

SCHEDULE 25.—*The Liberty loans.*

State.	Number of subscribers.		Subscriptions.			Allotment.		
	First loan.	Second loan.	First loan.	Second loan.	Total.	First loan.	Second loan.	Total.
Maine.....	68,539	68,575	\$15,186,800	\$24,002,850	\$39,189,650	\$14,332,300	\$2,996,100	\$37,328,400
New Hampshire...	55,374	48,548	10,515,150	15,992,900	26,508,050	9,897,500	15,484,400	25,381,900
Vermont.....	33,418	33,769	7,377,650	10,193,250	17,570,900	6,992,150	10,061,550	17,053,700
Massachusetts.....	613,651	444,829	234,747,000	325,599,800	560,346,800	177,236,400	273,241,600	450,478,000
Rhode Island.....	82,391	51,429	25,377,700	38,803,450	64,181,150	23,073,900	33,466,050	56,539,950
Connecticut.....	117,418	99,491	39,283,300	62,357,800	101,641,100	33,485,650	52,064,000	85,549,650
Total.....	970,791	746,641	332,447,600	476,950,050	808,427,650	265,017,900	407,713,700	672,731,600
Additional allotment transferred from Philadelphia.....							816,300	
Grand total..							408,530,000	

SCHEDULE 26.—*Subscriptions to Liberty loan bonds.*

First Liberty loan.			Second Liberty loan.		
Date.	Day.	Total.	Date.	Day.	Total.
1917.			1917.		
May 16.....	\$545,800	\$545,800	Oct. 3.....	\$12,536,000	\$12,536,000
May 17.....	731,700	1,277,500	Oct. 4.....	6,425,000	18,995,000
May 18.....	825,150	2,102,650	Oct. 5.....	7,702,000	26,647,000
May 19.....	1,168,400	3,271,050	Oct. 6.....	2,616,000	29,300,000
May 21.....	710,900	3,987,950	Oct. 7.....	6,341,000	35,546,000
May 22.....	2,614,350	6,602,300	Oct. 8.....	6,540,000	42,183,000
May 23.....	2,175,000	8,777,300	Oct. 10.....	6,749,000	48,629,000
May 24.....	5,267,300	14,044,600	Oct. 12.....	10,525,000	59,114,000
May 25.....	4,861,750	18,906,350	Oct. 13.....	9,291,000	68,381,000
May 26.....	1,960,700	20,867,050	Oct. 15.....	9,365,000	77,737,000
May 28.....	6,029,800	26,986,850	Oct. 16.....	18,243,000	95,979,000
May 29.....	575,600	27,472,450	Oct. 17.....	19,505,000	115,385,000
May 31.....	29,142,700	56,615,150	Oct. 18.....	26,144,000	141,516,000
June 1.....	5,959,500	62,574,650	Oct. 19.....	27,965,000	169,335,000
June 2.....	15,386,750	77,961,400	Oct. 20.....	16,451,000	185,789,000
June 4.....	11,932,850	89,894,250	Oct. 22.....	19,996,000	205,743,000
June 5.....	4,524,400	94,418,650	Oct. 23.....	32,136,000	237,879,000
June 6.....	5,146,900	99,565,550	Oct. 24.....	52,770,000	290,690,000
June 7.....	8,266,850	107,832,400	Oct. 25.....	46,378,000	337,069,000
June 8.....	7,493,000	115,325,400	Oct. 26.....	49,270,000	386,347,000
June 9.....	8,794,000	124,119,400	Oct. 27.....	90,603,000	476,950,000
June 11.....	12,817,250	136,936,650			
June 12.....	11,710,300	148,646,950			
June 13.....	12,785,900	161,432,850			
June 14.....	26,073,650	187,506,500			
June 15.....	144,941,100	332,447,600			

SCHEDULE 27.—*Liberty loan subscriptions and allotments through Federal Reserve Bank of Boston.*

First Liberty loan.			Second Liberty loan.		
Size of subscription.	Total subscribed.	Total allotted.	Size of subscription.	Total subscribed.	Total allotted.
\$50-\$10,000.....	\$203,265,000	\$203,265,000	\$50-\$10,000.....	\$186,136,050	\$186,136,050
\$10,050-\$100,000.....	65,505,000	39,303,000	\$10,050-\$50,000.....	73,581,100	73,581,100
\$100,050-\$250,000.....	22,875,000	10,294,000	\$50,050-\$100,000.....	50,363,350	45,327,050
Over \$250,000.....	40,802,000	12,155,000	\$100,050-\$200,000.....	31,734,450	23,800,850
Total.....	332,447,000	265,017,000	\$200,050-\$1,000,000.....	109,935,100	66,268,650
			Over \$1,000,000.....	25,200,000	12,600,000
			Total.....	476,950,050	407,713,700

SCHEDULE 27A.—*Character of Liberty loan payments.*

FIRST LOAN.

Date.	By cash.	By credit Government deposits.	Certificates of indebtedness.	Total.	Accrued interest.
June 28.....	\$71,155,767.52	\$55,851,455.32	\$43,758,000.00	\$170,765,222.84	\$89,503.84
Aug. 30 ¹	90,724,358.88	173,622.11	1,330,000.00	92,227,980.99	513,202.99
Total.....	161,880,126.40	56,025,077.43	45,088,000.00	262,993,203.83	602,706.83

SECOND LOAN.

2 per cent payments.....	\$4,055,738.00	\$5,153,004.00	.....	\$9,208,742.00	.....
Cash sales.....	14,245,150.00	3,084,100.00	.....	17,329,250.00	.....
Nov. 15.....	55,630,311.50	170,328,176.50	\$40,435,000.00	266,393,488.00	.....
Dec. 15.....	14,183,028.28	59,793,191.55	.....	73,869,420.00	\$106,799.83
Total ²	88,114,227.78	238,358,472.05	40,435,000.00	366,800,900.00	106,799.83

¹ Includes all payments after June 28, 1917.² Final payment is due Jan. 15, 1918.SCHEDULE 28.—*Federal Reserve notes issued.*

Denomination.	1915	1916	1917	Total.
Fives.....	\$3,620,000	\$6,226,600	\$12,700,000	\$22,546,600
Tens.....	4,680,000	3,965,600	39,880,000	48,525,600
Twenties.....	640,000	88,200	13,760,000	14,488,200
Fifties.....	600,000	42,000	3,460,000	4,102,000
Hundreds.....	980,000	102,300	5,920,000	7,002,300
Total.....	10,520,000	10,424,700	75,720,000	96,664,700

SCHEDULE 29.—*Federal Reserve notes redeemed.*

Denomination.	January.	February.	March.	April.	May.	June.	July.	August.
Fives.....	\$193,650	\$349,955	\$264,445	\$214,900	\$432,200	\$255,200	\$230,470	\$531,450
Tens.....	209,100	372,110	189,305	149,800	260,800	141,000	267,300	557,100
Twenties.....	6,900	36,110	12,700	2,100	29,300	12,000	23,200	2,800
Fifties.....	3,250	13,850	32,250	12,750	17,000	1,800	16,600	1,050
Hundreds.....	4,100	53,200	13,300	12,100	22,300	1,100	32,100	1,300
Total.....	417,000	825,225	512,000	391,650	761,600	411,100	569,670	1,093,700

Denomination.	September	October.	November.	December.	Total.	Re-deemed by United States Treasury.	Re-deemed by Federal Reserve agent.
Fives.....	\$857,600	\$834,700	\$1,278,110	\$985,650	\$6,428,330	\$793,330	\$5,635,000
Tens.....	327,725	446,400	783,205	942,920	4,651,765	732,765	3,919,000
Twenties.....	33,210	74,900	87,600	106,200	427,020	51,020	376,000
Fifties.....	1,800	36,450	22,200	16,750	175,750	25,750	150,000
Hundreds.....	2,400	62,000	22,400	32,400	258,700	28,700	230,000
Total.....	1,222,735	1,454,450	3,198,515	2,083,920	11,941,565	1,631,565	10,310,000

SCHEDULE 30.—*Federal Reserve notes of the Federal Reserve Bank of Boston received from other Federal Reserve Banks, and notes of other Federal Reserve Banks returned by Federal Reserve Bank of Boston to bank of issue.*

	Received.		Returned.	
	1916	1917	1916	1917
New York.....	\$1,361,750	\$3,064,200	\$3,039,000	\$9,552,800
Philadelphia.....	133,380	368,000	180,000	634,700
Cleveland.....	13,820	38,915	136,000	634,900
Richmond.....	15,020	47,500	185,000	263,900
Atlanta.....	19,465	135,400	112,000	193,200
Chicago.....	90,500	232,500	24,000	347,800
St. Louis.....	11,480	53,450	28,000	107,900
Minneapolis.....	10,440	15,000	68,500	142,200
Kansas City.....	4,785	8,815	49,000	126,600
Dallas.....	4,420	283,695	74,000	141,400
San Francisco.....	18,240	29,025	57,000	156,500
Total.....	1,680,300	4,276,500	3,952,500	12,012,900

SCHEDULE 31.—*Volume of checks handled for members and for other Federal Reserve Banks, Jan. 1, 1917, to Dec. 31, 1917.*

Date.	By whom deposited.	Drawn on New England, including Boston.		Drawn on other districts.		Total.	
		Items.	Amount.	Items.	Amount.	Items.	Amount.
Jan....	Members district No. 1.....	929,029	\$211,442,054	75,036	\$76,532,661	1,004,065	\$287,974,715
	Other Federal Reserve Banks	82,156	69,467,250	.....	.....	82,156	69,467,250
	Total.....	1,011,185	280,909,304	75,036	76,532,661	1,086,221	357,441,965
Feb....	Members district No. 1.....	764,681	200,232,603	58,600	81,996,602	823,281	282,229,205
	Other Federal Reserve Banks	72,938	66,896,145	.....	.....	72,938	66,896,145
	Total.....	837,619	267,128,748	58,600	81,996,602	896,219	349,125,350
Mar....	Members district No. 1.....	916,827	255,083,791	69,428	104,044,163	986,255	359,127,954
	Other Federal Reserve Banks	88,453	82,912,248	.....	.....	88,453	82,912,248
	Total.....	1,005,280	337,996,039	69,428	104,044,163	1,074,708	442,040,202
Apr....	Members district No. 1.....	907,369	269,959,096	67,867	118,346,778	975,236	388,305,814
	Other Federal Reserve Banks	94,424	93,634,390	.....	.....	94,424	93,634,390
	Total.....	1,001,793	373,593,426	67,867	118,346,778	1,069,660	481,940,204
May....	Members district No. 1.....	990,372	313,277,248	72,090	120,536,944	1,062,462	433,814,192
	Other Federal Reserve Banks	104,794	100,449,534	.....	.....	104,794	100,449,534
	Total.....	1,095,166	413,726,782	72,090	120,536,944	1,167,256	534,263,726
June....	Members district No. 1.....	990,636	376,892,158	73,771	145,650,156	1,064,407	522,542,314
	Other Federal Reserve Banks	96,428	106,836,301	.....	.....	96,428	106,836,301
	Total.....	1,087,064	483,728,459	73,771	145,650,156	1,160,835	629,378,615
July....	Members district No. 1.....	966,518	385,506,704	73,512	154,076,421	1,040,030	539,583,125
	Other Federal Reserve Banks	97,827	106,362,288	.....	.....	97,827	106,362,288
	Total.....	1,064,345	491,868,992	73,512	154,076,421	1,137,857	645,945,413
Aug....	Members district No. 1.....	933,950	405,192,613	76,077	143,438,330	1,010,027	548,630,943
	Other Federal Reserve Banks	99,024	101,330,698	.....	.....	99,024	101,330,698
	Total.....	1,032,974	506,523,311	76,077	143,438,330	1,109,051	649,961,641
Sept....	Members district No. 1.....	866,931	348,442,753	78,427	131,225,648	945,358	479,668,401
	Other Federal Reserve Banks	98,289	99,602,284	.....	.....	98,289	99,602,284
	Total.....	965,220	448,045,037	78,427	131,225,648	1,043,647	579,270,685
Oct....	Members district No. 1.....	1,040,717	415,574,376	97,447	155,269,617	1,138,164	570,843,993
	Other Federal Reserve Banks	117,360	126,244,959	.....	.....	117,360	126,244,959
	Total.....	1,158,077	541,819,335	97,447	155,269,617	1,255,524	697,088,952

SCHEDULE 31.—*Volume of checks handled for members and for other Federal Reserve Banks, Jan. 1, 1917, to Dec. 31, 1917—Continued.*

Date.	By whom deposited.	Drawn on New England, including Boston.		Drawn on other Districts.		Total.	
		Items.	Amount.	Items.	Amount.	Items.	Amount.
Nov...	Members district No. 1.....	1,000,347	\$488,767,678	93,904	\$155,026,132	1,094,251	\$643,793,810
	Other Federal Reserve Banks	120,246	149,586,318	.....	.....	120,246	149,586,318
	Total.....	1,120,593	638,353,996	93,904	155,026,132	1,214,497	793,380,128
Dec....	Members district No. 1.....	1,024,280	467,096,007	102,094	166,494,366	1,126,354	633,590,373
	Other Federal Reserve Banks	140,652	157,883,533	.....	.....	140,652	157,883,533
	Total.....	1,164,912	624,979,540	102,094	166,494,366	1,267,006	791,473,906
	Grand total.....	12,544,228	5,398,672,969	938,253	1,552,637,818	13,482,481	6,951,310,787

This schedule does not include Government checks shown in Schedule 32.

SCHEDULE 32.—*Number of checks drawn on Treasurer of United States handled by Federal Reserve Bank of Boston.*

Month.	Number of pension checks.	Amount.	Number of other checks.	Amount.	Total number of checks.	Amount.
January.....	10,230	\$517,519.99	15,390	\$3,400,482.59	25,620	\$3,918,002.58
February.....	2,481	110,476.60	14,853	2,357,041.29	17,334	2,467,517.89
March.....	28,622	1,797,566.15	22,466	2,152,905.35	51,088	3,950,471.50
April.....	8,332	486,012.72	17,571	3,400,458.62	25,903	3,886,471.34
May.....	1,688	96,131.97	22,666	3,681,789.75	24,354	3,777,921.72
June.....	30,311	1,841,444.80	23,051	8,280,477.69	53,362	10,121,922.49
July.....	7,530	482,184.15	29,299	21,143,385.80	36,829	21,625,569.95
August.....	1,847	105,168.96	37,807	23,762,400.72	39,654	23,867,569.68
September.....	29,520	1,843,009.61	40,944	29,400,409.58	70,464	31,243,419.19
October.....	8,729	1,917,507.76	45,475	37,614,297.03	54,204	39,531,804.79
November.....	1,472	94,245.13	51,714	49,737,209.52	53,186	49,831,454.65
December.....	28,802	2,055,398.14	53,200	49,926,034.73	82,002	51,981,432.87
Total.....	159,564	11,346,665.98	374,436	234,856,892.67	534,000	246,203,558.65

SCHEDULE 33.—*Gold settlement fund operations, Jan. 1, 1917, to Dec. 31, 1917.*

Reserve Bank.	Amount received in settlement of accounts due from other Federal Reserve Banks.	Amount paid in settlement of accounts due to other Federal Reserve Banks.	Gain through weekly settlements.	Loss through weekly settlements.
New York.....	\$1,282,707,000	\$1,091,785,000	\$190,922,000	.....
Philadelphia.....	254,752,000	218,375,000	36,377,000	.....
Cleveland.....	74,426,000	88,571,000	.....	\$14,145,000
Richmond.....	40,147,000	32,286,000	7,861,000	.....
Atlanta.....	17,834,000	22,961,000	.....	5,127,000
Chicago.....	132,500,000	190,376,000	.....	57,876,000
St. Louis.....	41,699,000	67,800,000	.....	26,101,000
Minneapolis.....	41,871,000	28,471,000	13,400,000	.....
Kansas City.....	22,856,000	14,338,000	8,518,000	.....
Dallas.....	12,340,000	19,142,000	.....	6,802,000
San Francisco.....	13,988,000	20,299,000	.....	6,311,000
Total.....	1,935,120,000	1,794,404,000	257,078,000	116,362,000
Gain through settlement.....	.....	.....	140,716,000	.....
Net loss through transfers.....	.....	.....	.....	135,717,000
Net gain through transfers and settlement.....	.....	.....	4,999,000	.....

SCHEDULE 34.—*Maturities of invested funds (not including United States bonds or notes).*

Month.	Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Over 90 days.	Total.
January.....	\$3,384,387.59	\$3,145,572.37	\$5,127,604.97	\$3,253,854.30	\$5,900.00	\$14,917,319.23
February.....	4,240,441.40	2,803,991.97	5,200,900.14	3,956,657.32	126,977.75	16,328,968.58
March.....	6,339,579.02	4,604,292.08	4,722,577.25	1,945,646.21	.....	17,612,094.56
April.....	6,868,449.75	2,305,541.71	2,971,451.44	815,956.80	.....	12,961,399.70
May.....	5,782,614.46	1,079,697.43	3,436,545.90	5,304,956.00	.....	15,603,813.79
June.....	13,485,534.92	3,630,761.89	8,075,533.98	9,991,796.48	.....	35,183,627.27
July.....	8,691,895.29	4,545,135.67	12,109,702.11	5,090,152.89	100.00	30,436,985.96
August.....	13,189,169.97	9,254,373.34	8,684,667.30	6,736,081.12	.....	37,864,291.73
September.....	8,019,481.18	5,288,955.73	11,211,333.40	13,359,830.75	386.25	37,879,987.31
October.....	8,624,946.44	3,497,694.46	16,287,214.73	6,508,997.05	.....	34,918,852.69
November.....	11,541,062.63	14,128,035.97	10,957,876.70	34,483,180.52	.....	71,110,155.82
December.....	14,028,234.18	9,067,576.15	9,576,917.94	41,658,773.60	.....	74,271,501.87

SCHEDULE 35.—*Distribution, by maturities, of bills rediscounted for member banks, Jan. 1, 1917, to Dec. 31, 1917.*

Month.	1 to 15 days.	16 to 30 days.	31 to 60 days.	60 to 90 days.	Over 90 days.	Total.
January.....	\$847,389.05	\$102,135.52	\$126,008.50	\$122,928.67	.....	\$1,198,461.74
February.....	1,882,783.36	1,015,169.53	702,647.25	332,388.08	.....	3,932,988.22
March.....	3,816,627.87	298,484.96	574,161.56	409,488.70	.....	5,098,763.15
April.....	9,118,269.32	180,268.91	454,770.63	196,113.46	.....	9,949,422.32
May.....	9,493,344.80	428,929.21	445,623.09	934,332.05	\$200.00	11,302,429.16
June.....	34,571,777.01	6,196,820.77	2,082,554.17	3,365,573.33	.....	46,216,725.28
July.....	35,073,960.03	2,760,025.49	1,583,856.80	3,012,316.60	325.00	42,430,488.92
August.....	16,902,573.21	2,179,412.22	2,936,784.55	4,358,337.48	.....	26,377,107.46
September.....	21,307,151.47	1,105,028.91	1,567,284.14	1,768,743.98	262,077.15	26,010,285.65
October.....	6,770,804.48	770,203.90	1,274,928.51	2,389,172.12	550,860.00	11,785,969.01
November.....	14,243,720.77	9,918,860.69	4,086,615.21	32,169,170.13	119,432.71	60,537,799.51
December.....	20,137,601.91	14,922,952.50	25,837,504.02	44,947,757.09	233,060.01	106,078,875.50
Total.....	174,166,003.28	39,878,292.61	41,672,738.43	94,006,321.73	1,195,954.87	350,919,310.92

SCHEDULE 36.—*Classification by maturities of investments (exclusive of United States securities) at close of business Dec. 31, 1917.*

	15 days.	30 days.	60 days.	90 days.	Over 90 days.	Total.
Bills discounted, members.	\$3,321,793.09	\$6,527,991.39	\$6,603,533.85	\$2,864,811.50	\$9,116.25	\$19,327,246.08
Trade acceptances discounted.....	287,536.22	816,660.94	358,906.25	1,337,449.08	.....	2,800,552.44
Member banks' collateral notes.....	7,349,338.00	.....	.....	.....	.....	7,349,338.00
Rediscounts secured by Liberty loan bonds.....	151,257.17	493,425.12	3,643,823.77	32,116,713.77	.....	36,405,222.83
Foreign bankers' acceptances.....	100,000.00	88,302.69	369,734.40	1,999,559.41	.....	2,557,596.50
Domestic bankers' acceptances.....	33,207.10	503,609.00	828,178.98	4,438,522.28	72,500.00	5,876,017.36
Foreign trade acceptances.....	346,875.40	257,016.78	.....	.....	.....	603,892.18
Total.....	11,590,006.98	8,687,005.92	11,804,177.25	42,757,058.99	81,616.25	74,919,865.39

DISTRICT NO. 2—NEW YORK.

PIERRE JAY, Chairman and Federal Reserve Agent.

RESULTS OF OPERATION.

BALANCE SHEET.

The following is a statement comparing the condition of the Federal Reserve Bank of New York on December 31, 1917, with that of December 30, 1916, and showing the increase and decrease in the various items of resources and liabilities:

	Dec. 31, 1917.	Dec. 31, 1916.
RESOURCES.		
Loans and discounts:		
Bills discounted for member banks.....	\$225,117,913.30	\$7,071,158.85
Acceptances purchased.....	148,770,185.44	41,457,184.04
Rediscouts for other Federal Reserve Banks.....	25,191,033.66	
United States bonds.....	5,168,599.64	1,042,550.00
United States 1 year Treasury notes.....	4,493,000.00	1,205,000.00
United States certificates of indebtedness.....	15,000,000.00	
Municipal warrants.....	510,701.32	972,311.62
Total investments.....	424,251,433.36	51,748,204.21
Reserve cash:		
Gold with Federal Reserve agent ¹	250,593,565.00	107,003,765.00
Gold redemption fund for Federal Reserve notes.....	10,000,000.00	250,000.00
Gold settlement fund.....	5,854,000.00	20,570,000.00
Gold bullion.....	68,113,616.99	
Gold coin and certificates.....	275,130,455.00	159,321,257.50
Legal tender notes.....	31,322,275.00	11,188,200.00
Silver certificates and coin.....	8,925,743.85	4,077,274.80
Total reserves.....	649,944,655.84	362,410,497.30
Other resources:		
Federal reserve notes and other cash.....	59,752,685.24	13,865,897.46
Items in process of collection.....	48,091,790.20	23,077,418.64
Exchanges for clearing house and sundry cash items.....	26,429,660.74	2,503,168.21
Interest accrued on United States bonds.....	73,620.28	12,501.88
Cost of unissued Federal Reserve notes.....		235,598.86
Deferred charges and prepaid expenses.....	20,458.22	8,753.52
Advances made for Treasury, United States, account expenses Liberty loan and war savings committees.....	360,350.01	
Total other resources.....	134,728,564.69	39,703,338.57
Total resources.....	1,208,921,653.89	393,862,040.08
LIABILITIES.		
Capital fund:		
Capital paid in.....	18,695,950.00	11,865,750.00
Surplus.....	649,363.56	
Profit and loss.....		163,063.98
Total capital fund.....	19,345,313.56	12,028,813.98

¹ Inserted in 1916 report for purposes of comparison.

	Dec. 31, 1917.	Dec. 31, 1916.
Deposits:		
Due to United States Government.....	\$11,870,767.74	\$3,571,391.94
Due to foreign Governments.....	3,335,930.00	.....
Due to nonmember banks, deposit account.....	10,317,630.16	.....
Due to member banks—reserve balances.....	652,791,808.26	237,907,354.87
Due to member banks—uncollected funds.....	35,553,478.43	18,552,984.84
Due to other Federal Reserve Banks—collected funds.....	7,610,609.86	12,373,721.91
Due to other Federal Reserve Banks—uncollected funds.....	5,156,779.75	2,085,975.49
Cashier's checks outstanding.....	4,821,683.09	188,275.81
Gross deposits.....	731,458,687.29	274,679,704.86
Other liabilities:		
Depreciation reserve.....	295,880.00	.....
Unearned discount and interest.....	1,348,238.04	149,756.24
Participation certificates Liberty loan bonds.....	227,970.00	.....
Federal Reserve notes outstanding ¹	456,338,565.00	107,003,765.00
Total other liabilities.....	458,120,653.04	107,153,521.24
Total liabilities.....	1,208,924,653.89	393,862,040.08

The great increase in many of the items of resources and liabilities may be traced quite directly to the changed conditions created by the amendments to the Federal Reserve Act approved June 21, 1917. These amendments greatly increased the balances of the member banks, placed on the balance sheet the entire note liability and the gold and lawful money held by the Federal Reserve agent, permitted nonmember banks to open clearing accounts, and by establishing in the statute the rights and duties of State institutions as member banks prepared the way for the membership of a large number of these institutions. The remaining changes are largely due to the activities of this bank in rendering assistance to the Government and to its members in the financial operations entailed by the war. The changes in the balance sheet will later be commented upon in detail under the appropriate headings.

INCOME AND EXPENSE.

The following statement shows the income and expense of the bank for the years 1916 and 1917:

	1917	1916
INCOME.		
Bills discounted for members.....	\$2,455,532.87	\$37,368.26
Acceptances bought.....	1,843,324.87	530,483.75
United States securities.....	378,668.40	81,644.49
Municipal warrants.....	66,470.41	214,122.13
Profit realized on United States bonds.....	14,335.50	43,515.01
Commissions received.....	38,537.54	42,387.09
Profit on bills sold.....	8,077.03	.....
Penalties for deficient reserves.....	18,565.29	.....
Service charges.....	80,922.53	32,959.90
Sundry profits.....	24,779.51	1,128.59
Total.....	4,920,213.95	983,609.22

	1917	1916
EXPENSE.		
Directors' fees, outside conferences, and Federal Advisory Council.....	\$18,301.61	\$10,768.34
Salaries.....	398,282.81	215,307.51
Rent.....	55,550.91	45,810.04
General expenses.....	329,066.98	151,200.36
Cost of Federal Reserve notes used.....	343,764.88	95,240.00
Assessment for expenses of Federal Reserve Board.....	50,252.09	39,029.38
Total.....	1,195,249.28	557,352.12
Net earnings.....	3,733,964.67	426,257.10
Profit and loss balance, Dec. 30, 1916.....	\$163,063.98	
Net debits during year.....	4,355.21	
	158,708.77	
	3,892,673.44	
Deductions, Dec. 31, 1917:		
Cost of unissued Federal Reserve notes charged off.....	445,248.14	
Depreciation reserve account set up.....	205,880.00	
	651,128.14	
Dividends paid during 1917:		
To liquidated banks.....	1,176.54	
Apr. 1, 1915, to Dec. 31, 1915, paid June 30, 1917.....	474,776.12	
Jan. 1, 1916, to Dec. 31, 1917, paid Dec. 31, 1917.....	1,466,865.51	
	1,942,818.17	
Paid to Treasurer of United States as franchise tax, Dec. 31, 1917.....	649,363.57	
Carried to surplus.....	649,363.56	
Total.....	3,892,673.44	

The great expansion which has occurred in the business of the bank during 1917 is reflected not only in the increased earnings but also in the increased expenses for salaries, rent, and printing Federal Reserve notes, which will be referred to in more detail later. The item "General expenses" includes cost of furniture and equipment, stationery and printing, telephone, telegraph, postage, expressage, insurance, as well as the entire expense of operation of the transit department, including expenditures of the kind just mentioned, salaries and rent. At the close of the year, after allowing for all current expenses, and paying dividends to date as above indicated, charging off all assets of a nonliquidating character and setting aside a reserve for depreciation on United States 3 per cent conversion bonds and for certain obligations under the lease of the banking office, the Federal Reserve Bank, under the provisions of section 7 of the Federal Reserve Act, paid into the Treasury of the United States as a franchise tax \$649,363.57, being 50 per cent of the net earnings to date, and carried a like amount to surplus fund.

DISCOUNT RATES.

The discount rates established by the Federal Reserve Bank of New York during the year, and the rates at which acceptances were purchased in the open market have been as follows:

Month.	15 days or less (including collateral loans).	16 to 90 days, inclusive.	Agricultural paper 91 days to 6 months.	(Special.) Secured by Liberty bonds or United States certificates of indebtedness within 16-90 days.	(Special.) 1-day collateral notes in connection with Government financing.	Trade acceptances.	Open-market purchases, bankers' acceptances.	
							Authorized rates.	Actual rates.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
January.....	3	4	5	5	3½	3½	2-4	2½-3½
February.....	3	4	5	5	3½	3½	2-4	2½-3½
March.....	3	4	5	5	3½	3½	2-4	2½-3½
April.....	3	4	5	5	3½	3½	2½-4	3-3½
May.....	3	4	5	3½	3½	3½	2½-4	3-4
June.....	3	4	5	3½	2-4	3½	2½-4	3-4
July.....	3	4	5	3½	2-4	3½	2½-4	3-4
August.....	3	4	5	3½	2-4	3½	2½-4	3-4
September.....	3	4	5	3½	2-4	3½	2½-4	3-4
October.....	3	4	5	3½	2-4	3½	2½-4	3-4
November.....	3	4	5	3½	2-4	3½	2½-4	3-4
December 1-20.....	3	4	5	3½	2-4	3½	1 2½-4	3-4
December 21-31.....	3½	4½	5	4	3-4½	4	1 3-4½	3½-4½

¹Acceptance rates advanced Dec. 7.

To assist the Government financing, a special rate of 3½ per cent was established on May 22 for discounts maturing within 90 days secured by United States certificates of indebtedness or Liberty bonds. On June 13 a special rate of 2 per cent to 4 per cent was established for advances on member banks' one-day collateral notes secured by eligible commercial paper or United States Government obligations in connection with Government financing, and loans were made between June 5 and June 12 at the rate of 2½ per cent. Subsequently, loans of this character were made at the prevailing rate for maturities within 15 days.

During the early part of the year the bank's 90-day discount rate continued, as in preceding years, to be above the open-market rate for commercial paper. Since the declaration of war, however, it has been substantially below the open-market rate for such paper. The change in the relative position of the two rates, however, led to no marked increase in the discounting of this class of paper. Substantially all of the rates of the bank were increased about one-half of 1 per cent shortly after December 15, when the period of Government financing relating to the second Liberty loan had been completed, in order to bring the rates of the bank on commercial paper more nearly in line with the rates prevailing in the open market, and in order to stimulate liquidation of its discounts in anticipation of future

demands upon its credit facilities which will arise during succeeding periods of Government financing.

INVESTMENTS OF THE FEDERAL RESERVE BANK OF NEW YORK DURING 1917.

MATURITIES OF INVESTMENTS AND LOANS.

The following statement shows the maturities of investments, other than United States securities and warrants, held by the Federal Reserve Bank of New York December 31, 1917:

	Discounts or advances based on commercial paper.	Discounts or advances based on United States securities.	Bankers' acceptances.	Total.
Within 15 days.....	\$55,972,882.45	\$81,494,809.69	\$17,172,201.88	\$154,639,894.02
16 to 30 days.....	7,261,070.62	1,028,580.10	22,354,778.42	30,644,429.14
31 to 60 days.....	32,153,380.52	51,977,627.14	82,644,978.39	166,775,988.05
61 to 90 days.....	16,327,611.46	4,093,924.98	26,598,226.75	47,019,763.19
Total.....	111,714,945.05	138,594,941.91	148,770,185.44	399,080,072.40

MEMBER BANK DISCOUNTS AND ADVANCES.

The early months of 1917 showed the usual small volume of advances and discounts for member banks, but, as the Government financing, which commenced shortly after our entrance into the war, began to assume important proportions, the discount facilities of the Federal Reserve Bank were availed of generally, and as the time for payments due June 15 on the first Liberty loan approached there was a rapid increase in the volume of acceptances purchased in the open market and discounts for member banks. The discounts for member banks, which amounted to less than \$1,000,000 on June 1, had increased on June 19 to \$163,000,000, while acceptances increased between the same dates from \$36,000,000 to \$89,000,000 and rose on June 27 to \$103,000,000. Total investments rose from \$66,000,000 on June 1 to \$279,000,000 on June 19. The contraction was only slightly less abrupt than the expansion, for by August 15 the total investments of the bank had fallen to \$68,000,000. This sudden expansion of \$213,000,000 in 19 days, which exceeded by \$104,000,000 the largest amount of clearing-house certificates ever outstanding among the New York Clearing House banks, was due to two causes, which were also operative during the period of Government financing incident to the second issue of Liberty bonds.

First, the withdrawal by interior banks of deposits kept with New York institutions in order to make payment in their respective Fed-

eral Reserve districts for United States certificates of indebtedness and for Liberty bonds purchased by such banks or through them. Interior banks usually make these payments by drafts on New York banks, which are sent to the Federal Reserve Bank of New York for collection through the clearing house and for settlement through the gold settlement fund. By this method the reserves of the New York banks are depleted and gold is transferred to the interior. To maintain their reserves the New York banks are obliged to come to the Federal Reserve Bank for discounts or advances. Usually these have been required only for short periods, running from a few days to a few weeks, because the funds gradually find their way back to New York, also through the gold settlement fund, as the United States Government makes most of its advances to the allied Governments and pays a large proportion of its own expenditures through the Federal Reserve Bank of New York.

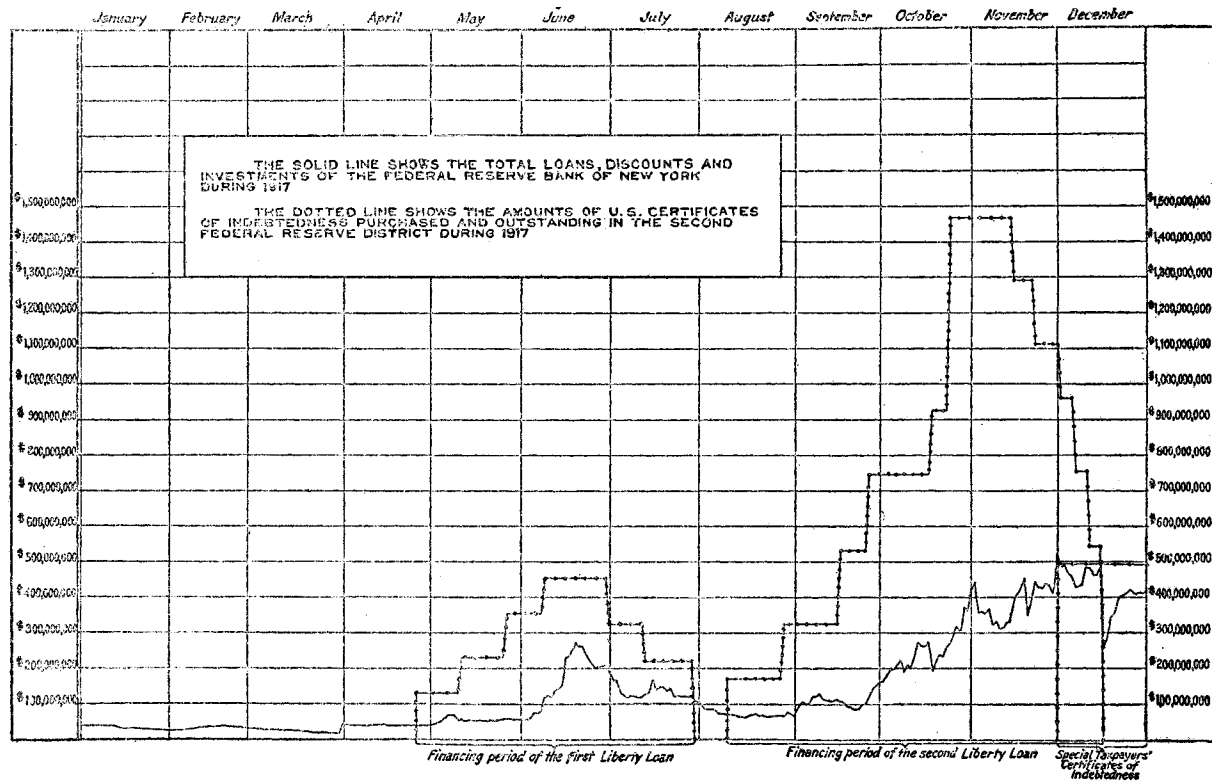
Second, the requirement for the creation of an immense volume of bank credit represented by short-term certificates of indebtedness, which the Government issues to provide itself with funds in anticipation of the sale of bonds. The total volume of these certificates outstanding in connection with the period of financing which ended with the first Liberty loan was \$868,205,000, of which this Federal Reserve district took \$479,962,000, or 53 per cent. When these credits are created by the banks, the law does not require any reserves to be maintained against them, but, as they are gradually drawn into the Federal Reserve Bank and disbursed by the Government, they are transformed from Government deposits, free of reserves, into individual deposits, requiring reserves, and, therefore, requiring larger balances to be kept with the Federal Reserve Bank. As the allied Governments, to whom the bulk of the funds has thus far been distributed, make payments to interior points the banks have to discount with the Federal Reserve Bank to maintain their reserves. When these funds reach interior banks, balances withdrawn from New York for the payment of Liberty bonds are gradually built up again and the New York banks relieved of their strain.

Each sale of bonds is, therefore, the culmination of a period of Government financing which begins with tremendous expansion of bank credit in favor of the Government and ends with what is in effect, though not literally, a conversion of these short-time bank credits into long-time investment credits, namely Liberty bonds. This conversion enables the banks to contract their position somewhat and, by canceling the credits they have obtained at the Federal Reserve Bank, thereby contract the position of the Federal Reserve Bank as well and prepare it for another similar period of financing.

During the period of financing ending with the payments for the second Liberty loan, the total amount of United States short-term

certificates of indebtedness issued throughout the country was \$2,925,296,000 (including \$690,000,000 due June 25, 1918, issued in anticipation of tax payments then due) of which the banks in this Federal Reserve district purchased \$1,961,613,500, or 67 per cent. The increased volume of the temporary financing in this period, compared with that of the preceding period, involved larger movements of funds to and from the interior, larger fluctuations in bank reserves and considerably larger recourse to the credit power of the Federal Reserve Bank. The first issue of certificates in connection with this period was on August 9. On this date the total loans and investments of the bank were \$78,000,000. On November 30, 15 days after the first payment for the Liberty loan bonds, they had grown to \$522,000,000, an increase during this period of financing of \$444,000,000. On one day, November 30, the increase was \$111,000,000. On December 15, the maturity date of the last issue of certificates of indebtedness, the decrease in loans and investments was \$219,000,000, indicating in a very striking way the effect of the Government certificates of indebtedness upon the discount activities of the Federal Reserve Bank.

The chart on the following page shows graphically the closeness of the relation between the Government's short-time financing on certificates of indebtedness and the expansion of the loans and investments of the Federal Reserve Bank of New York.



The following is a statement of discounts for and advances to member banks, by months, during 1917, together with similar transactions during 1916:

Month.	1917		1916	
	Number of items.	Amount.	Number of items.	Amount.
January.....	148	\$598,162.06	117	\$125,655.65
February.....	171	1,925,351.05	73	98,304.35
March.....	237	3,062,583.13	249	304,638.35
April.....	267	2,439,225.25	149	149,950.15
May.....	523	6,545,273.25	307	191,290.38
June.....	2,034	552,976,458.11	325	348,405.34
July.....	1,346	262,366,105.28	116	235,494.37
August.....	1,254	53,024,394.71	241	586,851.00
September.....	1,625	319,543,993.34	105	569,583.29
October.....	2,544	2,382,893,110.97	177	1,035,118.65
November.....	3,213	2,663,667,291.90	79	715,293.90
December.....	9,122	262,232,974.93	567	17,977,996.38
Total.....	22,484	6,511,274,921.48	2,505	22,329,581.81

The immense volume of discounts and advances made during October and November, 1917, are due to the fact that many of the banks which borrowed most heavily did their borrowing for periods of from one to five days only, in order to readjust the amounts at each renewal to the requirements of their condition. In this way their borrowing became almost as flexible as if their loans had been on demand.

The following figures show certain data concerning the discounts of 1916 and 1917:

	1917	1916
Number of applications received.....	2,513	202
Amount of applications received.....	\$6,528,455,050.30	\$22,501,332.41
Amount of applications accepted and discounted or advanced upon.....	\$6,513,225,285.69	\$22,329,581.81
Largest application.....	\$167,000,000.00	\$3,877,000.00
Smallest application.....	\$50.00	\$430.00
Number of pieces of paper discounted or advanced upon.....	22,484	2,532
Largest piece of paper discounted or advanced upon.....	\$147,000,000.00	\$1,000,000.00
Smallest piece of paper discounted or advanced upon.....	\$25.00	\$18.00
Average size of notes discounted or advanced upon.....	\$259,682.67	\$8,914.01
Number of banks rediscounting.....	222	62

BANKERS' ACCEPTANCES AND THE DISCOUNT MARKET.

This year has witnessed a continued increase in the volume of bankers' acceptances created and a steadily broadening open market in which they circulate. At the close of the year 1916 it was stated that there were outstanding about \$250,000,000 of dollar acceptances, including bills of foreign origin on American merchants. It is not improbable that the volume of such paper in the United States at the close of 1917 is from four to five hundred million dollars.

The increases, while general in all classes of bills eligible for discount with Federal Reserve Banks, are most notable in the bills arising from domestic transactions and from the increasing trade between the United States and the Orient.

The following table, gathered from reports made to public officers, shows the amount of acceptance liabilities of national banks in district No. 2, and of State banks and trust companies in the State of New York:

	September, 1917.	September, 1916.
National banks.....	\$73,717,000	\$44,300,877
Trust companies.....	91,424,599	68,588,558
State banks.....	7,355,910	2,787,995
Total.....	172,497,419	115,677,430

The more general recourse during the year to bankers' credits for financing the large seasonal movements in commodities is an indication of a wider understanding and appreciation, by the borrower and banker alike, of the advantages of this form of financing transactions that in themselves furnish the means of discharging the obligations incurred by the taker of credit and the acceptor.

With the increased volume of business, the number of accepting banks and purchasers of bills also has steadily increased. The names of many well-known institutions located in the larger cities of the country have now become known as acceptors through their acceptances offered in the open market in New York. Also, dealers report an increasing interest on the part of out-of-town banks as investors in prime bills, evidenced both in the number of new buyers and the volume of their purchases. Indicative of the increase are the reports of two houses whose sales this year have in each case exceeded \$300,000,000 and neither of which handled over \$60,000,000 of bankers' bills last year. The larger number of dealers and bill brokers specializing in bankers' acceptances is another indication of the widening interest in the development of the open market.

The New York open-market discount rates during the year have advanced gradually until they were at the close about 1 per cent higher than at the end of last year. They have, nevertheless, been the most stable of all the money rates during the period. The purchases of the Federal Reserve Bank of New York have materially assisted in this stabilization, especially at times when, owing to the temporary requirements of the banks in this district and elsewhere, bills were offered in large volume for resale in the market or directly to the Federal Reserve Bank, and also when, during periods of adjustment incident to the large financial operations of the Government, the

market's absorption of newly accepted bills was more or less interrupted. On the whole, however, purchases by the Federal Reserve Banks have been at rates determined by the law of supply and demand in the open market.

By reference to the table showing the monthly purchases of acceptances by this bank for itself and other Federal Reserve Banks, it will be seen that during March and April, when the open-market rates fell below those at which this bank was willing to purchase, practically the entire volume of acceptances was taken by the open market, and as a result the bill holdings of this bank decreased from \$39,000,000 on January 2 to \$15,000,000 on April 18. When the rates for money stiffened in June, incident to the transfers between New York and interior points, the market rates rose above those of the Federal Reserve Bank and bills were taken in large volume by this bank, whose holdings of bills increased \$66,000,000 during June. During the period of easy money, which began shortly after July 1, market rates again fell below those of the Federal Reserve Bank and liquidation of its bills again occurred. The situation was reversed again as the demand for money increased and the time for payment on the second Liberty loan approached. By selling a large volume of its bills early in November to other Federal Reserve Banks which had not been drawn on so heavily by their members, this bank was placed in a position to maintain fairly stable rates for the purchase of bills during the strained period between November 15 and December 15, on which latter date its holdings of bills aggregated \$115,000,000.

The somewhat higher rates that have obtained during the year, and the resulting wider demand have tended to diminish the distinction that has existed in the open market between the rates at which the acceptances of member banks and other well-known acceptors, private bankers, and others, were sold. This tendency to equalize the open-market discount rates for equally prime bills, makes for greater stability and freer use of dollar bills of exchange in foreign markets, where the fine grades of distinction existing here were not understood. The Federal Reserve Bank has assisted in this equalization by its forward quotations for and purchase of prime bills to arrive from the foreign countries of origin, as well as by its recognition of the indorsements of both foreign banks and domestic banks and bankers.

In its purchases the Federal Reserve Bank has, by differential rates, emphasized its preference for indorsed paper and the shorter maturities; that is, for paper that has been sold in the market and is re-offered indorsed by the original and subsequent purchasers and is approaching maturity. This ordinarily enables a bank that carries

a secondary reserve line of bankers' acceptances to make an additional profit or higher average yield on bills carried by purchasing the longer bills at higher rates, and when they come, say, to within 30 days of maturity, indorsing and selling them to the Federal Reserve Bank at the minimum rates obtaining for short-time paper, and reinvesting the proceeds in new long bills.

A large proportion of the bills now bought by the Federal Reserve Bank bear one or more banking indorsements. This development in the practice of the market in New York, which has occurred within the year, is in accordance with the long-established practice in the open markets of Europe and constitutes one of the most significant evidences of the appreciation by our banks and bankers of what will be the logical development of a larger open market in this country and of the normal functions of a Federal Reserve Bank as a bank of rediscount rather than one of original discount.

The monthly purchases of acceptances and indorsed trade bills by this bank for itself and for other Federal Reserve Banks have been as follows:

Month.	For account of Federal Reserve Bank of New York.		For account of other Federal Reserve Banks.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	133	\$2,605,561.06	396	\$7,465,453.54
February.....	1,004	20,242,314.18	1,311	21,619,722.70
March.....	84	1,763,414.47	230	4,727,936.26
April.....	437	9,687,414.49	591	11,617,300.68
May.....	1,278	28,339,604.60	1,459	21,526,022.56
June.....	4,625	83,248,507.98	1,947	24,474,515.37
July.....	1,019	25,012,533.62	1,991	21,921,403.75
August.....	439	12,512,824.39	1,672	19,553,401.32
September.....	4,467	62,434,840.29	356	5,628,313.38
October.....	2,835	50,307,095.52	523	6,524,833.02
November.....	3,079	61,395,915.90	314	7,267,878.15
December.....	4,476	106,915,574.17	105	593,045.18
Total.....	23,876	464,965,600.67	10,895	152,919,830.91
Classification:				
Import and export.....		387,550,190.57		141,757,370.47
Domestic.....		63,323,528.03		8,370,569.56
Indorsed trade bills of foreign origin.....		5,755,352.44		2,452,118.94
Bills drawn to furnish dollar exchange.....		1,971,529.63		346,786.94
Domestic trade acceptances.....		365,000.00		
Total.....		461,965,600.67		152,919,830.91

TRADE ACCEPTANCES.

Reports from different parts of the country indicate a rapid increase during the year in the use of trade acceptances and, in view of the widespread interest in this subject, this bank has published and distributed to all banks in this district a pamphlet giving information concerning the advantages to be derived from the substitution of trade acceptances for open book accounts. The great

demand for the pamphlet evidences the consideration now being given by the business interests to the adoption of this system.

The Trade Acceptance Council has been organized, composed of representatives from the United States Chamber of Commerce, the American Bankers Association, and the National Association of Credit Men, which plans to inaugurate a campaign of education on the use of trade acceptances. The council has the full support of the Federal Reserve Bank in this work.

UNITED STATES BOND OPERATIONS.

Following advice from the Federal Reserve Board that it would require the Federal Reserve Banks to purchase on April 1, 1917, United States bonds amounting to \$15,000,000, or so much thereof as might be offered for sale on or before March 21 by the Treasurer of the United States, the Federal Reserve Bank of New York purchased, during the first quarter of 1917, from member banks and in the open market \$2,560,000 of United States 2 per cent bonds bearing circulation privilege and has converted \$3,552,500 (including bonds held over from 1916) into \$1,776,500 30 year 3 per cent conversion bonds, and \$1,776,000 one year 3 per cent gold notes of the United States, neither of which has the circulation privilege. No further purchases of the 2 per cent bonds have been made, as the Federal Reserve Board, on April 18, advised that in view of the coming issue of United States bonds bearing interest at $3\frac{1}{2}$ per cent, it would not require the Federal Reserve banks to purchase bonds convertible into obligations bearing only 3 per cent. This was further confirmed by resolutions adopted by the Federal Reserve Board on June 21.

On March 31 the bank purchased from the Government \$20,000,000 of 2 per cent certificates of indebtedness maturing June 30, 1917, which were carried to maturity.

In connection with its work as fiscal agent in selling later issues of certificates of indebtedness and the two issues of Liberty bonds, referred to elsewhere in this report, the bank has from time to time purchased from holders of such certificates varying amounts which were either carried to maturity, or after a short interval, resold to those from whom purchased. It has also on several occasions purchased direct from the Government certificates of indebtedness payable within a few days, bearing interest at 2 to 4 per cent, the purpose being to avoid constant withdrawals of Government funds on deposit with depositary banks. The bank purchased Liberty bonds of the first issue amounting to \$1,500,000 to be held and delivered to holders of certificates which it issued in denominations \$10, five of which could be converted into a \$50 bond. Liberty bonds to unim-

portant amounts were also purchased from subscribers to the first issue who had defaulted in their payments. Details of the transactions in United States bonds will be found in the appendix.

MUNICIPAL WARRANTS.

Municipal warrants, which, during 1915 and 1916 were purchased in substantial volume when the resources of the bank were not being otherwise drawn upon, disappeared almost entirely from its investments during 1917. The following statement records the purchases during the year.

Month.	For account of Federal Re- serve Bank of New York.	For account of other Federal Reserve Banks.
	Amount.	Amount.
January.....	\$2,760,000	\$4,240,000
February.....	2,425,000	3,225,000
May.....	50,000	25,000
September.....	1,000,000	.....
Total.....	6,235,000	7,490,000

Average rate for year, 3.04.

FEDERAL RESERVE NOTE ISSUES AND THE ACCUMULATION OF GOLD.

The policy of issuing Federal Reserve notes freely and of maintaining the interchangeability of Federal Reserve Bank deposits and notes, which was described in the last two annual reports, has been pursued consistently throughout the year.

The amendment to the Federal Reserve Act of June 21 provided, among other things, that all Federal Reserve notes in actual circulation should be included by the bank among its liabilities, and that it should include among its assets the gold held by the Federal Reserve agent as security for such Federal Reserve notes. The gold delivered to the Federal Reserve agent is thus treated as collateral to Federal Reserve notes instead of, as formerly, a payment to reduce the bank's liability, and the Federal Reserve Bank is made joint custodian of the funds so held. Up to June 15 all outstanding Federal Reserve notes of this bank were secured dollar for dollar by gold or gold certificates. On that date, however, rapid increases in the bank's loans and discounts made it desirable to make a partial substitution of commercial paper for gold as security for the Federal Reserve notes, thereby increasing the gold reserve of the bank, and \$25,000,000 was thus substituted. On June 22 an additional \$75,000,000 was substituted, and since that date, in accordance with the spirit of the amendment above referred to, the gold held by the Federal Reserve

agent has been maintained in substantially the same proportion to the net liability on Federal Reserve notes as the proportion of gold held by the bank has borne to its deposit liability.

The accumulation of gold throughout the year by the issue of Federal Reserve notes in exchange therefor has added materially to the strength of the bank. To assist in this strengthening process the Federal Reserve Bank on August 10 invited the cooperation of all the national banks, State banks, and trust companies in the district and offered to pay the cost to such banks of forwarding to it gold or gold certificates and to ship Federal Reserve notes free of expense to any such bank forwarding gold or gold certificates. Later it also offered for a limited period to accept gold coin at its face value without deduction for loss by abrasion.

The response to these offers has been extremely gratifying not only in the amount of gold accumulated but in the splendid cooperation given by banks in the district, member and nonmember alike. Member banks outside of New York City sent in, between August 10 and December 31, gold and gold certificates amounting to \$10,776,000. Nonmember banks outside of New York City sent in gold and gold certificates amounting to \$9,312,000. The amounts of gold received from the New York City banks were, of course, far larger. Many of the nonmember banks in New York under authority of the amendment to the Federal Reserve Act, which permitted accounts to be opened for clearing purposes, deposited with the Federal Reserve Bank large amounts of gold or gold certificates which they had held in their vaults.

Arrangements effected in the early autumn by which the Treasury at Washington and the Subtreasury at New York were supplied with Federal Reserve notes to meet demands for new currency have also assisted materially in the substitution of Federal Reserve notes for gold certificates in general circulation.

The amount of Federal Reserve notes of this bank in actual circulation at the end of 1916 was \$93,426,100. At the end of 1917 the amount in actual circulation was \$397,353,805. This large increase does not represent wholly a substitution of Federal Reserve notes for gold. Owing to the increase in the gold supply of the bank from other sources it is impossible to estimate at all accurately what part of the total was so accumulated. It is evident, however, that a substantial volume of notes has been issued not covered by gold, which therefore constitutes an expansion of our circulating medium. This, of course, is both natural under the circumstances and in accordance with the letter and spirit of the Federal Reserve Act, since Federal Reserve notes are, with the exception of gold, the principal expanding and contracting element in our currency. The higher prices for labor and materials and the greater velocity of business

and trade require larger amounts of currency to be carried as till and pocket money. The same demand has manifested itself for silver and other coins. The Federal Reserve Bank issues whatever notes the banks of its district require for use of their customers, but the expansion should be regarded as entirely healthy since no one is compelled to receive Federal Reserve notes in payment of debts and since they are redeemable in gold on demand.

The redemption of Federal Reserve notes unfit for circulation since November, 1914, has amounted to \$119,141,435. The cost of printing the notes has again increased and is now on the basis of \$10.80 per thousand bills as against \$10.58 last year. It is interesting to note that while the demand for notes during the latter part of 1916 was heaviest for the \$5 denomination, it has since changed so that the tens have been issued in largest amounts and the proportion of twenties issued has distinctly increased. The demand for fifties and hundreds is also heavier, and were notes of denominations of \$500, \$1,000, \$5,000, and \$10,000 available, they would doubtless be taken in important amounts by many banks in the larger cities of the district which have need for currency of this size and are, at present, obliged to hold gold certificates and pay them out when necessary.

COLLECTIONS AND CLEARINGS.

THE COLLECTION SYSTEM.

The check collection system described at length in the last annual report has been continued in operation during the year, and the following table shows the various classes and amounts of items handled:

[000's omitted in columns headed "Amount."]

Month.	Items on other Federal Reserve banks.		Items on banks in other Federal Reserve districts.		Items on banks in district No. 2.		Items on New York Clearing House banks.		United States Treasury checks.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1917.										
January.....	658	\$3,789	367,754	\$173,484	620,476	\$122,760	114,978	\$383,380	138,716	\$35,217
February.....	502	5,324	325,367	169,128	546,298	105,120	81,733	348,895	141,685	39,129
March.....	587	7,088	406,568	202,489	621,938	145,303	94,961	459,026	135,047	45,165
April.....	539	7,340	407,718	221,139	702,285	161,683	96,874	670,211	145,586	39,401
May.....	497	7,915	421,991	248,645	830,591	186,598	123,702	937,649	205,797	39,771
June.....	416	11,621	412,261	250,546	859,104	234,054	163,170	1,137,609	201,668	43,346
July.....	530	7,417	373,514	236,115	866,893	220,080	132,153	1,037,054	227,791	65,037
August.....	579	11,903	356,429	239,075	914,076	258,670	129,921	978,327	280,931	100,413
September.....	509	8,847	382,888	266,621	883,781	216,268	94,548	869,452	311,473	138,245
October.....	548	6,555	510,575	325,528	975,647	299,890	132,314	1,859,986	358,626	162,534
November.....	558	8,365	534,942	330,062	967,104	894,848	122,932	1,805,131	442,649	174,127
December.....	460	6,219	586,907	339,866	1,065,090	913,376	145,124	1,659,628	439,220	217,073
Total.....	6,383	97,383	5,086,914	3,002,698	9,853,283	3,758,640	1,432,410	12,146,348	3,029,189	1,099,458

The collection system was extended on September 10, 1917, to include the collection of notes, drafts, bills of exchange, and other collection items. As the handling of items of this kind presents problems quite different from those involved in handling checks, a service charge of 10 cents per item is made, in addition to such collection charge as may be imposed by the collecting bank. In case a collection item is returned unpaid, a charge of 10 cents is imposed to be paid to the bank presenting the item for payment. No charge, however, has been made for the collection of coupons other than the charge made by the collecting bank plus mail or express charges. As far as possible, items are sent direct to their place of payment, and, when payable outside of the district, the collecting bank is permitted to make remittance either direct to the Federal Reserve Bank of New York in New York exchange, or, if more convenient, in available exchange, to any other near-by Federal Reserve Bank for the credit of this bank.

During the early months of the year the number of banks which agreed to remit to the Federal Reserve Bank of New York at par for items drawn upon them included all but 90 out of the 1,049 banks in the district, and, on April 1 this bank announced its readiness to accept at par, subject to the usual per item charge, checks on every bank in the district. Checks on those banks which did not agree to remit at par were collected through express companies and through local agencies established by the Federal Reserve Bank. A number of banks on which items were at first collected in this manner have since agreed to remit at par, and it is hoped that in the interest of the development of the par collection system, the remainder will also in time adopt the same course.

On May 31, this bank announced the completion of arrangements with other Federal Reserve Banks for the issuance and sale by member banks of drafts available for immediate credit at any of the 12 Federal Reserve Banks. Under this arrangement, any member bank may draw its draft on its Federal Reserve Bank and have it made available for immediate credit at par in any of the 12 Federal Reserve cities.

Under the regulations of the Federal Reserve Board, the Federal Reserve Bank has throughout the year assessed penalties on member banks which have failed to maintain their reserve deposits with the Federal Reserve Bank at the amount required. The member banks report monthly the average reserve required to be kept by them with the Federal Reserve Bank and impairments of this reserve are ascertained by comparing the figures reported by the banks with the average actual reserve shown by the Federal Reserve Bank's books during such month. The penalty, which the board has fixed at a rate of 2 per cent above the 90-day discount rate, has been at the rate of 6

per cent during the year. The amount collected was \$18,565.29, and the average number of banks penalized each month, 12.

GOLD SETTLEMENT FUND.

The operations of the gold settlement fund have become of even greater importance than heretofore in connection with the broadened activities of the Federal Reserve Banks since the entrance of the United States into the war. The banks in other Federal Reserve districts have made payments on account of subscriptions to certificates of indebtedness and Liberty loan bonds to a very important extent by drawing upon their New York correspondents. Payments by this bank to other Federal Reserve Banks during the year through the gold settlement fund totaled \$8,692,024,000, and payments received from other Federal Reserve Banks totaled \$8,426,893,000, the net amount paid being \$265,131,000. Transfers in immense volume have been made from other Federal Reserve Banks to this bank, both as a natural movement of funds and also for account of the Treasurer of the United States. It seems probable that without the facilities of the gold settlement fund, these heavy transfers could have been accomplished only at considerable expense and with an unfortunate disturbance of domestic exchange at times when it was of the utmost importance that no disturbance should occur.

Through the courtesy of the Treasury and subtreasuries these transfers have been made without the shipment of any gold or gold certificates, and at a trifling cost for telegrams and clerical work.

The amendments of June 21 provided that the Treasurer of the United States should receive deposits of gold from Federal Reserve Banks or Federal Reserve agents for credit of their accounts with the Federal Reserve Board. The gold settlement fund since June 29 has therefore been carried on the books of the Treasurer of the United States as a deposit repayable in gold to the Federal Reserve Board, which administers the fund.

THE TRANSFER SYSTEM.

Telegraphic transfers have been made for member banks without limit as to amount and without charge other than the cost of the telegram. That they have become an important part of the exchange operations of the bank, is shown by the following table giving the volume of transactions during the last six months:

Month.	Daily average amount.	Daily average number of transfers.	Month.	Daily average amount.	Daily average number of transfers.
July.....	\$31,801,000	31	October.....	\$37,304,000	48
August.....	28,536,000	35	November.....	47,191,000	73
September.....	30,893,000	38	December.....	50,308,000	70

DESIGNATION OF RESERVE CITIES.

Under the provisions of section 11 of the Federal Reserve Act, the Federal Reserve Board has designated Buffalo, N. Y., as a reserve city, effective January 1, 1918.

RELATIONS WITH MEMBER BANKS.

In Federal Reserve District No. 2, including New York State, Fairfield County, Conn., and the following counties of New Jersey: Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union, and Warren, the number of member banks on December 31, 1917, was 667, as compared with 625 on December 31, 1916, the location of the members being as follows:

Location.	Number of banks.
Connecticut (Fairfield County).....	15
New Jersey.....	134
New York, Borough of Manhattan.....	56
New York, elsewhere.....	462
Total.....	518
	667

During the year 41 State banks and trust companies were admitted to membership, making a total of 43 such members, the names of the institutions and the amount of their gross resources at the time of last available official statement being as follows:

Location.	Bank or trust company.	Resources.
Connecticut: Bridgeport.....	Bridgeport Trust Co.	\$7,866,545.08
New Jersey:		
Montclair.....	Bank of Montclair.....	3,408,669.31
Passaic.....	Passaic Trust & Safe Deposit Co.	7,130,181.05
Plainfield.....	Plainfield Trust Co.	8,749,434.09
Rahway.....	Rahway Trust Co.	398,276.67
New York:		
Batavia.....	Bank of Genesee.....	1,151,906.81
Brooklyn.....	Brooklyn Trust Co.	80,541,258.38
Do.....	Franklin Trust Co.	35,397,147.55
Do.....	Manufacturers Trust Co.	15,031,812.26
Do.....	Peoples Trust Co.	31,376,550.02
Buffalo.....	Buffalo Trust Co.	9,624,217.56
Do.....	Citizens Commercial Trust Co.	18,971,655.31
Elmira.....	Chemung Canal Trust Co.	7,301,857.80
New York City.....	Bank of America.....	53,142,536.95
Do.....	Bank of the Manhattan Co.	77,352,106.80
Do.....	Bankers Trust Co.	348,716,132.77
Do.....	Central Trust Co.	227,145,177.86
Do.....	Columbia Trust Co.	116,989,761.33
Do.....	Corn Exchange Bank ¹	161,838,224.38
Do.....	Equitable Trust Co.	308,484,680.75
Do.....	Fidelity Trust Co.	15,588,505.06
Do.....	German American Bank.....	11,743,400.68
Do.....	Germania Bank.....	9,007,106.55
Do.....	Grace & Co.'s Bank, W. R.	6,675,523.47
Do.....	Guaranty Trust Co.	701,118,796.37
Do.....	Irving Trust Co. ¹	39,724,638.23
Do.....	Mercantile Trust & Deposit Co.	7,373,524.48
Do.....	Metropolitan Bank.....	41,620,741.62

¹ Admitted to membership prior to Jan. 1, 1916.

Location.	Bank or trust company.	Resources.
New York—Continued.		
New York City.....	Metropolitan Trust Co.....	\$72,199,002.79
Do.....	New York Trust Co.....	84,935,886.36
Do.....	Pacific Bank.....	16,866,754.73
Do.....	Scandinavian Trust Co.....	16,944,327.51
Do.....	Union Trust Co.....	86,701,578.94
Do.....	United States Mortgage & Trust Co.....	96,068,096.07
Do.....	United States Trust Co.....	77,455,086.50
Ogdensburg.....	St. Lawrence Trust Co.....	929,679.49
Oneida.....	Madison County Trust & Deposit Co.....	2,224,325.64
Rome.....	Rome Trust Co.....	3,627,405.80
Syracuse.....	City Bank.....	8,239,911.66
Utica.....	Citizens Trust Co.....	10,641,931.22
Do.....	Oneida County Trust Co.....	2,428,746.94
Do.....	Utica Trust & Deposit Co.....	11,850,975.96
Watertown.....	Northern New York Trust Co.....	7,151,603.95
Total.....		2,851,735,682.75

The payments to capital stock of the Federal Reserve Bank made by these institutions amounted to \$6,773,700; their reserve deposits on December 31, 1917, were \$241,680,500.43 and the amount of their rediscounts and loans with the Federal Reserve Bank on that date were \$69,693,287.12.

Ten national banks in the district were liquidated during the year, of which five went out of business for one reason or another and five were converted into trust companies. Twelve new national banks have commenced business in the district this year.

The relations with member banks during the year have been more active, not only owing to the transactions which the Federal Reserve Bank has had with each member, as well as nonmember, bank in connection with subscriptions to Liberty bonds and with many of them in connection with sales of certificates of indebtedness, but also owing to the increasing number of member banks which have had occasion to rediscount or obtain advances during the year, the total number of such banks having been 322. With the New York City banks the relations and cooperation have been particularly close.

New York City being the principal money market and the financial center of the country, it became apparent when the United States entered the war that the banks of this city not only had a duty to perform to the Government and to their own customers, but had a responsibility to the whole country as well. They have recognized and carried out these obligations in a spirit of whole-hearted patriotism, and frequently at a sacrifice of normal banking profits. By close cooperation among all the important banks of the city, every requirement of the Government has been promptly and fully met, and a generous amount of the resources of these banks has been placed at the disposal of the Federal Reserve Bank for the general stabilization of the money market. Had this spirit and this recognition of responsibility been lacking among the New York City

bankers, the heavy financial burdens imposed upon the banking system could not have been discharged without both inconvenience and embarrassment to the Government and serious disturbance to the money markets and the business of the country.

Joint meetings of the clearing house committee and the executive committee of the directors of this bank have been held periodically, and this bank has been appointed as settling agent by every member of the New York Clearing House, including the Subtreasury of the United States, thereby enabling all clearing-house balances to be settled on the books of this bank, without the use of any currency whatever in such settlements. This arrangement is of great value to the Federal Reserve Bank in preventing the drain on its gold which would otherwise occur. The machinery of the Federal Reserve Bank for the rapid creation of credit in hitherto unprecedented volume having been tested during both the first and the second Liberty loan financing periods, there seems to be no longer any inclination to doubt the practical value of the system; on the contrary, among both the country and the city banks there seems to be a general recognition of the indispensability of the system to our banks in their conduct of the immense operations incident to the financing of the war.

RELATIONS WITH NONMEMBER BANKS.

The relations with the State institutions, as indicated in the foregoing paragraph, have also become active through transactions with many of them in certificates of indebtedness and with all of them in Liberty bonds. The transactions of the bank acting as fiscal agent of the Government have been on exactly the same basis with nonmember as with member banks, and no distinction has been made between the two classes in respect of the deposit of Government funds. Under authority of the Federal Reserve Board, a Federal Reserve Bank is authorized to accept from member banks paper discounted with them by nonmember banks, provided it was given to purchase or carry Liberty bonds or certificates of indebtedness, but only a very small volume of such paper has been presented to this bank for discount. Nonmember banks have also cooperated cordially and effectively with the Federal Reserve Bank by turning in gold coin and certificates in exchange for Federal Reserve notes.

The only note of discord in the relations with State institutions has been that which manifested itself in the development of the collection system. As already stated, a small number of State institutions are unwilling to remit at par to this bank for checks drawn upon them, and this bank, much to its regret, has been obliged to collect such checks at par either through express companies or by the establishment of local collecting agencies.

The amendment of June 21, 1917, permitted nonmembers to open accounts for clearing purposes with the Federal Reserve Bank and enabled them to contribute their gold to the strength of the bank. Balances thus carried with the Federal Reserve Bank at one time aggregated \$84,268,259.73, but the entrance into the system of the larger institutions reduced the amount of such balances to \$10,-317,630.16 on December 31.

The entrance of the United States into the war has effected a great change in the attitude of State banks and trust companies toward membership in the Federal Reserve system. On August 1, the Northern New York Trust Co. of Watertown, N. Y., and on September 28, 1917, the St. Lawrence Trust Co. of Ogdensburg, N. Y., became members, and following the entrance of the Guaranty Trust Co. of New York City, which joined on October 4, the great majority of the larger State institutions in New York City as well as a number from other places in the district have become members.

Several factors contributed to this important movement:

First, the amendment of June 21 under which the rights and duties of State institutions as members of the system were prescribed by law instead of being left to regulation by the Federal Reserve Board.

Second, the opinion of the Attorney General of the United States, dated September 10, to the effect that State institutions joining the system were not subject to the restrictions of section 8 of the Clayton Act.

Third, and by far the most important, the proclamation of the President of October 13, appealing to State institutions to join the system as a national duty.

Although the majority of the larger institutions have already joined the system there are, nevertheless, approximately 260 State banks and trust companies in the district with sufficient capital to qualify them for membership. Many of them are actively considering applying for membership in the near future, and it is hoped that before long the great majority of the State institutions will join, thereby coordinating and concentrating the entire banking power of the district and enabling every member bank in the district to give the fullest cooperation and assistance to the Government in financing the war.

The following extract from the report of the executive committee of the United States Trust Co. of New York City to its board of trustees is typical of the patriotic attitude which has led so many of the larger institutions to join the system:

During this company's entire corporate existence we have steadfastly adhered, in theory and in practice, to what we believed to be the fundamental distinction between a trust company and a bank. This distinction has heretofore rendered direct membership in the admirable Federal Reserve system neither necessary nor helpful to us. Our designated depository banks have

fully represented us in that system, and our business being strictly confined to that of a trust company as distinguished from the general banking business, we have heretofore considered only our own interest in determining the question of membership in the system. The situation is now, however, radically changed. The appeal of President Wilson and the urgent money needs of the country make it the duty of every financial institution to come forward with all the moral as well as financial aid which it can lawfully furnish. Whether the facilities afforded by membership in the reserve bank are useful to us or not, whether the conditions of membership would, having in view the restricted character of our business, in fact result in a slight pecuniary loss to us or not, such considerations are in our opinion as of no weight whatever, in view of the vital importance to our country under existing conditions of omitting no act which can, either directly or morally, either by the furnishing of resources or the exhibition of a spirit of hearty cooperation, tend to strengthen the financial system of the Nation.

RELATIONS WITH FOREIGN BANKS.

Under authority of paragraph (e) of section 14 of the act, and with the approval of the Federal Reserve Board, the Federal Reserve Bank of New York on May 3, 1917, concluded reciprocal arrangements with the Bank of England, appointing the latter its correspondent and agent. On June 20, 1917, the Federal Reserve Bank under its agreement with the Bank of England made payments in New York amounting to \$52,500,000 against gold in like amount earmarked and held in London by the Bank of England for the account of the Federal Reserve Bank of New York. Pursuant to arrangements with other Federal Reserve Banks and with the approval of the Federal Reserve Board, participations in this transaction were allotted to other Federal Reserve Banks to the amount of \$34,387,500.

On February 24 this bank applied to the Federal Reserve Board for authority to appoint the Bank of France its correspondent and agent, and approval was granted on February 26. Correspondence and arrangements of details are in progress looking to the completion of the relationship contemplated.

On August 23, with the approval of the Federal Reserve Board, a preliminary agreement was concluded between the Federal Reserve Bank of New York and the Bank of Italy providing that each should act as a correspondent of the other, which was confirmed by the board of directors of this bank on September 5 and by the superior council of the Bank of Italy on September 24.

Negotiations are in progress for the arrangement of reciprocal relations with certain other foreign banks.

THE FISCAL AGENCY OF THE UNITED STATES.

During the early part of 1917 the operations of this bank as fiscal agent and depository of the United States were limited as before to

receiving from Government collectors of customs and internal revenue their various receipts and paying checks and warrants drawn upon the Treasurer of the United States and coupons of United States bonds.

Immediately following the entrance of the United States into the war, however, the functions and responsibilities of the Federal Reserve Bank as fiscal agent of the United States were enlarged at the request of the Secretary of the Treasury to include the following:

- (a) The sale and redemption of certificates of indebtedness;
- (b) The sale and delivery of Liberty bonds, the payment of coupons thereon, the exchange of bonds of small denomination for bonds of large denomination, and vice versa, and the conversion of bonds of one issue into bonds of another issue;
- (c) The administration of deposits of the United States Government in depository banks in this district resulting from sales of certificates and bonds, and the examination, approval, and custody of the securities pledged to secure such deposits;
- (d) Later, the sale of war-savings stamps and thrift stamps.

At all times throughout the period in which the bank has performed these functions and undertaken these responsibilities as agent of the Treasury Department its work has been lightened and its burdens made possible by the vigorous and cooperative way in which the bank has been supported in the various requests and recommendations which it has made.

The method of conducting these operations will be described in the succeeding paragraphs.

CERTIFICATES OF INDEBTEDNESS.

On March 27 the Secretary of the Treasury offered to Federal Reserve Banks \$50,000,000 certificates of indebtedness due June 30, 1917, at 2 per cent. This bank subscribed for \$25,000,000 and was allotted \$20,000,000, the balance being taken by the other reserve banks.

On April 19 the Secretary of the Treasury offered for subscription through Federal Reserve Banks \$200,000,000 of 3 per cent certificates of indebtedness due June 30, 1917, for which subscriptions were received in this district aggregating \$135,650,000, and a similar amount allotted. This issue, like some of the later ones, was oversubscribed, and \$68,205,000 was issued beyond the original amount offered. In subsequent issues allotments were restricted to the amount originally offered. From the following table it will be seen that, out of a total of \$3,843,501,000 offered, the subscriptions received through this bank amounted to 67 per cent and the amount allotted through this bank amounted to 64 per cent of the total. The largest volume of

these certificates outstanding at any one time in this district during the first Liberty loan financing period was \$479,962,000, and during the second Liberty loan financing period was \$1,467,543,000. The cooperation of the banks in this district, particularly of those in New York City, in purchasing these certificates, was of a most gratifying character. Individual bank subscriptions during the second Liberty loan financing period ran as high as \$145,000,000 and \$150,000,000. Of the 1,076 banks (not including savings banks) outside of New York City, 308 purchased certificates of indebtedness, but of these only about one-half were what might be termed regular purchasers. The others participated in only one or two of the issues.

United States certificates of indebtedness issued during 1917.

Date of issue.	Rate of interest.	Maturity date.	Total amount of issue.	Amount subscribed through Federal Reserve Bank of New York.	Amount allotted through Federal Reserve Bank of New York.
	<i>Per cent.</i>				
Mar. 31.....	2	June 30, 1917	\$50,000,000	\$25,000,000	¹ \$20,000,000
Apr. 25.....	3	do.....	268,205,000	135,650,000	135,650,000
May 10.....	3	July 17, 1917	200,000,000	98,512,000	98,512,000
May 25.....	3½	July 30, 1917	200,000,000	175,231,000	125,300,000
June 8.....	3½	do.....	200,000,000	116,000,000	100,500,000
Aug. 9.....	3½	Nov. 15, 1917	300,000,000	211,054,000	175,000,000
Aug. 28.....	3½	Nov. 30, 1917	250,000,000	188,837,000	152,938,000
Sept. 17.....	3½	Dec. 15, 1917	300,000,000	204,347,000	204,347,000
Sept. 26.....	4	do.....	400,000,000	212,100,000	212,100,000
Oct. 18.....	4	Nov. 22, 1917	300,000,000	179,475,000	179,475,000
Oct. 24.....	4	Dec. 15, 1917	685,296,000	543,683,000	543,683,000
Nov. 30.....	4	June 25, 1918	690,000,000	494,070,500	494,070,500
Total.....			3,843,501,000	2,578,959,500	2,441,575,500

¹ Not offered for public subscription, but taken by Federal Reserve Bank of New York.

In order that payments for the large amounts of certificates of indebtedness subscribed for in this district might not disturb the banking situation, arrangements were made beginning with the issue of April 25 to redeposit as large a portion as possible of the funds paid in. This, in effect, amounted to a payment for the certificates by credit on the books of the subscribing banks, and in later issues this was the practice actually pursued. In this manner disturbance to the money market from the absorption of this large volume of certificates was reduced to a minimum. The Federal Reserve Bank itself purchased from time to time various amounts of these certificates of indebtedness from banks and bankers, and on several occasions advanced substantial amounts to the Treasury for temporary requirements through the purchase of special certificates running for a few days, not included in the totals above referred to.

The sale of certificates of indebtedness in anticipation of both Liberty loans enabled the banks to create the short credit required by the Government pending the creation of long-time credit through the

purchase of bonds by investors. With each issue of bonds the short bank credits were, in effect, converted into long investment credits.

FIRST LIBERTY LOAN.

On May 3 the Secretary of the Treasury announced an issue of \$2,000,000,000 $3\frac{1}{2}$ per cent 15-30 year Liberty loan bonds exempt from all taxes, except estate or inheritance taxes, imposed by authority of the United States or its possessions or by any State or local taxing authorities.

In making the announcement the Secretary advised that the subscription books would close on June 15, and requested the Federal Reserve Banks in each district to act as a central agency for receiving subscriptions, taking payment of subscriptions and delivering the bonds after allotment. He also requested the Federal Reserve Banks to form an effective organization and carry on an energetic campaign for the successful flotation of the loan.

The governor of the Federal Reserve Bank of New York appointed a Liberty loan committee for the district, composed of 12 New York City bank presidents and private bankers, together with an alternate for each. At the first meeting of this committee, on May 7, the governor of the Federal Reserve Bank was appointed chairman, the secretary of the bank was appointed secretary, and a plan of organization was determined upon which involved the appointment of subcommittees on distribution, on publicity, and on the receipt and payment of subscriptions. An executive manager was also appointed. The committee met daily except on Saturdays throughout the campaign, and on several occasions, at the request of the Treasury Department, sent subcommittees or representatives to Washington to confer upon some of the many details which were required to be settled in connection with securing and receiving subscriptions and delivering the bonds.

The committee on distribution consisted of 12 members, and owing to the active nature of the work assigned to this committee alternates were also appointed. The chairman of the committee was a member of the Liberty loan committee. All of the members were partners of leading bond houses or officers of banks or corporations having bond departments. This committee had charge of organizing the campaign to obtain subscriptions to the loan throughout the entire district, and met daily during the campaign.

The committee on publicity carried on a well-organized, vigorous, and effective publicity campaign, reaching all parts of the district, and included in its activities the organization of meetings, the creation of a speakers' bureau, which supplied speakers for over 1,000 meetings, the use of large quantities of newspaper and periodical

news and advertising space, largely contributed by advertisers, and the distribution of posters and other literature. Most of the staff of the publicity department were volunteers from banks, banking houses, and newspapers, and the cooperation of many and varied interests was given ungrudgingly to further the efforts of the committee.

The committee on receipt and payment of subscriptions organized a staff of about 300 men and women loaned by New York banks, bond houses, and insurance companies to serve during the period of the campaign and of the subscription payments. This force worked tirelessly in handling the immense amount of detail incidental to the receipt, allotment, and adjustment of subscriptions and the receipt of payments. Some confusion was apparent at times, owing to lack of opportunity for careful organization, to the fact that the entire force were volunteers, and to the unfamiliarity of most of the banks with transactions of the character involved; but, considering the magnitude of the task and the circumstances attending it, the work was handled with reasonable promptness and efficiency. The committee received subscriptions amounting to \$1,186,788,400 from 978,959 subscribers. Interim certificates were issued as partial or full payment was made on the bonds, the total number of pieces of such certificates being 2,090,524. The total number of pieces of bonds of the first Liberty loan issued to December 31 was 1,181,469. During the campaign it became apparent that the department dealing with the subscriptions to and deliveries of bonds should become an integral part of the Federal Reserve Bank, and on October 1 the Federal Reserve Bank took over the department, released most of the staff to the institutions by which they had been loaned, and began the organization of a permanent staff.

Early in the campaign an informal statement was issued from the Treasury Department indicating the extent to which subscriptions might be expected from each of the Federal Reserve districts on the basis of their respective banking resources. Although the quota of subscriptions expected from the Second Federal Reserve District was \$600,000,000, one of the early decisions of the Liberty loan committee was to establish \$1,000,000,000 as the minimum amount of subscriptions which the committee should endeavor to obtain in this district, and the whole campaign was organized to this end.

The campaign fell naturally into two divisions: (a) New York City; (b) places outside of New York City.

CAMPAIGN IN NEW YORK CITY.

In New York City the campaign was organized largely along professional and occupational lines, and the following committees were

appointed, each composed of leading men in their respective occupations:

National banks.	Engineers.
State banks.	Architects.
Trust companies.	Physicians.
Savings banks.	Dentists.
Railroads.	Savings and loan associations.
Industrial corporations.	Sale of "baby" bonds.
Public utilities.	Real estate.
Insurance.	Automobile trade.
Municipal employees.	Wholesale merchants.
Stock exchange houses.	Retail merchants.
Professions.	Hotels.
Lawyers.	Printing houses.

These committees were composed entirely of volunteer workers, a very large number of whom participated actively in the campaign. To supplement the work of these occupational committees, a group of about 400 bond salesmen organized in teams with captains, made a house-to-house canvass in New York City with substantial results.

The total amount subscribed in New York City was \$987,269,450.

CAMPAIGN OUTSIDE OF NEW YORK CITY.

To assist and advise in the campaign outside of New York City five subcommittees of the distribution committee were appointed, their respective territories being eastern New York, central New York, western New York, northern New Jersey, and Fairfield County, Conn. These five district committees were composed of partners of leading bond houses. They did not become responsible for or undertake local selling campaigns, but acted in an advisory capacity, assisted in organizing local committees and maintained direct contact between the district headquarters at the Federal Reserve Bank and the various local committees, helped the work of the local committees, and furnished them all the literature and material available as the campaign progressed. Owing to the compactness of the Second Federal Reserve district it was possible to have this form of organization, permitting direct contact with headquarters instead of contact through the medium of subcommittees, and experience has demonstrated its effectiveness and desirability where possible.

The governor of the Federal Reserve Bank wrote a letter to the banks in this district outside of New York City, asking their officers, in consultation with other bankers in the same place, to undertake the formation of local committees to secure subscriptions for the bonds. Each locality was advised of the amount of subscriptions which it was expected to obtain, the amount being based largely on local banking resources. These local quotas proved helpful to the local com-

mittees by giving them a definite figure toward which to direct their campaigns. No uniform plan of organization was proposed. Each committee was free to operate in the manner which it considered most effective, some making short campaigns after thorough advance preparation, while others carried on the campaign during the entire selling period ending June 15.

In all some 231 local Liberty loan committees were formed, nearly all of which worked with remarkable zest and enthusiasm, and a large number of the localities covered by these committees exceeded the quotas assigned to them by the Federal Reserve Bank, based on the expectation of raising \$1,000,000,000 in the Second Federal Reserve district.

The total amount subscribed outside of New York City was \$199,518,950. ✱

THE CAMPAIGN IN GENERAL.

The progress of the organization at first was hampered by lack of opportunity for preliminary preparation and to unavoidable delay in settling important details of the issue until the campaign had been in progress for some time. These handicaps were in large measure overcome and an effective organization was developed through the large number of efficient and experienced men in every part of the district who were willing, as a patriotic duty, to devote their whole time and energy to the campaign.

Early in the campaign a women's committee for the district was organized in cooperation with the women's Liberty loan committee, and headquarters were established in New York. An organization was effected for the canvass of New York City, as well as in some of the larger places outside of New York City, and very effective work was done by the committee and by a large number of women who volunteered to assist in obtaining subscriptions.

On June 10 the Treasury Department began the publication of the amount of subscriptions reported in each of the 12 Federal Reserve districts. The first publication, which was only one week before the close of the campaign, showed a total of \$1,300,000,000, the subscriptions reported for this district being \$588,000,000. At the same time publicity was given to the subscriptions reported in the various localities in this district. Although undoubtedly the figures published by the Treasury Department were below the amount of subscriptions which had actually been made up to the date of publication, owing to the slowness with which returns were made by the banks outside of the Federal Reserve cities, the publicity which was given to district and local quotas stimulated very great activity throughout the last week of the campaign, and when the books closed in this district it was found that the total subscriptions

had exceeded the \$1,000,000,000 aimed at and actually amounted to \$1,186,677,400, out of a total of \$3,035,226,850 for the entire country.

The following table shows the number of subscribers, the amount of subscriptions, and the allotments actually made, subdivided into five different classes graded as to size of subscription.

Amount.	Number of subscribers.	Amount of subscriptions.	Allotment.
\$50 to \$10,000.....	973,614	\$274,019,550	\$274,019,550
\$10,050 to \$50,000.....	3,582	172,693,700	127,460,850
\$50,050 to \$100,000.....	778		
\$100,050 to \$250,000.....	285	79,173,300	35,628,000
Above \$250,000.....	700	660,901,850	180,723,250
Total.....	978,959	1,186,788,400	617,831,650

The banks of the district, almost without exception, threw themselves into the campaign with energy and enthusiasm, working early and late to obtain subscriptions, agreeing to loan at moderate rates to bond purchasers who wished to borrow, operating for purchasers of small denomination bonds, partial payment plans which entailed much additional clerical work and supervision, taking custody of bonds for safekeeping, and subscribing themselves for substantial amounts of bonds. Without such complete cooperation on the part of the banks the great success of the loan could not have been achieved.

The bond houses placed themselves at the disposal of the Liberty loan committee, and the general organization of the selling campaign was placed almost wholly in the hands of the experienced bond men who thus volunteered. Besides organizing the campaign they also secured a large volume of subscriptions from their clients.

Employers of labor in industrial centers and elsewhere cooperated by bringing the bonds to the attention of their employees, and providing partial payment plans by which small denomination bonds could be purchased and paid for gradually out of salaries or wages.

The campaign called forth a patriotic effort of great intensity on the part of many thousands of volunteer workers who devoted themselves to the one purpose of making the loan a tremendous success.

SECOND LIBERTY LOAN.

On September 27 the Secretary of the Treasury announced that he would offer for subscription between October 1 and 27 three billion or more dollars of United States 4 per cent, 10-25 year, convertible gold bonds due November 15, 1942, the exact amount of bonds to be issued depending on the amount of subscriptions received. He stated that he hoped subscriptions in excess of \$5,000,000,000 would be received from not less than 10,000,000 subscribers, and that bonds would be allotted in excess of \$3,000,000,000 to the extent of not

over one-half of the amount by which the subscriptions exceeded \$3,000,000,000. The new series of bonds were made subject to (a) State or inheritance taxes, (b) graduated additional income taxes, commonly known as surtaxes, and (c) excess profits and war profits taxes now or hereafter imposed by the United States.

As before, informal apportionment was made by the Treasury Department of the amounts expected to be raised in the various districts, the quota of the second district being a minimum of \$900,000,000 (proportionate share of \$3,000,000,000) and a maximum of \$1,500,000,000 (proportionate share of \$5,000,000,000). The Liberty loan committee determined from the outset to endeavor to reach the maximum figure set for the district.

The headquarters organization was continued for the second Liberty loan campaign with certain changes which made for greater effectiveness and with great expansion in the number of committees and number of workers who volunteered their services. The Liberty loan committee was enlarged from 12 to 15, and the distribution committee from 12 to 22. The publicity committee was not reappointed, but its work was carried on by a director of publicity. The committee for handling bond subscriptions was not reappointed, as its work had been assumed by the Federal Reserve Bank. No executive manager was appointed, but an executive secretary was appointed for the distribution committee and the executive committee of the distribution committee was enlarged to include the director of publicity, with a view to obtaining coordination at headquarters of all efforts at distribution.

The campaign, as before, was organized in two main subdivisions: (a) New York City; (b) the district outside of New York City.

THE CAMPAIGN IN NEW YORK CITY.

The work in New York City was organized on the same general lines as in the preceding campaign, but with ample time for preparation the field was covered much more intensively.

The various occupational committees of the first campaign were increased, and with the assistance of an advisory trades committee the following committees were organized and active during the campaign, covering over 30,000 concerns in Greater New York through the medium of approximately 15,000 volunteer workers:

Art dealers, art publishers, etc.
Automobile and allied.
Bakers and confectioners.
Banks, national.
Banks, State.
Banks, savings.
Blanket.

Books.
Brewers.
Butter, eggs, and cheese.
Caps.
Carpenters.
Carpet and rug.
Cement workers.

Chemical and drug.	Paints and varnishes.
Children's dress manufacturers.	Paper boxmakers.
China, toy, and house furnishing.	Paper manufacturers.
Cloaks, suits, and shirt manufacturers.	Perfumery and soap.
Coal.	Plastering.
Collars and cuffs.	Plumbers.
Corset.	Poultry.
Cotton goods.	Produce and fruits.
Decorators.	Professions.
Department stores.	Public utilities.
Distillers.	Real estate.
Dry dock and repair company of Brooklyn.	Refrigerator manufacturers.
Electrical.	Restaurants.
Elevator manufacturers.	Retail grocers.
Fish.	Ribbon.
Fur.	Roofers and sheet metal.
Furniture.	Rubber.
General contractors.	Savings bank.
Glove.	Shipping, import and export.
Hardware.	Shirts, pajamas, and boys' biouses.
Hats.	Shoe retailers and jobbers.
Hide and leather.	Shoes, wholesale and retail.
Hotels.	Silk and velvets.
Industrial committee.	Spice.
Insurance companies.	Sporting goods.
Iron League.	Stationery.
Jewelry.	Steam and hot water.
Laces, trimmings, etc.	Steam railroads.
Ladies' garments.	Storage warehouse and van owners trade.
Leather-glove industry.	Sugar trade.
Leather goods (small), trunks and bags.	Suspenders and garters.
Lighting fixtures.	Talking machines, pianos, and musical instruments.
Linen.	Tile.
Lumber.	Tobacco.
Machinery and machine tool.	Toilet preparations, specialties.
Marble.	Trust companies.
Meat, wholesale and retail.	Umbrellas and cane.
Men's clothing.	Upholstery and lace curtains.
Mens' neckwear.	Wall paper.
Men's underwear.	Wholesale grocers.
Metal ceiling.	Wine.
Metal doors and windows.	Wire workers.
Metal furring.	Women's cotton and silk underwear.
Milk.	Women's dress and waist industry.
Mosaic.	Women's hosiery and knit underwear.
Municipal employees.	Women's millinery.
New York Cotton Exchange.	Women's neckwear.
New York Produce Exchange.	Women's organizations.
New York Stock Exchange, houses.	Woodworkers.
Notion.	Woolens and worsted.
Ornamental iron workers.	Wrapper and kimono manufacturers.
Painters.	Yarns and art goods.

A house-to-house canvass of Greater New York was conducted by the metropolitan canvass committee with the assistance of some 35,000 volunteer workers. The entire city was divided among these workers on the basis of election districts and the workers in each election district were furnished with the names of all the voters in the district. The results of this house-to-house campaign were far more effective than those accomplished in the first campaign with less detailed preparation.

A number of booths were operated in public squares, on crowded street corners, and in hotels, which served not only as centers for the receipt of subscriptions and the sale of \$50 and \$100 bonds, but also as places from which addresses could be made.

In order that subscriptions received at public meetings, booths and theaters, as well as by the metropolitan canvass committee, might be promptly allocated to banks situated near the residences of subscribers, a subscription department was organized which at one time had as many as 150 workers. This department distributed a very large number of subscriptions, avoided much confusion and congestion which would otherwise have occurred, and made many subscriptions effective which otherwise would not have been followed up.

A very successful parade of trade and other organizations, with about 50,000 people in line, and led by a British tank, was held on the day after Liberty Loan Day. The German submarine "UC-5," which had been captured by the British and sent over for exhibition during the campaign, was set up in Central Park, rechristened "U-Buy-A-Bond," and visited by hundreds of thousands of people.

The total subscriptions received in New York City was \$1,140,629,300.

THE CAMPAIGN OUTSIDE OF NEW YORK CITY.

The general plan of organization which had hitherto prevailed was continued during the second Liberty loan campaign. In order to assist the various local organizations more effectively, the five district committees at headquarters were increased to eight, each committee having a somewhat smaller territory to cover. Through these eight district committees the central Liberty loan committee and the headquarters organization were kept in close touch with the work in every part of the district, and invaluable assistance was rendered in determining the membership of the local committees, all of which were appointed by the chairman of the central Liberty loan committee. The number of local committees operating in the second campaign was about 1,050, as compared with 231 in the first campaign. As a suggestion to the local committees a plan book was issued outlining certain methods of operation which had been found effective. Partial payment cards were furnished upon request to

local committees for use in industrial establishments and banks. As in the first campaign, quotas were assigned to each locality, and local publicity given to the progress in filling these quotas resulted in many cases in rivalries between places and an increased volume of subscriptions. Each local committee laid out its plan of organization along the lines which it considered best adapted to its territory, and while a great variety of appeals was made through meetings, advertising, circularizing, and otherwise, the most effective method everywhere of securing actual subscriptions appeared to be a personal canvass properly planned and directed.

The total subscriptions received from places outside of New York City was \$409,824,200.

THE CAMPAIGN IN GENERAL.

The publicity work during the second Liberty loan campaign was under a director of publicity and subdivided into four bureaus—news, advertising, features, and service.

The news bureau placed news items and articles with newspapers and periodicals of all kinds. It obtained approximately 16,000 columns of newspaper publicity, exclusive of advertising. Among the 2,436 newspapers of the district it placed 41,800 articles, 2,752 editorials, 1,116 cartoons, 489 photographs, and 2,000 articles in foreign language newspapers. The bureau had a staff of 40 well-known writers who volunteered their services.

The advertising bureau obtained 1,563 pages of paid newspaper advertising, of which 353 were in New York City. This space was obtained entirely from advertisers who either donated space they had themselves contracted for, or furnished the means of obtaining space, no space being requested from the newspapers themselves. Much of the advertising was illustrated. Forty-five million pieces of literature were distributed. Eighty thousand square feet of electrical and painted sign space was donated, a 24-foot poster prepared in cooperation with the national organization was pasted upon all unused billboards of suitable size in the district, and various other novel devices were employed.

The feature bureau dealt with the publicity and educational work in theaters and moving-picture houses, among labor organizations, boards of commerce and trade, clubs, societies and fraternal organizations, churches and church societies, farming and agricultural societies, political parties, and foreign language organizations and newspapers. It also arranged the Liberty loan parade in New York City, the exhibition of the captured German U-boat and the British tank, and the flight of aeroplanes over New York City.

The service bureau had charge of the routine work of the publicity, including the purchasing, information, stenographic, bookkeeping,

filing, auditing, poster and literature distribution, shipping, messengers, mail, and telephone departments.

The speakers' bureau was continued during the campaign as an independent organization. It had about 150 speakers and furnished speakers for about 1,000 meetings, indoors and outdoors, both in New York City and in other parts of the State. As in the first campaign the four-minute men rendered invaluable service.

The commissioner of education in New York State appointed two representatives to act at headquarters during the campaign, and through the cooperation of the school authorities, State and local, a very effective campaign was carried on among the teachers and pupils of the schools of New York State.

The women's committee in the second campaign had its headquarters with the men's committees, and a much more detailed organization was perfected. The women's Liberty loan committee, with headquarters at Washington, appointed a chairman for the district and chairmen for each of the three States represented in the district, although in the case of chairmen for New Jersey and Connecticut, parts of their districts were outside of the Second Federal Reserve District. The women not only carried on an effective campaign in New York City, but formed committees in 479 other places outside of New York City, and, although organized separately, co-operated harmoniously with the men's committees throughout the campaign and secured subscriptions in excess of \$41,000,000.

The campaign opened October 1 and closed October 27, and was therefore about two weeks shorter than the preceding campaign. It soon became evident that in order to secure \$1,500,000,000 of subscriptions, the maximum amount assigned to this district, it would be necessary for a considerable volume of the subscriptions to be carried by credit. Accordingly, the phrase "borrow and buy" was used freely in all parts of the district, and the banks in New York City and many other places cooperated generously by offering to make loans on the bonds at the coupon rate of interest. It was felt that the obligation of the borrowers to pay off their loans on Liberty bonds during the months succeeding the campaign would be an important stimulus toward effecting the necessary savings.

As in the preceding campaign, the central Liberty loan committee and the distribution committee at headquarters met daily, and the staff at headquarters was increased greatly over that of the preceding campaign. The banks and bond houses throughout the district again gave the heartiest cooperation. Almost the entire work throughout the district was carried on by volunteers who labored with untiring energy and zeal to make the loan a success. The number of workers throughout the district was probably over 100,000, and their devo-

tion to the cause in which they were enlisted was inspiring and beyond all praise.

The publication of the subscriptions received in the 12 Federal Reserve districts was begun by the Treasury Department on October 15. As before, reports of subscriptions came in slowly until the last week, but the early publication of the subscriptions received as compared with the subscriptions expected was given much publicity and attention in the newspapers, and undoubtedly had the effect of stimulating rivalry between the various districts and greatly increasing the amount of subscriptions received. The subscriptions received from soldiers and sailors, largely on the partial-payment plan, aggregating \$53,000,000, appeared as part of the subscriptions received in this district, since whenever necessary they were financed, at the request of the Secretary of the Treasury, through a group of New York banks.

On October 15, the Treasury Department began to furnish this bank with actual bonds in denominations of \$50, \$100, \$500, and \$1,000 for sale over the counter during the campaign. About \$59,000,000 worth of these bonds were sold in this district during the campaign and a much larger amount could have been sold had the bonds been available.

The total amount of subscriptions received in this district was \$1,550,453,000, and the total number of subscribers 2,178,359, the distribution being as follows:

Size of subscriptions.	Number of subscribers.	Amount subscribed.	Allotment.
\$50 to \$10,000.....	2,170,201	\$441,100,700	\$441,001,200
\$10,050 to \$50,000.....	5,889	168,326,200	168,326,200
\$50,050 to \$100,000.....	1,099	100,722,650	90,790,900
\$100,050 to \$200,000.....	414	68,166,700	51,374,800
Above \$200,000.....	756	772,136,750	412,874,350
Total.....	2,178,359	1,550,453,000	1,164,367,450

On October 27, at the close of the campaign, the central Liberty loan committee issued the following statement which accurately summarizes the campaign:

The second Liberty loan has been a complete success. How high the over-subscription will go can not be known for several days. It is estimated that the total subscriptions in the Second Federal Reserve District will be in excess of \$1,500,000,000, and what is equally important, the total number of subscribers in this Second Federal Reserve District is greatly in excess of the number of subscribers to the first loan. Both in the total amount received and in the number of subscribers, the results are beyond our expectations. The reports from the other Federal Reserve districts would indicate a similar surpassing of the estimates.

This great success of the loan has been due to two factors. The first is the spontaneous outburst of patriotic feeling and effort that has been common to the whole country. The second is the excellent work of the organizations in

every Federal Reserve district. Without this latter the campaign could not possibly have gained its stupendous success.

Naturally our own observation has covered particularly the Second Federal Reserve District. As to this we desire to go on record as stating that we have never before witnessed such an extraordinary response in the way of organized, effective work, and unremitting, intelligent effort. From the moment the campaign started this spirit was manifest, and as time went on it daily grew in loyalty and intensity. The record which the Second Reserve District has made is, indeed, a proud one, and it is a record achieved by the united effort of all—by the villages and hamlets throughout the State as much as by the larger towns and cities. To all the workers who have thus made this result possible we wish publicly to make this expression of our appreciation.

Of greater import even than the securing of a great loan for the Government has been this unparallel evidence of a Nation bound together and animated with a single spirit of mutual good-will and devotion to the country.

RECEIPTS AND DELIVERIES.

The receipt of subscriptions and payments for the second Liberty loan was handled by the officers and about 150 permanent employees of the Federal Reserve Bank.

Owing to arrangements which had been made to print the bonds more rapidly no interim certificates were issued in connection with the second Liberty loan, and the work of the bond-issue division of the bank was accordingly much simplified.

The terms of payment prescribed by the Treasury Department were as follows: Two per cent with application; 18 per cent on November 15, 1917; 40 per cent on December 15, 1917; 40 per cent on January 15, 1918.

From November 15 to 19 the following payments for bonds were received:

In full:

By banks	\$807, 858, 086
Individuals	15, 010, 080
Cash sales during campaign.....	59, 051, 300

881, 919, 866

20 per cent payments..... 67, 320, 114

949, 239, 980

These payments were made in the following manner:

By book credit.....	687, 741, 746
By Treasury certificates of indebtedness.....	153, 972, 000
By cash	107, 526, 234

949, 239, 980

Between Saturday noon, November 17, and Monday noon, November 19, deliveries of bonds were made by registered mail and over the counter to a total of \$237,342,550, which, added to the amount previously sold for cash, made total deliveries to that date of

\$296,393,850, or 1,062,918 pieces. The amount of bonds delivered up to and including December 31, was \$746,180,100, and the number of pieces, 2,170,665.

The bond-issue division of the Federal Reserve Bank also undertook the exchange of interim certificates of the first Liberty loan into definitive bonds, and definitive bonds of the first issue into definitive bonds of the second issue. The number of employees engaged in this work at its busiest period was 125; the number of pieces received from owners for conversion to December 31, 1,624,336; and the number issued, 1,887,188. This division also undertook to exchange \$1,000 bonds of both issues for equivalent amounts of bonds of smaller denominations, and vice versa. Up to December 31 the number of pieces handled was 171,804.

LIBERTY LOAN EXPENSE.

The expenses incurred by the bank in handling the Liberty loans were made with the understanding that the bank would be reimbursed by the Treasury Department for its expenditures. The following itemized list shows the expenses on account of the first and the second loans, as well as the amounts for which the bank was reimbursed up to December 31, the figures for the first loan including all expenses of departments engaged in handling matters relating to this loan up to December 31:

First loan.

Advertising-----	\$68. 89	Telephone, telegraph, and ship-	
Buttons and badges-----	2,192. 86	ping-----	\$4,357. 91
Bond-issue division-----	127,120. 12	Stationery-----	23,079. 19
Circulars-----	40,455. 08	Traveling expenses-----	6,729. 27
General expenses-----	45,978. 34	Miscellaneous-----	3,085. 00
Posters and signs-----	18,861. 85		
Publicity-----	10,281. 84	Total-----	345,351. 79
Postage-----	12,937. 94	Reimbursed to Dec. 31, 1917--	297,310. 39
Rent-----	41,195. 13		
Salesmen-----	9,008. 37	Net amount due-----	48,041. 40

Second loan.

	Department.				Total.
	Bond issue and certificates of indebtedness.	Government deposit.	Distribution.	Publicity.	
Salaries-----	\$51,584.71	\$16,176.30	\$32,851.15	\$26,261.49	\$126,873.65
Traveling expenses-----	255.38		22,003.68	2,664.08	24,923.14
Printing and stationery-----	6,159.24	1,629.98	64,818.89	97,382.24	169,990.35
Equipment-----	9,842.90	1,391.60	6,595.79	1,071.04	18,901.33
Express-----	876.33		5,079.41	5,318.27	11,274.01
Telegraph and telephone-----	439.98	.72	6,968.87	11,205.71	18,615.28
Postage-----	2,321.83		7,705.03	336.71	10,363.57
Rent-----	6,973.80	1,935.64	6,891.39	2,768.10	18,568.93
Newspapers and directories-----	6.00	24.00	224.00	827.48	1,081.48
Miscellaneous-----	19,913.90	145.86	43,628.71	75,026.50	138,714.97
	98,374.07	21,304.10	196,766.92	222,861.62	539,306.71
Petty cash fund-----					3,055.45
Total-----					542,362.16
Reimbursed to Dec. 31, 1917-----					242,379.94
Net amount due-----					299,982.22

GOVERNMENT DEPOSITS.

The act of Congress approved April 24, 1917, under which the first Liberty loan was made, authorized the Secretary of the Treasury to deposit in such national banks, State banks, and trust companies as he might designate, upon the pledge of security, the proceeds arising from the sale of bonds and certificates of indebtedness. The responsibility for the appointment of depositaries, the receipt and approval of security, and the deposit and withdrawal of funds were placed upon the Federal Reserve Bank under the instructions and supervision of the Treasury Department. Duly qualified depositary banks were permitted to pay for certificates of indebtedness as well as Liberty bonds by opening book credits therefor in favor of the Treasury. A very large proportion of the deposits in depositary banks were created in this way, and the transfer of funds and disturbances to the money market were thereby reduced to a minimum. During the first loan period a special department with 32 employees, in charge of a volunteer committee appointed by the Federal Reserve Bank, the chairman of which was made an acting deputy governor, undertook all the work connected with the management of Government deposits. During the second loan period this department, with 54 employees, was operated as a department of the Federal Reserve Bank, with the same committee acting in an advisory capacity.

During the first loan period 306 banks qualified as depositaries by pledging collateral of a specified character with the Federal Reserve Bank. In order to facilitate the pledging of collateral, local custodians were appointed in 49 cities of the district. The largest amount of collateral held at any one time against redeposit of certificate of indebtedness funds was \$172,000,000; the largest amount of securities held against redeposits of Liberty loan funds was \$367,280,044 with local custodians and \$274,518,118 in the vault of the Federal Reserve Bank. The largest amount of Government funds on deposit at any one time was \$171,091,000 of certificate of indebtedness funds on June 11 and \$304,353,448.12 of Liberty loan funds on July 5. As the Treasury Department had stated that banks making payment for Liberty bonds by the use of certificates of indebtedness would receive preferential treatment in the apportionment of Government deposits, a readjustment of such deposits in depositary banks was accordingly made on July 19.

During the second Liberty loan campaign the redeposited funds were handled in the same manner but, at the request of this bank, a larger number of banks qualified as depositaries, 531 in all. The number of local custodians of securities was increased to 50. The largest amount on deposit with depositary banks was \$1,306,118,990.43 on November 30, while the largest amount of securities held

was \$1,943,625,476.27 on December 1. In order to be prepared for similar work during the next loan the department has been maintained intact and banks have been encouraged to retain their status as depositaries and to leave their securities pledged with the Federal Reserve Bank for this purpose. The number of qualified depositaries on December 31 was 530, and collateral held aggregated \$858,534,219.80.

WAR-SAVINGS AND THRIFT STAMPS.

Shortly before December 1 the Federal Reserve Bank was requested by the Secretary of the Treasury and the National War-Savings Committee, acting under the Treasury regulations, to maintain a supply of war-savings stamps and certificates and thrift stamps and cards for sale to agents of the first and second class, also to transmit applications for agencies when duly approved to the Treasury Department.

The following supply of stamps was received prior to December 31 :

War-savings stamps (pieces)	4, 000, 000
Thrift stamps (pieces)	3, 500, 000

of which on December 31 the following amounts had been sold or consigned to agents:

	War-sav- ings stamps.	Thrift stamps.	Total.
	<i>Pieces.</i>	<i>Pieces.</i>	<i>Pieces.</i>
New York City.....	242, 022	785, 421	1, 027, 443
New York State outside New York City.....	50, 968	144, 100	195, 068
New Jersey.....	19, 920	43, 628	63, 548
Connecticut.....	4, 400	8, 600	13, 000
Total.....	317, 310	981, 749	1, 299, 059

ORGANIZATION OF THE BANK.

INTERNAL MANAGEMENT.

During the year the directors of the bank held 36 meetings. The executive committee, consisting of the governor or deputy governor, the chairman, and four of the directors (all of the directors serving upon it in turn), held 170 meetings. The committee on State bank membership held 26 meetings and other special committees held 14 meetings.

At the first meeting of the directors held in 1917 the officers of the bank were reelected for the ensuing year. With the increased scope of the activities of the bank, many additions to the staff of the bank, both official and clerical, have become necessary. J. Herbert Case,

vice president of the Farmers' Loan & Trust Co. of New York, was elected deputy governor September 26 and entered upon his duties October 8. George W. Davison, vice president of the Central Trust Co. of New York, served as acting deputy governor from June 6 to July 31, during which time he conducted in a volunteer capacity the Government deposit department of the bank. Fred I. Kent, vice president of the Bankers' Trust Co. of New York, was elected acting deputy governor September 26 to take charge of the licensing of exports of coin, bullion, and currency under the President's proclamation of September 7, and of other matters pertaining to foreign exchange. He resigned December 31 to act for the Federal Reserve Board in handling these and similar matters. Two additional assistant cashiers were elected during the year, Arthur W. Gilbert on June 6, and Adolph J. Lins on September 5. Two acting assistant cashiers were also elected on September 5 to take charge of the bond issue division of the bank, W. M. St. John, assistant cashier of the National Bank of Commerce of New York, and J. W. Jones, manager of the Long Island branch of the Irving Trust Co.

On January 1, 1917, the bank had 9 officers and 164 clerks; at the close of the year the staff consists of 16 officers and 829 clerks, the increase having been made necessary by the general expansion of the bank's business in all departments, and particularly by work connected with the Government financing. Following is a list of departments and the number of employees in each.

BANK DEPARTMENTS.		Number of employees.		Number of employees.
			Secretaries	3
			Shipping	5
Auditing and examination	29		Statistics	5
Bookkeeping and statements	15		Stenographic	23
Chief clerk	7		Supply	2
Collection	11		Telephone operators	6
Credit	11		Transit	167
Distribution	5		Vault	2
Discount	21		Watchmen and floormen	25
Federal reserve agent	5		Wire transfers	7
Filing	18			
General bookkeeper	1		Total	496
Mail teller	17			
Officers' mail	2			
Miscellaneous	3			
Money	37			
Night force	13		GOVERNMENT DEPARTMENTS.	
Note teller	8		Bond exchange	99
Pages	9		Bond issue	129
Paying teller	2		Government check	19
Porters	17		Government deposit	52
Receiving teller	3		Certificate of indebtedness	34
Return item and messenger department	17		Total	333
			Grand total	829

The year 1917 has made heavy demands on the staff of the bank. The necessity of transacting promptly an unprecedented volume of business, in inadequate and crowded quarters, with many new and inexperienced clerks has thrown a strain on every member of the staff which has been none the lighter on account of the great amount of night work involved. In spite of the overwhelming tasks which have often been imposed upon the bank in connection with the Government financing, the work of the bank has been kept up and a spirit of cheerfulness and loyalty has prevailed among its employees throughout the year.

In recognition of increased living costs which war conditions have brought about and of the high pressure under which the entire staff has worked during the past nine months, the directors, at the close of the year, with the approval of the Federal Reserve Board, supplemented the normal compensation of all employees below the rank of cashier by an additional payment equal to 15 per cent of annual salaries not exceeding \$1,500, and 10 per cent of salaries exceeding \$1,500.

At the close of the year the staff of the bank consisted of 498 men and 351 women. Plans are being matured for the conduct of educational courses for both men and women, which will stimulate their interest in the work of the bank and afford opportunities for development and advancement.

BANK PREMISES.

During the year the offices occupied by the bank, at the time of the last report, on the ground and fifth floors of the Equitable Building, have been outgrown. The bank has, accordingly, engaged such additional space on the fourth and fifth floors of the Equitable Building as could be obtained and has also found it necessary to lease the entire building at 50 Wall Street. The Liberty loan committee and the departments which handle Liberty bonds have been placed on the fourth and fifth floors of the Equitable Building, while the transit, securities, Government deposit, collection, and bookkeeping departments of the bank and part of its auditing staff, have been transferred to 50 Wall Street. The total amount of space occupied at the close of 1917 was about 65,000 square feet.

The capacity of the large vault installed a year ago has become so taxed with Liberty bonds and other matter relating thereto that it has become necessary again to avail of the courtesy of the New York Clearing House Association and to use one of its vaults to store currency.

ELECTION OF DIRECTORS.

To fill the vacancies caused by the expiration on December 31, 1917, of the term of Robert H. Treman and William B. Thompson, as directors of class A and class B, respectively, an election was held from November 20 to December 6. Of the 224 banks in the group which voted this year (banks having capital and surplus from \$66,000 to \$200,000) only 91 chose electors and 84 actually voted. The following candidates for the vacancies were nominated:

For class A director: P. A. Canfield, of Kingston, N. Y., nominated by 1 bank; John C. Leggett, of Cuba, N. Y., nominated by 3 banks; Robert H. Treman, of Ithaca, N. Y., nominated by 53 banks; C. P. H. Vary, of Newark, N. Y., nominated by 1 bank.

For class B director: Jacob Rice, of Kingston, N. Y., nominated by 1 bank; William B. Thompson, of Yonkers, N. Y., nominated by 54 banks.

At the closing of the polls it appeared that the following votes had been cast in the column of first choice:

For class A director: P. A. Canfield, 0; John C. Leggett, 2; Robert H. Treman, 79; C. P. H. Vary, 2.

For class B director: Jacob Rice, 1; William B. Thompson, 83.

Mr. Treman was declared elected class A director and Mr. Thompson class B director, each for a term of three years beginning January 1, 1918.

On January 31 Charles Starek, class C director, resigned and the Federal Reserve Board on February 9 filled the vacancy thus occasioned by the appointment of W. L. Saunders to serve for the unexpired term. He has been reappointed for the three-year term beginning January 1, 1918. On December 22 the Federal Reserve Board redesignated Pierre Jay chairman of the board and Federal Reserve agent for 1918.

MEMBER OF ADVISORY COUNCIL.

On January 3 the directors reelected J. P. Morgan, of New York City, a member of the Federal Advisory Council from Federal Reserve District No. 2 for the year 1917.

GENERAL BUSINESS CONDITIONS.

BANKING POSITION OF THE DISTRICT DURING 1917.

The following table gives comparative figures for important items in the statement of members of the New York Clearing House Asso-

ciation, State banks and trust companies in New York State, and national banks in this district (in thousands of dollars):

	Dec. 30, 1916.	Dec. 29, 1917.	Decrease.	Increase.
New York clearing house banks:				
Loans, discounts, and investments.....	\$3,339,450	\$4,118,775		\$779,837
Gold and lawful money.....	439,065	106,228	\$332,837	
On deposit with Federal reserve bank.....	193,698	561,439		367,741
Net demand deposits.....	3,334,272	3,885,273		551,001
Net time deposits.....	159,785	198,492		38,707
National-bank note circulation.....	28,955	34,104		5,149
State banks and trust companies in New York State:				
	<i>Nov. 29, 1916.</i>	<i>Nov. 14, 1917.</i>		
Loans and investments.....	2,626,604	3,076,129		449,525
Due from banks, bankers, and trust companies.....	373,610	307,692	65,918	
Cash in vault.....	235,240	124,772	110,468	
Due from Federal reserve bank.....	(²)	183,367		183,367
Customers' liability on acceptances.....	83,041	110,159		27,118
Deposits.....	3,121,992	3,449,427		327,435
Bills payable and rediscounts.....	521	97,676		97,155
National banks in district No. 2:				
	<i>Dec. 27, 1916.</i>	<i>Nov. 20, 1917.</i>		
Loans and discounts.....	2,238,642	2,522,568		283,926
Customers' liability on letters of credit and acceptances.....	62,495	73,529		11,034
United States bonds and notes and certificates of indebtedness.....	87,420	967,189		879,769
Stocks and bonds.....	600,792	646,296		45,504
Due from Federal reserve bank.....	229,662	448,346		218,684
Cash in vault.....	355,830	122,390	233,440	
Due from banks and bankers.....	211,865	190,866	20,999	
Due to banks and bankers.....	1,190,571	1,072,487	118,084	
United States deposits.....	(²)	699,495		699,495
Deposits, demand and time.....	2,316,488	2,587,638		271,150
Bonds and securities borrowed.....	8,540	94,435		85,895
Bills payable and rediscounts.....	18,976	224,812		205,836

¹ Includes United States deposits.

² Not shown separately.

Among the important changes shown in the statement of the New York Clearing House banks is the transfer of approximately three-fourths of the banks' holdings of gold and lawful money from their vaults to the Federal Reserve Bank, due to changes in reserve requirements, discussed earlier in this report, and also to the entrance of practically all of the large State banks and trust companies of the city into the Federal Reserve system. Loans, discounts, and investments show an increase of \$779,000,000, or 23.5 per cent, due principally to investments in or loans upon United States Government securities, the amount of such investments and loans on December 28, 1917, being \$604,000,000. Because of withdrawals of deposits from this center by banks in other districts, the increase in net deposits has been much less, totaling only \$590,000,000. The proportion of gold and lawful money in vault and deposited with Federal Reserve Bank to the aggregate net deposit liability shown above decreased from 18.15 per cent at the end of 1916 to 16.35 per cent at the end of 1917.

Loans and investments of State banks and trust companies in New York State increased \$449,000,000, while deposits show a much smaller increase, the difference being offset almost entirely by an increase in bills payable and rediscounts of \$97,155,000. Reserve de-

posits of \$183,000,000 have been placed with the Federal Reserve Bank, reducing cash in vault by \$110,000,000 and balances with banks and bankers by \$66,000,000.

The most important increases in the figures for national banks in the Second Federal Reserve District are \$880,000,000 in holdings of United States obligations, offset in part by an increase of \$699,000,000 in United States deposits. Loans and discounts show an increase of \$284,000,000, which is slightly greater than the amount of the increase in demand and time deposits. Reserves carried with the Federal Reserve Bank show an increase of \$219,000,000, reflecting transfer of cash from vaults to the Federal Reserve Bank.

The increase in the amount of bills payable and rediscounts of national banks and State institutions, whose reports are summarized above, from \$19,000,000 to \$322,000,000, is the most significant indication of the strain which has come upon the banking machinery of the district, the major portion of the rediscounting and borrowing having been with the Federal Reserve Bank.

MONEY RATES.

Money rates were relatively low in the early months of 1917 and continued so until some time after the declaration of war on April 6. Commercial paper was sold freely at rates ranging from 3 to 5 per cent; bankers' acceptances were sold on a basis of $2\frac{7}{8}$ to $3\frac{3}{8}$ per cent; call money rates were at or below $2\frac{1}{2}$ per cent, and rates for time money approximated those for commercial paper.

A distinctly firmer tendency became apparent as the Government's preparations for placing the first Liberty loan progressed. Call money often touched 6 per cent, and with the higher call rates and the desire of the banks to keep their funds in available form, time loans on stock exchange collateral became difficult to obtain. Member banks in New York City availed themselves freely of the rediscount and loan facilities of the Federal Reserve Bank, with the result that, though rates were very firm, stability unknown in former periods of strain was given to the money market. Only once during the period of financing the first loan did call money go above 6 per cent. Following the installment payment on the first loan due June 28 and the maturity of certificates of indebtedness which had been issued in anticipation of the loan, rates for call money and commercial paper became easier and continued so for some weeks.

As the time for placing the second Liberty loan approached, rates again advanced, commercial paper advancing from $4\frac{1}{2}$ –5 per cent in early August to $5\frac{1}{2}$ – $5\frac{3}{4}$ per cent in the early part of September, and $5\frac{1}{2}$ –6 per cent in October, where it remained until payment of the first installment on the second Liberty loan was made on Novem-

ber 15, when it declined to $5\frac{1}{4}$ – $5\frac{3}{4}$ per cent. Another upward turn came during the last week of the year and carried the rates again to $5\frac{1}{2}$ –6 per cent. The call money rate advanced early in September and ruled close to 6 per cent, with one loan of \$50,000 on September 25 at 7 per cent. Early in October, however, when the actual campaign for placing the second Liberty loan began, the rate declined to 4 per cent and remained steady at about that figure throughout the month of October and the first half of November, the steadiness in the supply of accommodation having been accomplished largely through the cooperation of all the banks in New York City with the Federal Reserve Bank and the Liberty loan committee. During the last few months of the year the rates quoted on time loans or collateral were $5\frac{1}{2}$ –6 per cent and during the last week of the year call money rates again stiffened and held close to 6 per cent.

The tendency throughout the year has been toward firmer rates for loans of all kinds, and the preference given to Government borrowings tended to diminish somewhat the supply of credit available to other borrowers. Commercial paper and banker's acceptances, because of their availability for rediscount with the Federal Reserve Bank, have been less affected than loans on stock exchange collateral and have found a reasonably favorable market.

GOLD MOVEMENT.

The United States Treasury statement of money in circulation, dated January 1, 1918, shows gold in the country \$3,040,439,343, as compared with \$2,864,841,650 on January 1, 1917, an increase of \$175,597,693.

The gold production of the United States and its dependencies in 1917 was \$84,456,600. Imports of gold from all sources during the year were \$553,713,000. Gold exports were \$372,171,000, mainly to South American countries, Cuba, Spain, Japan, and India.

On August 13 the Federal Reserve Board requested the Federal Reserve Bank of New York to obtain information relative to the amount and destination of gold exports from this district to foreign countries. On September 7 the President declared an embargo on gold, silver, and currency shipments out of the country, placing in the hands of the Secretary of the Treasury and the Federal Reserve Board the enforcement of this embargo and granting discretion to issue permits for exports where not contrary to the public interest. Since that date, the Federal Reserve Bank has received and passed upon applications originating in this district for permission to export gold, silver, or currency and transmitted such applications with its recommendation to the Federal Reserve Board for final action.

FOREIGN LOANS.

In the last annual report extensive foreign borrowings during the war were listed. During 1917 such borrowings almost entirely ceased, the principal loans placed being \$250,000,000 British Government one and two year secured notes in January, \$8,098,250 ten-year bonds of the Province of Buenos Aires in February, \$100,000,000 French Government two-year secured notes in March, \$4,000,000 five-year bonds of Genoa, Italy, \$2,400,000 twelve-year notes of Bolivia, \$100,000,000 one-year notes of the Dominion of Canada sold in August, and British treasury bills placed in several issues of \$15,000,000 each by Messrs. J. P. Morgan & Co., the amount of this issue outstanding at any one time not having exceeded \$100,000,000. During 1917 the Secretary of the Treasury, under authority of Congress, has advanced to the Governments of Great Britain, France, Italy, Russia, Belgium, Servia, and Roumania a total of \$3,656,129,750, receiving in exchange interest-bearing obligations of those nations.

FOREIGN BANKING CONDITIONS.

The following statements show the condition of three leading European banks toward the end of 1916 and 1917:

BANK OF ENGLAND.

	Dec. 27, 1916.	Dec. 27, 1917.
Circulation.....	£39,675,000	£45,943,000
Public deposits.....	52,116,000	42,009,000
Other deposits.....	126,726,000	124,161,000
Government securities.....	57,187,000	58,303,000
Other securities.....	106,461,000	94,888,000
Reserve.....	33,079,000	30,843,000
Bullion.....	54,304,915	58,337,469
Proportion of resources to liability.....per cent..	18.49	18.56

BANK OF FRANCE.

	Dec. 28, 1916.	Dec. 27, 1917.
Gold.....	<i>Francs.</i> 5,075,914,550	<i>Francs.</i> 5,351,524,800
Silver.....	294,869,000	247,656,889
Discounts and advances.....	1,937,278,000	2,136,760,143
Circulation.....	16,678,817,000	22,336,799,275
Deposits.....	2,260,224,000	2,913,741,500
Treasury deposits.....	15,009,000	253,858,163

IMPERIAL BANK OF GERMANY.

	Dec. 30, 1916.	Dec. 31, 1917.
Gold.....	<i>Marks.</i> 2,520,473,000	<i>Marks.</i> 2,405,580,000
Loans and discounts.....	9,609,767,000	14,596,100,000
Circulation.....	8,054,652,000	11,467,740,000

NEW YORK STOCK EXCHANGE.

During the early months of the year, trading on the New York Stock Exchange both in stocks and bonds was quite active, but following our entrance into the war the tendency has been toward much lighter trading at decreasing prices. Bond prices had for some time shown downward tendencies and this movement quickly extended to stocks when it became apparent that companies which had profited greatly from war activities prior to our becoming a belligerent would not continue to be permitted to make and retain abnormal profits. As a result of this factor and the competition of Government securities, prices have shown an almost continuous downward trend and have reached levels lower than any recorded since the autumn of 1914. The New York Times record of the average prices of 50 representative stocks at the high point in 1917 was 90.40 on January 4, 1917, as against 101.51 on November 20, 1916, and 65.88 at the end of 1917, while the low of 57.43 for the year was touched on December 20. The price of 40 representative bonds at the beginning of 1917 was 88.63; the high for the year 88.48, January 26; low, 74.21, December 20; close, 76.80. A decided upward turn in the last week of the year, reflected in the figures given, followed the announcement of Government control of railroads.

The following record of comparative figures shows the volume of stocks and bonds dealt in on the New York Stock Exchange for the past seven years.

	Shares.	Bonds.
1917.....	\$184,536,371	\$1,052,346,950
1916.....	230,060,900	1,133,935,300
1915.....	173,155,644	955,525,200
1914.....	45,989,158	460,472,500
1913.....	76,134,996	497,158,600
1912.....	118,452,676	645,300,000
1911.....	127,376,149	878,933,700

CROPS.

As crop planting time approached in the spring of 1917, realization that the world's food supply was in danger of falling materially below demand led to vigorous efforts throughout the country to increase the yield of staple products. This movement was greatly stimulated by the extremely high prices which such products commanded. As a result, a very much increased acreage was planted with resulting heavy yields of several of the more important commodities, though wheat production, upon which attention naturally centered, did not increase very greatly over the short crop of 1916. The corn crop of 3,159,494,000 bushels, valued at \$4,053,672,000, the

oats crop of 1,587,286,000 bushels, valued at \$1,061,427,000, and the potato crop of 442,536,000 bushels, valued at \$543,865,000, are the largest on record. Other crops whose production established records were rye, sweet potatoes, beans, onions, cabbages, and tobacco. The cotton production is estimated at 10,949,000 bales.

EXPORTS AND IMPORTS.

During the early months of the year exports and imports at the port of New York ruled very materially above those of the preceding year, but in later months have only approximately held their own as compared with a year ago, the difficulties of obtaining shipping space having contributed to the later restriction of foreign trade. Shipments to and from Europe, other than those made by the Government, have shown reductions, while there has been a substantial gain in trade with South American countries. Exports from this customs district for the calendar year 1917, not including Government shipments, aggregate \$2,937,000,000, a gain of \$147,000,000 over last year, and imports aggregate \$1,360,000,000, a gain of \$103,000,000.

GENERAL BUSINESS CONDITIONS.

The early months of 1917 were marked by great business activity, hampered in some degree by difficulties of transportation and embargoes on freight shipments which the railroads found it necessary to impose.

During the late spring, following our declaration of war against Germany, there was a temporary recession of activity in retail lines, occasioned, apparently, by a tendency of large sections of the population to economize. This movement, which created widespread apprehension among dealers in articles in the nature of luxuries, was short lived, and, with the coming of fall, business in most lines revived and became very active, the most marked exception being the building trade, which continued very quiet throughout the remainder of the year.

There have been very far-reaching adjustments in business and industry; such lines as machinery, munitions, steel products, cotton and woolen textiles and clothing and similar activities being stimulated by war conditions. On the other hand, the automobile industry, manufacturers of household furniture, manufacturers of various building materials, and many other lines have experienced curtailment of business to a marked degree, but this curtailment has, apparently, not been sufficiently great to offset the expansion in essential war industries; consequently excessively keen competition for rail-

road transportation facilities, for fuel supplies, and for the products of steel mills has taken place, with the result that the railroads, though doing all in their power to cooperate in handling the unprecedented volume of traffic pressed upon them, have been unsuccessful. Coal production and distribution, though 50,000,000 tons above the normal output, is still estimated by the United States Fuel Administration to be 50,000,000 tons short of the amount required for consumption.

Constantly increased difficulty in obtaining and retaining labor supply has been experienced by practically all industries, and heavy advances in the wage scales and salaries have been made in recognition of the higher costs of living. Prices of materials have increased steadily, and in many cases rapidly, so that the whole level of production cost and the selling price of finished products is materially higher than at the beginning of the year. Bradstreet's index number for commodity prices for December 1, 1917, is \$17.8113 as compared with \$13.6628 December 1, 1916, an increase of over 30 per cent.

The tendency on the part of business and manufacturing interests is to proceed with great caution in the purchase of materials and the manufacture of goods, buying orders being restricted, so far as possible, to immediate needs.

APPENDIX.

Capital account reconciliation, Jan. 1, 1917, to Dec. 31, 1917.

Capital paid in Jan. 1, 1917-----	\$11, 865, 750
Sundry increases:	
Due to increase in capital and surplus of mem- ber banks-----	\$473, 150
Due to organization of new national banks-----	55, 500
Due to admission of State banks and trust companies -----	6, 391, 300
	6, 919, 950
	18, 785, 700
Sundry decreases:	
Due to decrease in capital and surplus of mem- ber banks-----	2, 250
Due to banks liquidated -----	98, 600
	100, 850
Paid-in capital Dec. 31, 1917-----	18, 684, 850

Summary of Federal Reserve notes.

Total issued to bank:	
1914, 1915, 1916-----	160, 480, 000
1917 -----	415, 000, 000
	575, 480, 000
Less notes unfit for circulation retired 1914, 1915, 1916-----	\$53, 476, 235
Less notes unfit for circulation retired 1917-----	65, 665, 200
	119, 141, 435
Amount outstanding Dec. 31, 1917-----	456, 338, 565
As follows:	
In actual circulation-----	397, 353, 805
Held by Federal Reserve Bank Dec. 31, 1917-----	58, 984, 760
On Dec. 31, 1917, the Federal Reserve agent held against Federal Reserve notes:	
Gold certificates-----	250, 598, 565. 00
Commercial paper-----	206, 538, 872. 84

Total of Federal Reserve notes paid out by the Federal Reserve Bank of New York, by months, 1917.

	To member banks.	To nonmember banks.
January.....	\$9,164,000	\$670,000
February.....	40,294,000	3,914,500
March.....	38,757,000	2,644,000
April.....	32,994,500	3,657,000
May.....	25,578,000	2,066,000
June.....	27,006,000	2,424,000
July.....	25,598,000	1,361,000
August.....	30,686,000	3,122,000
September.....	33,950,250	7,450,500
October.....	40,436,000	12,857,800
November.....	54,231,000	6,487,000
December.....	70,240,000	4,346,000
Total paid to nonmember banks.....	428,934,750	50,999,800
Total received from Federal Reserve agent.....	479,934,550	.....
	415,000,000	.....

Movement of Federal Reserve notes between Federal Reserve Bank of New York and other Federal Reserve Banks, Jan. to Dec. 31, 1917.

From Federal Reserve Bank of—	Notes of Federal Reserve Bank of New York received.	To Federal Reserve Bank of—	Their notes shipped.
Atlanta.....	\$1,236,500.00	Atlanta.....	\$3,030,710
Boston.....	9,482,800.00	Boston.....	3,018,450
Chicago.....	3,425,000.00	Chicago.....	1,693,620
Cleveland.....	1,250,300.00	Cleveland.....	1,725,105
Dallas.....	599,420.00	Dallas.....	964,265
Kansas City.....	127,750.00	Kansas City.....	929,160
Minneapolis.....	390,500.00	Minneapolis.....	792,325
Philadelphia.....	11,169,902.50	Philadelphia.....	5,818,700
Richmond.....	999,100.00	Richmond.....	3,600,750
St. Louis.....	922,200.00	St. Louis.....	661,150
San Francisco.....	393,580.00	San Francisco.....	2,560,440
Total.....	29,997,052.50	Total.....	24,799,975

Summary of gold settlement fund operations, Jan. 1, 1917, to Dec. 31, 1917.

From or to Federal Reserve Bank of—	Amounts received and paid by the New York Federal Reserve Bank in settlement of accounts due.		Net gain.	Net loss.
	Received.	Paid.		
Boston.....	\$1,269,785,000	\$1,289,707,000		\$19,922,000
Philadelphia.....	1,986,687,000	1,665,135,000	\$321,552,000	
Cleveland.....	1,114,627,000	935,299,000	179,328,000	
Richmond.....	790,701,000	875,366,000		84,665,000
Atlanta.....	256,241,000	352,552,000		96,311,000
Chicago.....	1,196,324,000	1,505,874,000		309,550,000
St. Louis.....	338,856,000	335,296,000	3,560,000	
Minneapolis.....	235,475,000	338,041,000		102,566,000
Kansas City.....	240,207,000	203,552,000	36,655,000	
Dallas.....	227,794,000	280,949,000		53,155,000
San Francisco.....	770,196,000	910,258,000		140,057,000
Total.....	8,426,893,000	8,692,024,000	541,095,000	806,226,000
Loss.....	265,131,000			265,131,000

SCHEDULE SHOWING WHEN THE PROCEEDS OF ITEMS WILL BECOME AVAILABLE.

Immediate credit: New York (Manhattan, if received by 9 a. m.).

One day after receipt: Boston, Philadelphia, Richmond, Baltimore, and Roanoke.

Two days after receipt (business days): Members of clearing houses in Cleveland, Cincinnati, Chicago, Atlanta, Minneapolis, St. Paul, St. Louis, Kansas City, Mo., Kansas City, Kans. Banks in Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts,¹ New Hampshire, New Jersey, New York,¹ Pennsylvania,¹ Rhode Island, Vermont, and Virginia.¹

Four days after receipt (business days): Members of clearing houses in Dallas, New Orleans. Banks in Alabama, Arkansas, Florida, Georgia,¹ Illinois,¹ Indiana, Iowa, Kansas,¹ Kentucky, Michigan, Minnesota,¹ Mississippi, Missouri,¹ North Carolina, Ohio,¹ South Carolina, Tennessee, West Virginia,¹ and Wisconsin.

Eight days after receipt: Banks in Arizona, California, Colorado, Idaho, Louisiana,¹ Montana, Nebraska Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas¹ Utah, Washington, and Wyoming.

NOTE.—Two-day items we forward on Saturday will be available Tuesday; four-day items we forward Thursday will be available Tuesday, and those forwarded Friday and Saturday on Wednesday.

Operations in United States Government obligations during 1917.

Issue.	Purchased from United States Treasurer.		Purchased open market.	Sold, converted, or redeemed during 1917.	Balance on hand Dec. 31, 1917.
	Under section 18.	Other purchases.			
Conversion 3s, 1917-1947.....	\$1,776,500.00	.....	.....	\$521,000.00	\$1,255,500.00
2 per cent consols, 1930.....	2,105,000.00	.....	\$222,550.00	2,327,500.00	50.00
Panama Canal, 1916-1936.....	100,000.00	.....	.....	100,000.00	.....
Panama Canal, 1918-1938.....	225,000.00	.....	900,000.00	1,125,000.00	.....
1-year notes due Jan. 1, 1918.....	521,000.00	.....	.....	520,000.00	1,000.00
1-year notes due Apr. 1, 1918.....	1,255,000.00	\$1,532,000.00	.....	.....	2,787,000.00
1-year notes due July 1, 1918.....	.....	750,000.00	.....	.....	750,000.00
1-year notes due Oct. 1, 1918.....	.....	955,000.00	.....	.....	955,000.00
3 per cent, 1908-1918.....	50,000.00	.....	.....	.....	50,000.00
3½ per cent 15-30 year Liberty loan bonds of 1917.....	.....	1,500,000.00	26,200.00	1,118,900.00	2407,300.00
3½ per cent 15-30 year Liberty loan bonds of 1917 (bonds and interest purchased).....	.....	57,386.68	.....	53,535.54	3,851.14
4 per cent 10-25 year second Liberty loan bonds of 1917.....	.....	25,000.00	3,429,698.50	2,600.00	3,859,198.50
2 per cent certificates of indebtedness due June 29, 1917.....	.....	20,000,000.00	.....	20,000,000.00	.....
3 per cent certificates of indebtedness, dated Apr. 25, 1917, due June 30, 1917.....	.....	.....	18,950,000.00	18,950,000.00	.....
3 per cent certificates of indebtedness, dated May 10, 1917, due July 17, 1917.....	.....	7,332,000.00	1,500,000.00	8,832,000.00	.....
3½ per cent certificates of indebtedness, dated May 25, 1917, due July 30, 1917.....	.....	814,000.00	2,590,000.00	3,404,000.00	.....
3½ per cent certificates of indebtedness, dated June 8, 1917, due July 30, 1917.....	.....	4,977,000.00	1,846,000.00	6,823,000.00	.....
3½ per cent certificates of indebtedness, dated Aug. 9, 1917, due Nov. 15, 1917.....	.....	.....	5,005,000.00	5,005,000.00	.....
3½ per cent certificates of indebtedness, dated Sept. 17, 1917, due Dec. 15, 1917, called for payment Dec. 9, 1917.....	.....	2,562,000.00	40,115,000.00	42,677,000.00	.....

¹ Except banks in cities referred to.

² Held for delivery to holders of participation certificates and not included in earning assets.

Operations in United States Government obligations during 1917—Continued.

Issue.	Purchased from United States Treasurer.		Purchased open market.	Sold, converted, or redeemed during 1917.	Balance on hand Dec. 31, 1917.
	Under section 18.	Other purchases.			
31 per cent certificates of indebtedness, dated Aug. 28, 1917, due Nov. 30, 1917.....			\$65,045,000.00	\$65,045,000.00	
4 per cent certificates of indebtedness, dated Sept. 26, 1917, due Dec. 15, 1917, called for payment Dec. 11, 1917.....			6,026,000.00	6,026,000.00	
4 per cent certificates of indebtedness, dated Oct. 11, 1917, due Oct. 18, 1917.....		\$100,000,000.00		100,000,000.00	
4 per cent temporary loan dated Oct. 16, 1917, due Oct. 18, 1917.....		10,000,000.00		10,000,000.00	
4 per cent temporary loan dated Oct. 17, 1917, due Oct. 18, 1917.....		20,000,000.00		20,000,000.00	
2 per cent temporary loan dated Oct. 29, 1917, due Oct. 31, 1917.....		20,000,000.00		20,000,000.00	
2 per cent temporary loan dated Nov. 15, 1917, due Nov. 19, 1917.....		150,000,000.00		150,000,000.00	
2 per cent temporary loan dated Nov. 19, 1917, due Nov. 20, 1917.....		150,000,000.00		150,000,000.00	
4 per cent certificates of indebtedness, dated Oct. 24, 1917, due Dec. 15, 1917.....			59,992,000.00	59,992,000.00	
4 per cent certificates of indebtedness, dated Nov. 30, 1917, due June 25, 1918.....		621,000.00	42,540,000.00	28,161,000.00	\$15,000,000.00

United States bonds surrendered for conversion during 1917:

United States 2 per cent consols, 1930.....	\$2,327,500
United States Panama Canal, 1916-1936.....	100,000
United States Panama Canal, 1918-1938.....	1,125,000
	<u>3,552,500</u>

Received by conversion during 1917:

Jan. 1: United States 1-year 3 per cent notes due Jan., 1918....	521,000
United States 3 per cent convertible bonds of 1917-1947....	521,000
Apr. 1: United States 3 per cent convertible bonds of 1917-1947..	1,255,500
United States 1-year 3 per cent notes due Apr. 1.....	1,255,000
	<u>3,552,500</u>

Amount 1-year notes sold.....	520,000
Amount of conversion bonds sold.....	521,000

DISTRICT NO. 3—PHILADELPHIA.

R. L. AUSTIN, Chairman and Federal Reserve Agent.

I. INTRODUCTION.

The period covered by this report has been probably the most momentous in the life of the Nation since the days of the Civil War. The resources of the banks have been called upon to meet the abnormal demands growing out of the vast increase in business incident to the war, and on account of the floating of the Liberty loans. The Federal Reserve Banks have enabled them to meet these demands.

II. RESULTS OF OPERATION.

Comparative statement of condition of the Federal Reserve Bank of Philadelphia.

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
RESOURCES.			
Collateral notes—members.....	\$4,008,400.00	\$900,000.00	.....
Bills discounted—members.....	31,903,836.94	663,076.79	\$168,274.06
Bills bought in open market.....	18,390,067.91	13,656,430.08	2,542,975.94
United States bonds and notes.....	9,649,950.00	2,825,000.00	1,993,750.00
Municipal warrants.....	10,000.00	465,112.22	1,484,147.13
Earning assets.....	63,962,254.85	18,509,619.09	6,189,147.13
Interest accrued on United States bonds and notes.....	58,906.44	17,057.93	10,142.15
Cost of unissued Federal Reserve notes.....	511.99	27,708.01	43,172.04
Expenses paid in advance.....	2,055.51	2,445.83	1,684.23
Transit department expenses.....	.....	1,367.18	.....
Furniture and equipment—general.....	.....	.....	18,491.31
Furniture and equipment—transit department.....	25,580.56	15,409.87	.....
Organization expense.....	.....	.....	31,517.06
Due from Federal Reserve banks—net.....	12,370,908.10	5,382,501.30	3,025,971.02
Due from banks and bankers.....	1,517,804.61	609,389.97	.....
Exchanges for clearing house, cash items, etc.....	7,378,564.69	3,864,733.22	1,046,543.43
Due from member banks—overdrafts.....	12,804.81	.....	33,959.73
Federal Reserve notes on hand.....	4,348,590.00	171,140.00	380,267.50
National and Federal Reserve notes of other banks.....	1,353,500.00	463,476.00	215,885.00
Nickels and cents.....	209.09	121.89	100.83
Mutilated currency forwarded for redemption.....	56,027.50	132,500.00	.....
Miscellaneous assets.....	110,032.85	.....	.....
Gold settlement fund.....	32,101,000.00	8,042,000.00	9,695,000.00
Gold redemption fund.....	65,445,755.00	100,000.00	.....
Gold coin and certificates.....	19,064,667.50	16,988,892.50	7,445,485.00
Bank of England sterling gold account.....	3,675,000.00	.....	.....
Other lawful money.....	1,189,996.10	466,154.30	3,358,145.30
Reserve.....	121,476,418.60	25,597,046.80	20,498,630.30
Total resources.....	212,674,169.60	54,794,517.09	31,495,511.73
LIABILITIES.			
Capital.....	6,142,150.00	5,228,100.00	5,269,600.00
Profit and loss.....	220,238.27	89,966.68	.....
Unearned discount and unearned interest.....	160,902.51	39,559.33	14,099.28
Government deposits.....	5,387,488.53	3,145,549.05	787,178.45
Due to member banks.....	103,000,390.13	44,965,072.26	25,424,376.56
Cashier's checks outstanding.....	435,026.66	26,015.72	107.63
Federal Reserve notes.....	97,325,755.00	1,300,000.00	.....
Miscellaneous liabilities.....	1,678.50	254.05	239.81
Total liabilities.....	212,674,169.60	54,794,517.09	31,495,511.73

¹ In June, 1917, the statement was changed so as to include gold with Federal Reserve Agent under "Gold redemption fund," and "Federal Reserve notes" now represent gross liability for Federal Reserve notes, instead of only the net liability.

The large increase in the bank's figures is due to the increase in reserve deposits of member banks, resulting from the amendment to the act affecting the reserves, to the admittance to membership of a number of large trust companies, the increase in the amount of Federal Reserve notes outstanding, and the operation of the transit department.

Federal Reserve notes in circulation at the close of the year amounted to \$92,977,165, and exceeded the net amount of member bank deposits by \$226,104. Every effort has been made to accumulate gold through the issue of Federal Reserve notes, and on December 31, the amount of gold deposited against notes was \$65,445,755. The accumulation of this fund has largely increased the bank's loaning power, and from time to time transfers have been made from it to maintain the bank's reserve.

Due to the admission of new members and the increase in the capital and surplus of member banks, the paid-in capital of the bank increased \$914,050 during the year, and at the end of the year amounted to \$6,142,150.

The following table shows the results of the operation of the bank for the year 1917:

Earnings for 1917.....	\$1, 015, 959
Expense of operation of bank proper.....	\$165, 843
Cost of Federal Reserve currency issued (including ex- pressage, insurance, etc.).....	70, 340
Miscellaneous charges account note issues.....	
Depreciation on furniture and equipment.....	3, 782
Transit department disbursements in excess of net service charges received	22, 120
Total	262, 085
Net earnings for year.....	753, 874
Profit and loss, Jan. 1, 1917.....	89, 966
Total	843, 840
Dividends paid:	
Date paid, June 30, 1917; period covered, July 1, 1915, to Dec. 31, 1915; amount.....	155, 320
Date paid, Dec. 31, 1917; period covered, Jan. 1, 1916, to June 30, 1917; amount.....	466, 830
Interest paid on stock surrendered.....	1, 452
Total	623, 602
Profit and loss, Jan. 1, 1918.....	220, 238

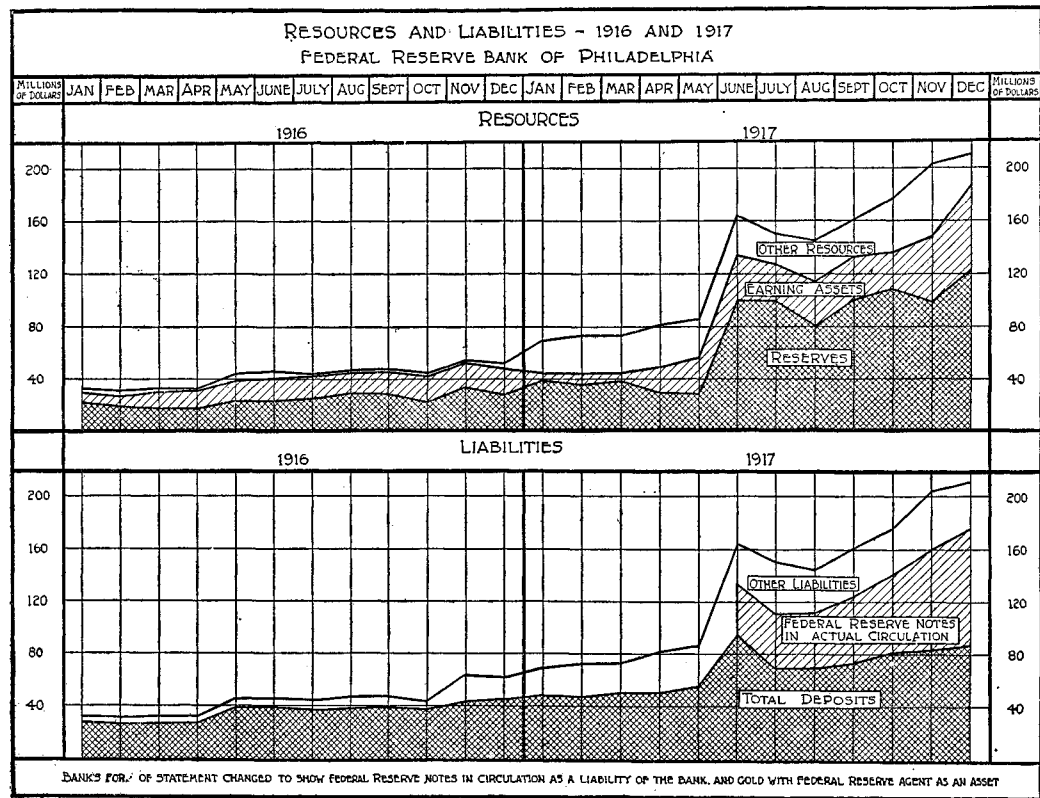


CHART No. 1.

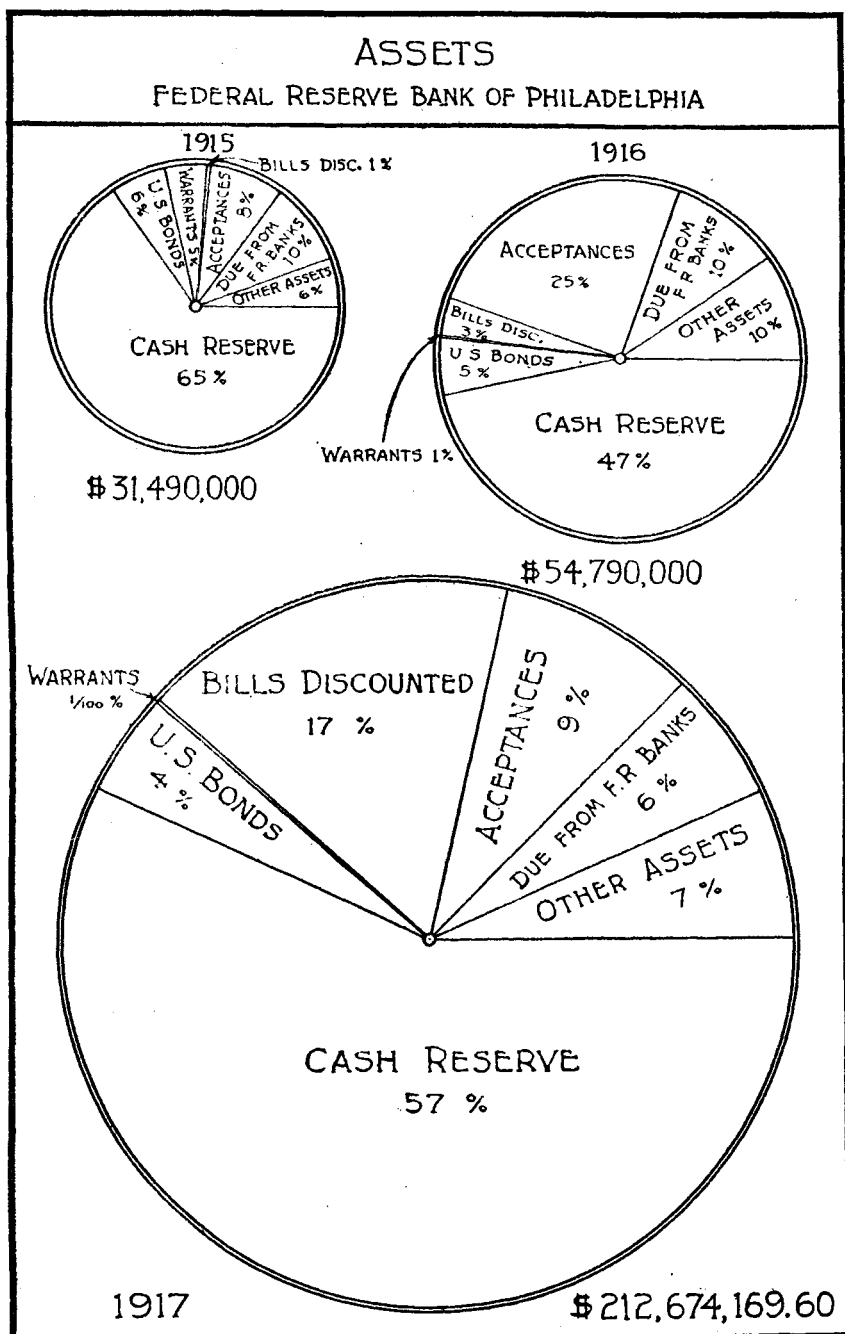
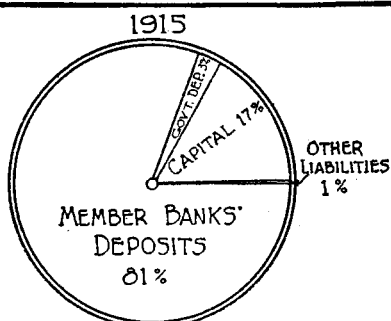


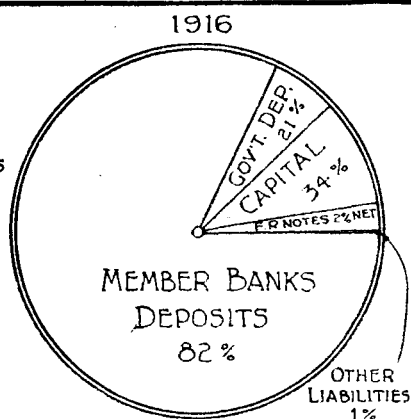
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LIABILITIES

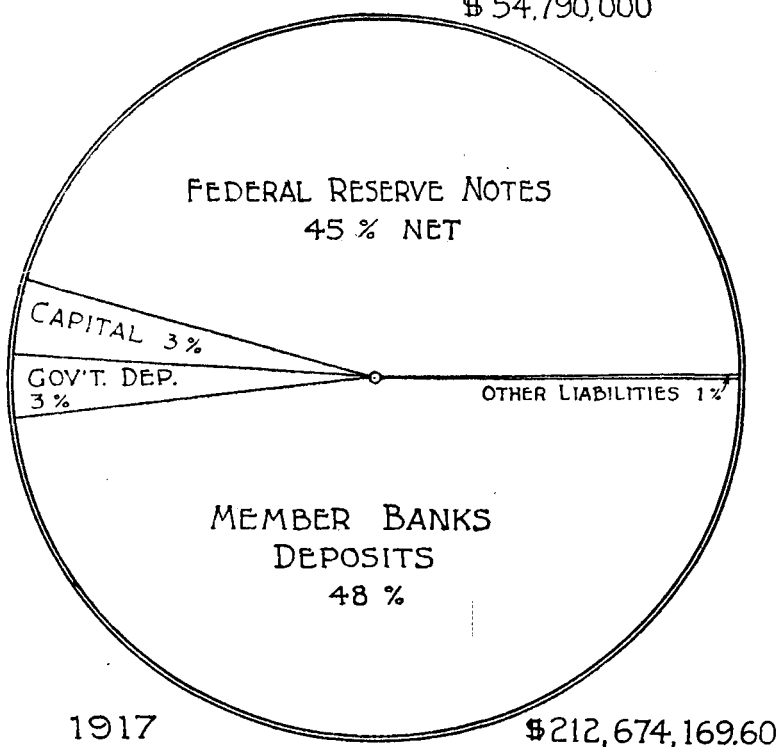
FEDERAL RESERVE BANK OF PHILADELPHIA



\$ 31,490,000



\$ 54,790,000



\$212,674,169.60

DUNN & BROS. PHILADELPHIA

CHART No. 3.

EARNINGS AND EXPENSES.

During the early part of the year, the greater portion of the earnings was obtained from the purchase of bankers' bills, but with the placing of the Government loans, the member banks began borrowing freely and the amount of their borrowings increased rapidly as the war financing progressed. For the purpose of reserving its funds for discount purposes, the bank early in the year discontinued, as far as possible, its purchases of municipal warrants.

Two dividends were declared during the year, one on June 30, 1917, amounting to \$155,320.31, covering the period from July 1, 1915, to December 31, 1915, and the other on December 12, amounting to \$466,829.62, covering a period of 18 months from January 1, 1916, to June 30, 1917.

The invested funds of the bank increased largely during the year, and earnings increased proportionately. Current expenses remained quite steady, the increase, considering the additional work done by the bank, being small. As the number of Federal Reserve notes issued greatly increased, their cost became a correspondingly greater item of expense. Net earnings reached their maximum in December, when they were at the rate of 30.2 per cent on the paid-in capital. In the following charts are shown the earnings and expenses by months and the rate of net earnings on the paid-in capital.

Earnings and expenses.

	Earnings.				Expenses.						
	From investments.	Profits from sale of United States securities.	Sundry profits.	Total earnings.	Expenses of operation.	Note issues.	Depreciation charges.	Transit department expense in excess of net service charges.	Total expense.	Net available for dividends.	Annual rate of net earnings.
January.....	\$36,836	\$11,388	\$170	\$48,394	\$11,354	.....	.....	\$1,804	\$13,158	\$35,236	8.4
February.....	42,145	2,380	565	45,091	11,228	\$4,320	.....	131	15,679	29,411	7.3
March.....	43,664	.....	1,130	44,794	11,580	3,760	.....	309	15,649	29,145	6.5
April.....	46,938	.....	874	47,812	11,303	4,400	.....	² 260	15,443	32,369	7.5
May.....	69,525	.....	2,521	72,046	12,251	2,880	\$13	144	15,288	56,758	12.7
June.....	76,934	.....	1,770	78,704	12,373	6,840	13	817	20,043	58,661	13.5
July.....	85,997	.....	1,026	87,023	12,753	7,760	17	976	14,506	72,517	16.3
August.....	89,911	.....	403	90,314	15,036	3,040	23	1,755	19,854	70,461	15.7
September.....	94,804	.....	1,048	95,853	14,991	8,600	27	4,133	27,751	68,102	15.7
October.....	84,170	.....	1,248	85,419	16,019	12,160	61	2,386	30,626	54,792	12.2
November.....	121,412	.....	1,521	122,933	14,323	11,060	74	4,153	29,610	93,323	20.0
December.....	194,717	.....	2,856	197,573	20,300	12,520	12	5,769	38,601	158,972	30.2
Total, 1917.....	987,057	13,768	15,132	1,015,959	163,510	70,340	240	12,120	256,210	759,749	12.2
Total, 1916.....	376,898	11,170	20,137	* 417,939	164,983	17,603	15,653	38,241	167,998	249,941	4.78

¹ Includes \$1,367.18, balance carried over from 1916.

² Net service charges in excess of disbursements.

³ Includes \$9,734 realized by conversion of United States bonds.

COMPARISON OF EARNINGS AND EXPENSES 1916 AND 1917

FEDERAL RESERVE BANK OF PHILADELPHIA

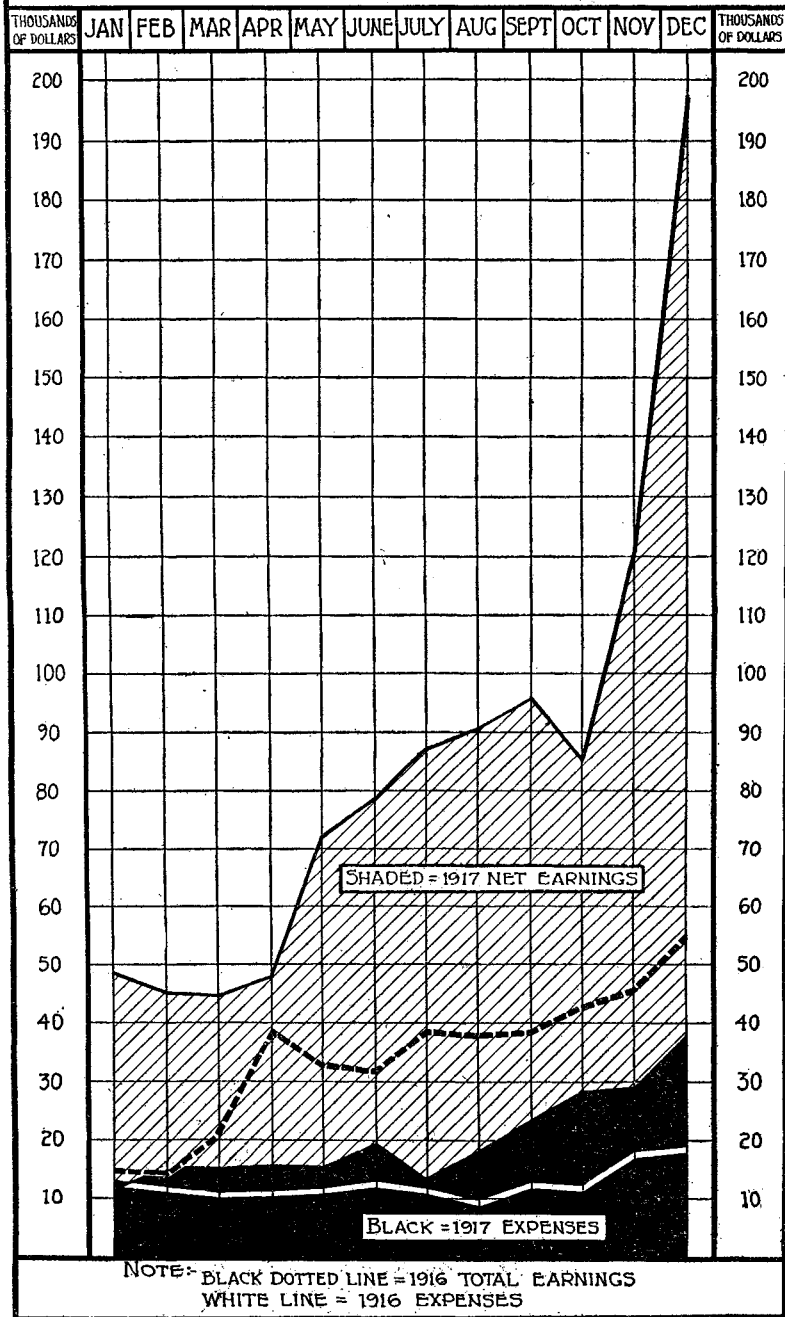


CHART No. 4.

Earnings and expenses.

	1917	1916
EARNINGS.		
Bills discounted—members.....	\$370,359	\$28,391
Bills bought in open market.....	474,653	198,243
Investments:		
United States bonds and notes.....	123,875	81,081
Warrants.....	18,170	69,183
Profits realized on United States securities.....	13,768	36,634
Sundry profits.....	15,132	5,407
Total earnings.....	1,015,959	417,939
CURRENT EXPENSES.		
Expenses of operation:		
Assessment account expenses, Federal Reserve Board.....	22,057	18,362
Federal Advisory Council (fees and traveling expenses).....	350	306
Governors' conferences (including traveling expenses).....	174	749
Federal Reserve Agents' conferences (including traveling expenses).....		280
Salaries:		
Bank officers.....	46,206	39,100
Clerical staff.....	42,615	52,398
Special officers and watchmen.....	8,311	6,012
Directors' fees.....	3,590	3,220
Directors' per diem allowance.....	1,080	820
Directors' traveling expenses.....	1,361	895
Officers' and clerks' traveling expenses.....	163	558
Legal fees.....	1,700	2,000
Rent.....	9,070	9,250
Telephone.....	2,803	1,231
Telegraph.....	326	12
Postage and expressage.....	1,284	11,552
Insurance and premiums on fidelity bonds.....	4,700	3,415
Light, heat, and power.....	1,426	1,147
Printing and stationery.....	7,311	6,648
Repairs and alterations.....	233	987
All other expenses, not specified.....	8,702	8,041
Total expenses of operation.....	163,510	164,983
Cost of Federal reserve notes issued, including expressage.....	70,340	16,600
Miscellaneous charges account Federal reserve note issues.....		1,003
Depreciation of furniture and equipment.....	240	15,653
Disbursements of transit department in excess of net service charges received.....	22,120	4,000
Total current expenses, exclusive of amortization charges, account organization expenses.....	256,210	202,239
Less disbursements of transit department.....		34,241
Current expenses of bank proper, exclusive of amortization charges, account organization expenses.....	256,210	167,998
Net earnings for year.....	759,749	249,941
Per cent of average paid-in capital.....	12.5	4.7

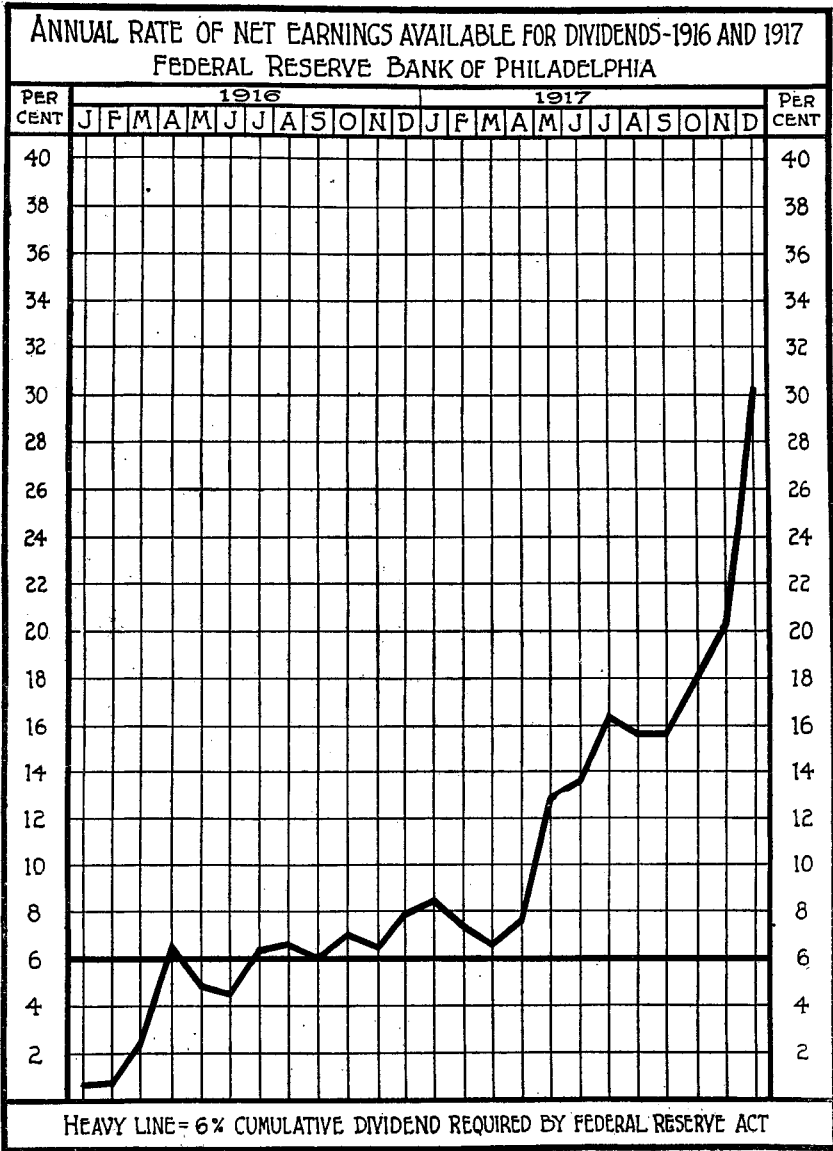


CHART No. 5.

34365°—18—21

III. RESERVE POSITION OF THE BANK.

The reserve position of the bank on the last Friday of each month is shown below. The bank wishes to express its appreciation of the cooperation of the member banks and State institutions for their services in strengthening its gold reserve. Upon the request of the bank, they deposited their gold and accepted in exchange Federal Reserve notes, and thereby increased the loaning power of the bank.

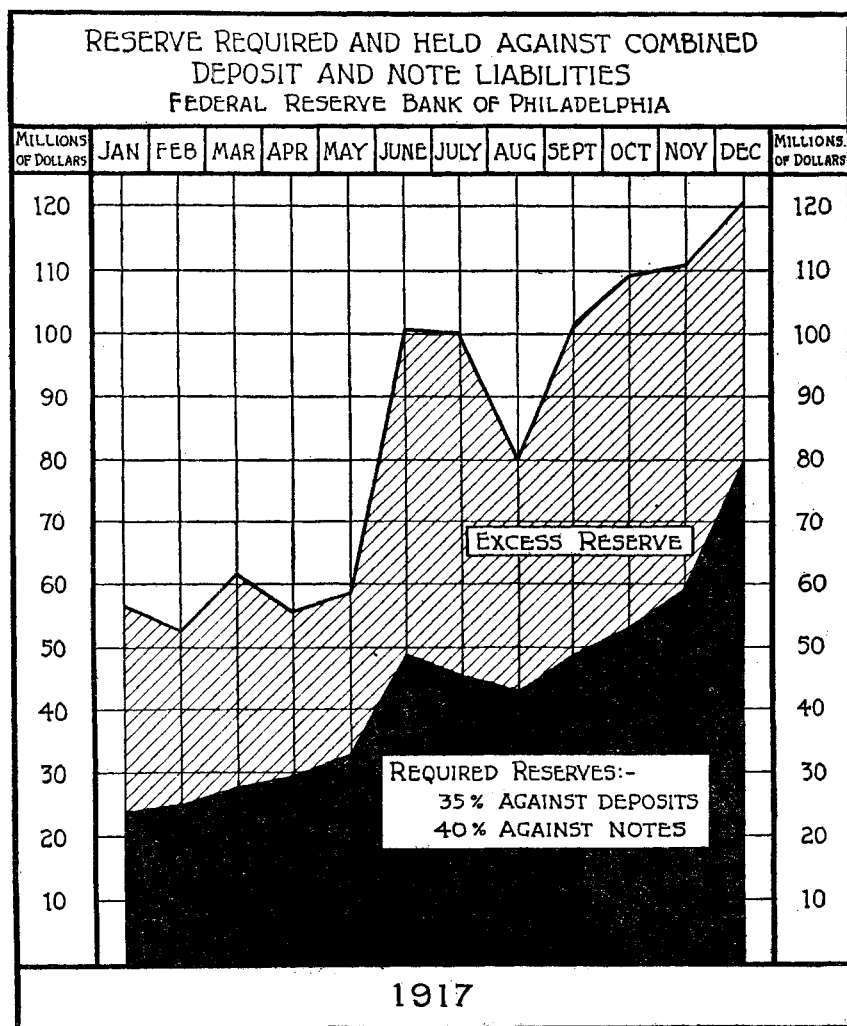


CHART No. 6.

Reserve position on last Friday of each month during 1917.

[000's omitted.]

	Liabilities (net).			Reserves.			Reserve percentage.			
	De-posit.	Note.	Total liability.	Total gold and gold certificates.	Lawful money, silver, and silver certificates.	Total reserves.	Against net de-posit liabilities.		Gold against Federal Reserve notes in actual circulation.	Against combined note and deposit liabilities.
							Gold.	Gold and lawful money.		
							<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
January.....	\$49,588	\$15,537	\$65,125	\$55,654	\$922	\$56,576	78.1	80.0	108.6	86.9
February.....	47,648	20,161	67,809	52,100	233	52,333	73.5	74.0	84.5	77.1
March.....	50,697	24,181	74,878	61,110	198	61,308	76.0	76.5	92.6	81.8
April.....	53,034	29,068	79,102	54,983	556	55,539	57.3	58.5	90.5	70.3
May.....	56,568	32,686	89,254	57,804	445	58,249	48.2	49.0	93.2	65.3
June.....	94,361	39,703	134,064	98,993	1,285	100,278	69.2	70.8	84.6	74.5
July.....	82,256	41,257	123,783	98,577	1,480	100,057	80.0	81.5	79.5	80.9
August.....	72,214	43,502	115,716	78,945	1,061	80,006	64.8	65.0	73.7	69.1
September.....	79,143	51,026	130,169	100,365	1,103	101,468	75.7	76.5	79.0	77.5
October.....	81,946	59,612	141,558	108,510	759	109,269	73.5	74.5	80.9	77.3
November.....	66,103	78,414	144,517	98,106	940	99,046	67.4	68.8	68.9	68.5
December.....	94,363	93,642	188,005	119,544	1,148	120,693	64.8	66.0	62.3	64.1

Total gold reserve includes gold in the hands of the Federal Reserve Agent on the last Friday of each month.

IV. DISCOUNT RATES.

The discount rates remained unchanged from September 21, 1916, to May 10, 1917, when the 15-day rate for commercial paper and member bank collateral notes was reduced to 3 per cent. In order that member banks might extend the necessary accommodation to their customers in making payment for Liberty loan bonds, a special rate of $3\frac{1}{2}$ per cent was established for the discount of paper and member bank collateral notes having a maturity of not over 90 days and secured by Liberty loan bonds or United States Treasury certificates of indebtedness.

The second Liberty loan having been issued at 4 per cent, a general readjustment of the discount rates seemed advisable, and on November 26 the bank's rates for discount were advanced. The changes are given herewith:

Changes in discount rates during calendar year 1917.

	Rate in effect—								
	Jan. 1, 1917.	May 10, 1917.	June 1, 1917.	June 11, 1917.	Nov. 2, 1917.	Nov. 26, 1917.	Nov. 30, 1917.	Dec. 7, 1917.	Jan. 1, 1918.
Discounts maturing within 15 days, including member banks' collateral notes.	3½	3		3½		4			4
Paper including member banks' collateral notes secured by United States certificates of indebtedness or Liberty loan bonds maturing within 15 days.			3	3½					3½
Paper maturing within 16 to 60 days.	4					4½			4½
Paper maturing within 61 to 90 days.	4					4½			4½
Paper secured by United States certificates of indebtedness or Liberty loan bonds maturing from 16 to 90 days.			3½			4			4
Agricultural and live-stock paper maturing after 90 days.	4½						5		5
Trade acceptances maturing from 1 to 60 days.	3½							4	4
Trade acceptances maturing from 60 to 90 days.	3½					4			4
Commodity paper maturing within 90 days.	3½				(2)				

Bankers' acceptances purchased at the market rate, subject to agreement.

¹ Rate of 4 per cent for paper maturing 16 to 60 days effective Nov. 26.

² Rates for commodity paper merged with those for commercial paper of corresponding maturities.

V. INVESTMENTS.

ANALYSIS OF EARNING ASSETS.

Operations during the early part of the year were on a relatively small scale. The total loans and investments made during January were only \$3,940,771. In the month of May, when the war financing began, there was a large increase in the amount of loans to member banks and the total loans and investments for the month reached \$25,878,818. This amount was almost doubled in June. Operations connected with the second Liberty loan again stimulated borrowings during the latter months of the year, loans made in December amounting to \$45,025,375.

Bills discounted for members during 1917 comprised 67.8 per cent of the total operations, compared with 26 in 1916; bills bought comprised 26 per cent in 1917, compared with 62 per cent the previous year.

Loans and investments made by months.

Month.	Bills dis- counted— members.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	\$565,122	\$2,107,327	.....	\$1,268,322	\$3,940,771	\$3,012,800
February.....	1,682,222	10,058,886	.....	25,203	11,766,311	1,948,800
March.....	3,009,293	4,610,296	\$4,598,260	2,575	12,220,424	6,542,700
April.....	2,385,421	5,268,807	.....	40	7,780,935	5,296,500
May.....	20,445,040	5,404,559	.....	126,667	25,878,818	6,562,000
June.....	42,724,903	3,441,475	.....	29,219	46,166,378	7,329,200
July.....	22,175,858	11,472,425	.....	.....	33,648,283	7,318,400
August.....	18,170,441	7,450,793	317,700	125,938	26,064,872	4,476,100
September.....	18,934,001	6,056,282	10,200	.....	25,000,483	7,571,500
October.....	16,819,730	4,565,180	.....	10,000	21,394,910	7,469,300
November.....	31,478,602	19,479,626	.....	33,500	50,991,728	9,462,600
December.....	45,025,375	5,998,140	13,866,050	.....	64,889,565	18,781,700
Total, 1917.....	223,416,008	85,913,796	18,792,250	1,621,424	329,743,478	85,771,600
Per cent of total.....	67.8	26.0	5.7	0.5	100.0	.....
Total, 1916.....	\$22,328,600	\$53,122,000	\$2,500,000	\$7,823,000	\$85,771,600	.....
Per cent increase or de- crease, 1917 over 1916..	+900	+61	+650	-80	+284	.....

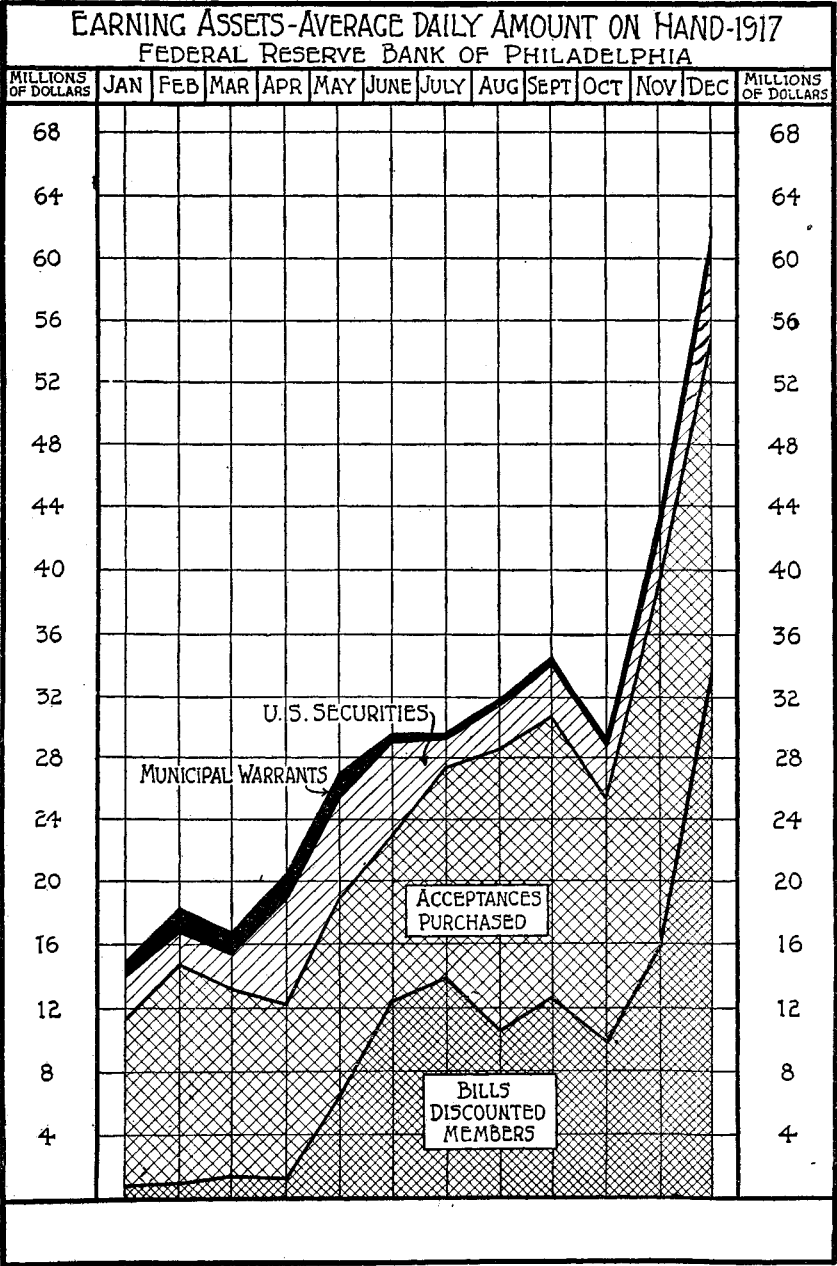


CHART No. 7.

Average daily holdings of the several classes of earning assets for each month and calendar year 1917.

Month.	Bills discounted—members.	Bills bought.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	\$766,946	\$10,501,049	\$2,735,129	\$928,012	\$14,931,136	\$7,722,182
February.....	902,672	13,884,435	2,016,107	1,432,016	18,235,230	8,140,448
March.....	1,413,082	11,757,278	2,147,330	1,400,076	16,717,766	11,140,662
April.....	1,212,746	11,018,066	6,597,280	1,497,731	20,325,853	13,950,526
May.....	6,285,864	12,491,969	6,597,300	1,421,461	26,796,564	16,719,120
June.....	12,394,010	10,405,492	6,363,966	377,967	29,541,435	17,120,064
July.....	13,852,692	12,401,444	3,097,300	158,363	29,509,799	18,119,076
August.....	10,540,930	18,014,284	3,107,558	124,946	31,787,718	17,357,542
September.....	12,656,277	18,019,258	3,666,040	125,937	34,467,512	17,728,745
October.....	9,958,904	15,298,910	3,740,400	7,419	29,005,633	18,881,183
November.....	15,756,446	23,909,654	3,495,700	25,633	43,187,433	17,972,828
December.....	33,346,433	21,297,307	7,654,381	39,177	62,337,298	22,239,398
Average for year ..	9,923,917	14,916,588	4,268,208	628,228	29,736,951	15,590,981
Per cent.....	33.3	50.2	14.5	2.0	100.0	.....
Average for 1916 ..	\$1,005,376	\$3,585,000	\$3,325,005	\$2,675,600	\$15,590,981	.....
Per cent increase or decrease, 1917 over 1916 ..	+890	+74	+27	-76	+91	.....

EARNINGS FROM INVESTMENTS.

The total earnings during January amounted to \$36,836; these were doubled in June, and in December amounted to \$194,717. The month of May marked a sudden increase in earnings from bills discounted and loans to members, and in the month of June they exceeded, for the first time, the earnings from bills bought.

Earnings from loans and investments for the calendar year 1917.

Month.	Bills discounted, members.	Bills bought.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	\$3,549	\$24,499	\$6,981	\$1,807	\$36,836	\$14,512
February.....	2,700	31,613	4,693	3,139	42,145	14,113
March.....	4,477	30,441	5,359	3,387	43,664	20,464
April.....	3,551	26,874	13,028	3,485	46,938	25,619
May.....	17,705	33,769	14,391	3,660	69,525	31,969
June.....	36,112	26,927	12,862	1,033	76,934	31,464
July.....	43,877	33,766	7,828	526	85,997	36,418
August.....	33,022	48,597	7,858	434	89,911	35,596
September.....	38,178	46,982	9,225	419	94,804	36,107
October.....	31,328	43,065	9,738	39	84,170	40,531
November.....	47,258	65,373	8,696	85	121,412	37,362
December.....	108,602	62,746	23,216	153	194,717	52,743
Total, 1917	370,359	474,653	123,875	18,170	987,057	376,898
Per cent of total.....	37.7	48.0	12.5	1.8	100.0	.....
Total, 1916	28,394	198,243	81,130	69,183	376,898	.....

RATES OF EARNINGS FROM INVESTMENTS.

The annual rate of earnings on invested funds as a whole stood at 2.90 per cent at the beginning of the year. With the exception of a recession in the months of April and May, this rate has been

steadily increasing until the rate stood at 4.61 per cent in December. Reference to the following table shows that the largest rate of return has been from bills discounted for members:

Calculated annual rates of earnings from loans and investments.

Month.	Bills discounted, members.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	0.0398	0.0279	0.0299	0.0313	0.0290	0.0221
February.....	.0301	.0296	.0303	.0285	.0301	.0218
March.....	.0373	.0304	.0293	.0284	.0307	.0216
April.....	.0376	.0396	.0248	.0292	.0290	.0224
May.....	.0328	.0396	.0248	.0293	.0298	.0225
June.....	.0354	.0314	.0245	.0332	.0316	.0224
July.....	.0372	.0320	.0297	.0391	.0343	.0237
August.....	.0368	.0317	.0297	.0409	.0333	.0242
September.....	.0367	.0317	.0306	.0405	.0334	.0248
October.....	.0370	.0331	.0306	.0406	.0341	.0253
November.....	.0364	.0332	.0302	.0405	.0342	.0253
December.....	.0383	.0346	.0357	.0461	.0461	.0280
Average for 1917.....	.0373	.0318	.0290	.0289	.0332	.0242
Average for 1916.....	.0370	.0231	.0256	.0258	.0242	.....

DISTRIBUTION BY MATURITIES OF BILLS DISCOUNTED, ACCEPTANCES, AND WARRANTS.

The following table shows the total amount of bills, notes, and warrants discounted and purchased by the bank during the year, distributed by maturities. Borrowings incident to the placing of war loans were largely accomplished by obligations having a maturity of 15 days and less. The liquidity of the bank is indicated by the large proportion of maturities within 15 days it has carried.

Bills discounted, acceptances, and warrants distributed by maturities and months for the calendar year 1917.

	1-15 days.	16-30 days.	31-60 days.	61-90 days.	Over 90 days.	Total.
January.....	\$247,937	\$226,503	\$850,008	\$1,086,242	\$1,530,081	\$3,940,771
February.....	1,307,784	2,027,128	3,329,446	5,047,077	54,876	11,766,311
March.....	2,667,902	1,061,570	1,055,263	2,616,577	220,852	7,622,164
April.....	2,208,142	874,599	911,719	3,656,296	130,139	7,780,895
May.....	18,545,006	2,785,098	1,480,976	2,776,111	201,627	25,878,818
June.....	39,039,795	1,839,122	1,785,845	3,475,321	26,295	46,166,378
July.....	19,000,985	1,429,165	1,819,689	8,729,150	2,668,294	33,648,283
August.....	24,596,145	914,557	1,983,641	7,926,931	325,898	35,747,172
September.....	17,175,492	1,205,851	1,637,175	4,826,189	145,576	24,990,283
October.....	11,962,123	1,684,876	1,257,125	6,068,941	421,845	21,394,910
November.....	17,859,511	3,375,295	9,067,163	20,575,808	113,951	50,991,728
December.....	32,125,650	6,448,283	3,886,982	8,562,600	.....	51,023,515
Total, 1917.....	186,736,472	23,872,047	29,065,032	75,347,243	5,930,434	320,951,228

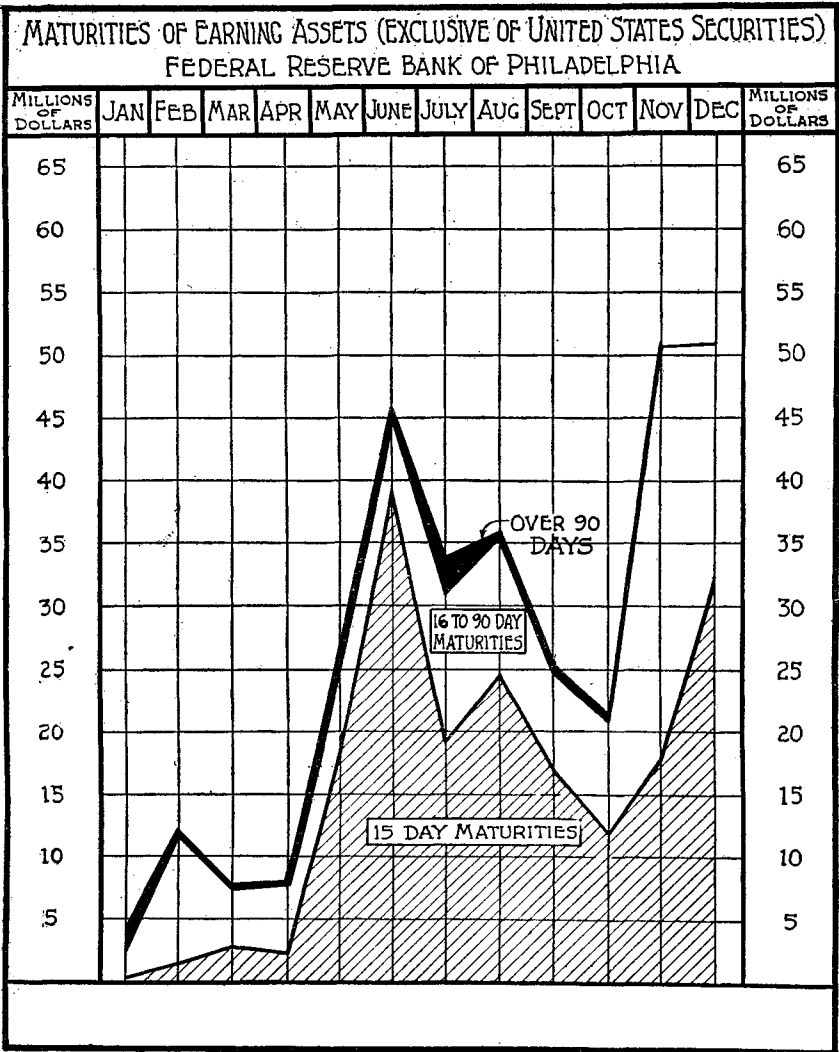


CHART No. 8.

The maturities of the bank's earning assets on the last Friday of the year are shown in the following table:

Distribution by maturities of paper and short-term investments held by the Federal Reserve Bank and the Federal Reserve Agent at close of business Dec. 28, 1917.

	Maturities—				Total.
	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	
1. Bills discounted—members:					
Commodity paper.....		\$26,950	\$11,000	\$10,000	\$47,950
Trade acceptances.....	\$74,658	1,715	48,782	17,329	142,484
Member banks' collateral notes.....	5,845,996				5,845,996
All other.....	14,956,692	2,848,048	13,073,441	2,606,095	33,484,275
Total.....	20,877,346	2,876,713	13,133,223	2,633,424	39,520,705
2. Acceptances bought:					
Bankers' acceptances—					
Foreign.....	1,392,467	4,847,303	3,428,027	3,822,999	13,490,796
Domestic.....	730,598	1,702,205	1,384,917	617,100	4,434,820
Dollar exchange bills (sec. 13, amended).....					
Trade acceptances—					
Foreign.....	12,189	273,899	205,559		491,547
Domestic.....					
Total.....	2,135,154	6,823,407	5,018,503	4,440,099	18,417,163
3. Rediscounts for other Federal reserve banks.....					
4. Short-term investments.....	10,000				10,000
Grand total.....	23,022,500	9,700,120	18,151,726	7,073,523	57,947,863

Amounts of the several classes of discounted paper held by the Federal Reserve Bank and the Federal Reserve Agent on above date.

	Secured.	Unsecured.	Total.
Agricultural paper.....		\$187,639	\$187,639
Commercial and industrial paper.....	\$16,514,814	16,972,257	33,487,071
Member banks' collateral notes.....	5,845,996		5,845,996
All other, n. s.			
Total bills discounted.....	22,360,810	17,159,896	39,520,706

Collateral Notes and Bills Discounted—Members.

Borrowings by member banks, in the form of collateral notes, increased from \$1,307,700 in April to \$15,229,000 in May and \$35,690,499 in June, when they were almost entirely secured by bills receivable. Each month from May showed an increase in the amount of notes secured by United States bonds or Treasury certificates of indebtedness. In December they amounted to \$9,550,501 and notes secured by bills receivable amounted to \$1,657,250. Discounts of bills receivable increased from \$5,216,040 in May to \$7,034,954 in June, reaching the large total of \$33,817,624 in December. The notes rediscounted

ranged in size from a few dollars to \$250,000. During 1916, earnings from bills discounted and collateral notes were only 9 per cent of the total, whereas in 1917 they were 38 per cent.

Bills discounted during each month by classes of paper; earnings from discounts and average rates of monthly and annual earnings for the calendar year 1917.

	Members-collateral notes.		Trade acceptances.	Commodity paper.	All other discounts.	Total.	Average for balance month.	Earnings.	
	Secured by United States securities.	Otherwise secured.						Amount.	Average
January.....		\$230,000	\$15,164		\$319,958	\$565,122	\$766,946	\$3,549	0.0398
February.....		475,000	21,721		1,185,501	1,682,222	902,672	2,700	.0301
March.....		1,605,000	29,730		1,374,563	3,009,293	1,413,082	4,477	.0373
April.....		1,307,700	24,199		1,053,522	2,385,421	1,212,746	3,551	.0376
May.....	\$880,000	14,349,000	25,758		5,190,282	20,445,040	6,285,864	17,705	.0328
June.....	680,650	35,009,849	78,343		6,956,061	42,724,908	12,394,010	36,112	.0354
July.....	1,691,650	16,515,320	36,874	\$25,000	3,907,014	22,175,858	13,852,692	43,877	.0372
August.....	2,110,000	10,192,990	94,159	26,200	5,747,092	18,170,441	10,540,930	33,022	.0368
September.....	5,532,509	10,082,190	16,289		3,303,022	18,934,001	12,656,277	38,178	.0367
October.....	3,002,500	8,714,811	184,701	25,000	4,892,718	16,819,730	9,958,904	31,328	.0370
November.....	8,209,425	7,755,505	100,139	29,000	14,384,533	31,478,602	15,756,446	47,258	.0364
December.....	9,696,501	1,511,250	99,001	22,950	33,695,673	45,025,375	33,346,433	108,602	.0383
Total, 1917.....	32,803,226	107,748,615	726,078	128,150	82,019,939	223,416,008	9,923,917	370,359	.0373
Total, 1916.....		13,644,298	74,800		8,609,532	22,328,600	1,005,376	28,391	.0370

Amount of paper (exclusive of bankers' acceptances) discounted for member banks, distributed by maturities as of date of discount; also number of banks in district and banks accommodated during each month in the calendar year 1917.

	Member banks in district.	Member banks accommodated.	15 days or less.	16-30 days.	31-60 days.	61-90 days.	Over 90 days.	Total.	
								1917	1916
January.....	631	14	\$247,937	\$120,203	\$184,102	\$12,080	\$800	\$565,122	\$242,773
February.....	632	18	1,149,757	205,267	234,028	88,294	4,876	1,682,222	109,247
March.....	632	17	2,667,902	74,442	234,570	30,769	1,610	3,009,293	212,010
April.....	631	16	2,164,269	137,441	53,762	26,477	3,472	2,385,421	922,680
May.....	630	43	18,545,006	1,283,516	338,565	268,424	9,529	20,445,040	1,590,123
June.....	628	79	38,818,843	1,674,570	1,640,191	589,704	1,295	42,724,908	1,945,730
July.....	628	64	18,862,985	403,791	940,462	1,966,750	1,870	22,175,858	1,380,125
August.....	628	67	14,596,145	394,123	256,472	2,923,701		18,170,441	739,155
September.....	627	76	17,174,648	568,323	717,629	469,187	4,214	18,934,001	546,346
October.....	627	79	11,962,123	509,485	716,249	3,629,448	2,425	16,819,730	307,303
November.....	630	116	17,462,072	708,987	1,575,537	11,731,106	900	31,478,602	3,415,021
December.....	636	139	32,125,650	6,206,425	2,897,808	3,799,492		45,025,375	11,917,727
Total.....			175,777,337	12,286,573	9,789,675	25,531,432	30,991	223,416,008	22,328,600
Per cent of total.....			78.7	5.5	4.3	11.4	.1	100.0	

ACCEPTANCES BOUGHT IN THE OPEN MARKET.

The total amount of bills bought in the open market amounted to \$85,913,796, compared with \$53,122,000 the previous year. The

average rate of return for the year was 3.18 per cent compared with 2.31 per cent in 1916.

Acceptances bought in the open market.

	Bankers' acceptances.	Trade acceptances.	Total.	Average balance for month.	Earnings.	
					Amount.	Average rate.
January.....	\$2,095,200	\$12,127	\$2,107,327	\$10,501,049	\$24,499	0.0279
February.....	9,974,000	84,886	10,058,886	13,884,435	31,613	.0296
March.....	4,610,296	-----	4,610,296	11,757,278	30,441	.0304
April.....	5,268,809	-----	5,268,807	11,018,096	26,874	.0306
May.....	5,355,600	48,959	5,404,559	12,491,969	33,769	.0396
June.....	3,208,600	232,875	3,441,475	10,405,492	26,927	.0314
July.....	11,208,800	263,625	11,472,425	12,401,444	33,766	.0320
August.....	7,007,900	442,893	7,450,793	18,014,284	48,597	.0317
September.....	5,950,470	105,812	6,056,282	18,019,258	46,982	.0317
October.....	4,565,180	-----	4,565,180	15,298,910	43,065	.0331
November.....	18,786,857	692,769	19,479,626	23,909,654	65,373	.0332
December.....	5,944,691	53,419	5,998,140	21,297,307	62,746	.0346
Total, 1917.....	83,976,401	1,937,395	85,913,796	14,916,598	474,653	.0318
Total, 1916.....	51,769,000	1,353,000	53,122,000	8,585,000	198,243	.0231

Bills bought, distributed by maturities.

	15 days or less.	16-30 days.	31-60 days.	61-90 days.	Over 90 days.	Total.	
						1917	1916
January.....	-----	\$106,300	\$665,906	\$1,074,162	\$260,959	\$2,107,327	\$194,000
February.....	\$158,027	1,821,861	3,095,418	4,933,580	50,000	10,058,886	709,000
March.....	-----	987,128	820,693	2,585,808	216,667	4,610,296	4,759,000
April.....	43,873	737,158	857,957	3,629,819	-----	5,268,807	3,990,000
May.....	-----	1,501,582	1,142,411	2,507,687	252,579	5,404,559	4,109,000
June.....	220,952	164,552	145,354	2,885,617	25,000	3,441,475	5,766,000
July.....	138,000	1,025,374	879,227	6,762,400	2,667,424	11,472,425	5,049,000
August.....	-----	520,434	1,601,231	5,003,230	325,898	7,450,793	3,661,000
September.....	844	637,528	919,546	4,357,002	141,362	6,056,282	6,591,000
October.....	-----	1,175,391	540,876	2,429,493	419,420	4,565,180	5,962,000
November.....	397,439	2,666,308	7,458,126	8,841,792	113,051	19,479,626	5,670,000
December.....	-----	241,858	989,174	4,767,108	-----	5,998,140	6,662,000
Total, 1917.....	959,135	11,585,474	19,115,919	49,780,608	4,472,660	85,913,796	53,122,000
Per cent.....	1.1	13.5	22.2	58.0	5.2	100.0	-----
Total, 1916.....	-----	10,322,000	11,566,000	31,324,000	-----	53,122,000	-----

¹ Within 30 days.

² Sixty days and over.

UNITED STATES SECURITIES.

Early in the year the Federal Reserve Board announced that Federal Reserve Banks would not be required to purchase during the year more than \$15,000,000 United States 2 per cent bonds from member banks, and such bonds would have to be offered to the Treasury Department on or before March 21. The aggregate of bonds offered amounted to \$10,877,500, of which amount \$1,098,200 was allotted to the Federal Reserve Bank and paid for on April 1. Sub-

sequently \$549,200 was converted into United States 3 per cent bonds, and \$549,000 into one-year 3 per cent notes.

In connection with the Government financing, the bank has from time to time taken over blocks of bonds and certificates of indebtedness, which were disposed of later. Income from this class of investment amounted to \$123,875. The average rate of return was 2.90 per cent. Profits realized from the sale of United States securities amounted to \$13,768. The following tables show the holdings of United States securities:

United States securities.

	Amount purchased.	Average balance.	Income.	
			Amount.	Rate.
January.....		\$2,735,129	\$6,981	0.0299
February.....		2,016,107	4,693	.0303
March.....	\$4,598,260	2,147,330	5,359	.0293
April.....	40	6,597,280	13,028	.0248
May.....		6,597,300	14,391	.0248
June.....		6,363,966	12,862	.0245
July.....		3,097,300	7,828	.0297
August.....	317,700	3,107,558	7,858	.0297
September.....	10,200	3,666,040	9,225	.0306
October.....		3,740,400	9,738	.0306
November.....		3,495,700	8,696	.0302
December.....	13,866,050	7,654,381	23,216	.0357
Total 1917.....	18,792,250	4,268,208	123,875	.0290
Total 1916.....	2,500,000	3,574,000	81,130	.0256

United States securities held on last day of each month.

	United States bonds with circulation privilege.		United States bonds without circulation privilege.					
	2 per cent consolidated of 1930.	2 per cent Panama, 1936-1938.	United States Treasury certificates of indebtedness.		3 per cent conversion bonds, 1946-47.	3 per cent one-year notes.	Liberty loan.	Total, 1917.
			2 per cent.	3-4 per cent.				
January.....					\$137,000	\$1,999,000		\$2,135,000
February.....						1,999,000		1,999,000
March.....	\$1,092,000	\$6,260	\$3,500,000			1,999,000		6,597,260
April.....		100	3,500,000		549,200	2,548,000		6,597,300
May.....		100	3,500,000		549,200	2,548,000		6,597,300
June.....		100			549,200	2,548,000		3,097,300
July.....		100			549,200	2,548,000		3,097,300
August.....		100			549,200	2,548,000	\$317,700	3,415,000
September.....		100		\$658,000	549,200	2,548,000	632,500	4,387,800
October.....		100		577,000	549,200	2,548,000	1,100	3,675,400
November.....		100		205,000	549,200	2,548,000	1,100	3,303,400
December.....		100			549,200	2,548,000	6,552,650	9,649,950

MUNICIPAL WARRANTS.

Investments in municipal warrants have been very much less than during the previous year. It became apparent early in the year that there would be abundant investment for the bank's funds in rediscounting and open-market operations, and the purchase of municipal warrants was discouraged.

Municipal warrants.

	City warrants.	Other warrants.	Total.	Average balance.	Earnings.	
					Amount.	Rate.
January.....	\$1,268,322	.....	\$1,268,322	\$928,012	\$1,807	0.0313
February.....	25,203	.....	25,203	1,432,016	3,139	.0285
March.....	2,575	.....	2,575	1,400,076	3,387	.0284
April.....	126,667	.....	126,667	1,497,731	3,485	.0292
May.....	25,219	\$4,000	29,219	1,421,461	3,660	.0293
June.....	.....	.....	.....	377,967	1,033	.0332
July.....	.....	.....	.....	158,363	526	.0391
August.....	125,938	.....	125,938	124,946	434	.0409
September.....	.....	.....	.....	125,937	419	.0405
October.....	.....	10,000	10,000	7,419	39	.0406
November.....	.....	33,500	33,500	25,633	85	.0405
December.....	.....	.....	.....	39,177	153	.0461
Totals 1917.....	1,573,924	47,500	1,621,424	628,228	18,170	.0289
Totals 1916.....	.....	.....	7,823,000	2,675,600	69,183	.0258

Warrants purchased during 1917, distributed by maturities.

	60 days.	90 days.	Over 90 days.	Total.	
				1917	1916.
January.....			\$1,268,322	\$1,268,322	\$1,576,000
February.....		\$25,203	.....	25,203	630,600
March.....		2,575	.....	2,575	855,700
April.....			126,667	126,667	100,000
May.....			29,219	29,219	862,800
June.....					617,600
July.....					889,800
August.....	\$125,938	.....	.....	125,900	75,600
September.....					434,200
October.....		10,000	.....	10,000	1,200,300
November.....		33,500	.....	33,500	378,200
December.....					202,200
Total.....	159,438	37,778	1,424,208	1,621,424	7,823,000

VI. FEDERAL RESERVE NOTE ISSUES.

The comparative statement of condition of the Federal Reserve agent's accounts follows:

Comparative statement of the Federal Reserve Agent's accounts.

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
RESOURCES.			
Federal Reserve notes on hand.....	\$10,160,000	\$7,260,000	\$2,680,000
Federal Reserve notes outstanding.....	97,325,755	17,069,590	9,160,000
Federal Reserve notes sent to Comptroller of Currency for destruction.....	17,994,245	6,150,410	640,000
Bills to secure Federal Reserve notes.....	34,855,506	1,300,000	.....
Funds to redeem Federal Reserve notes:			
Gold coin and certificates on hand.....	4,220,000	3,730,000	4,160,000
Lawful money on hand.....	4,966,755	859,590	.....
Gold redemption fund.....	54,759,000	11,180,000	5,000,000
Gold with Federal Reserve Board.....			
Total.....	63,945,755	15,769,590	9,160,000
Total resources.....	224,281,261	47,549,500	21,640,000
LIABILITIES.			
Federal Reserve notes received from Comptroller of Currency (gross amount).....	125,480,000	30,480,000	12,480,000
Collateral received from Federal Reserve Bank.....	34,855,506	1,300,000	.....
Provision for redemption of Federal Reserve notes.....	63,945,755	15,769,590	9,160,000
Total liabilities.....	224,281,261	47,549,500	21,640,000

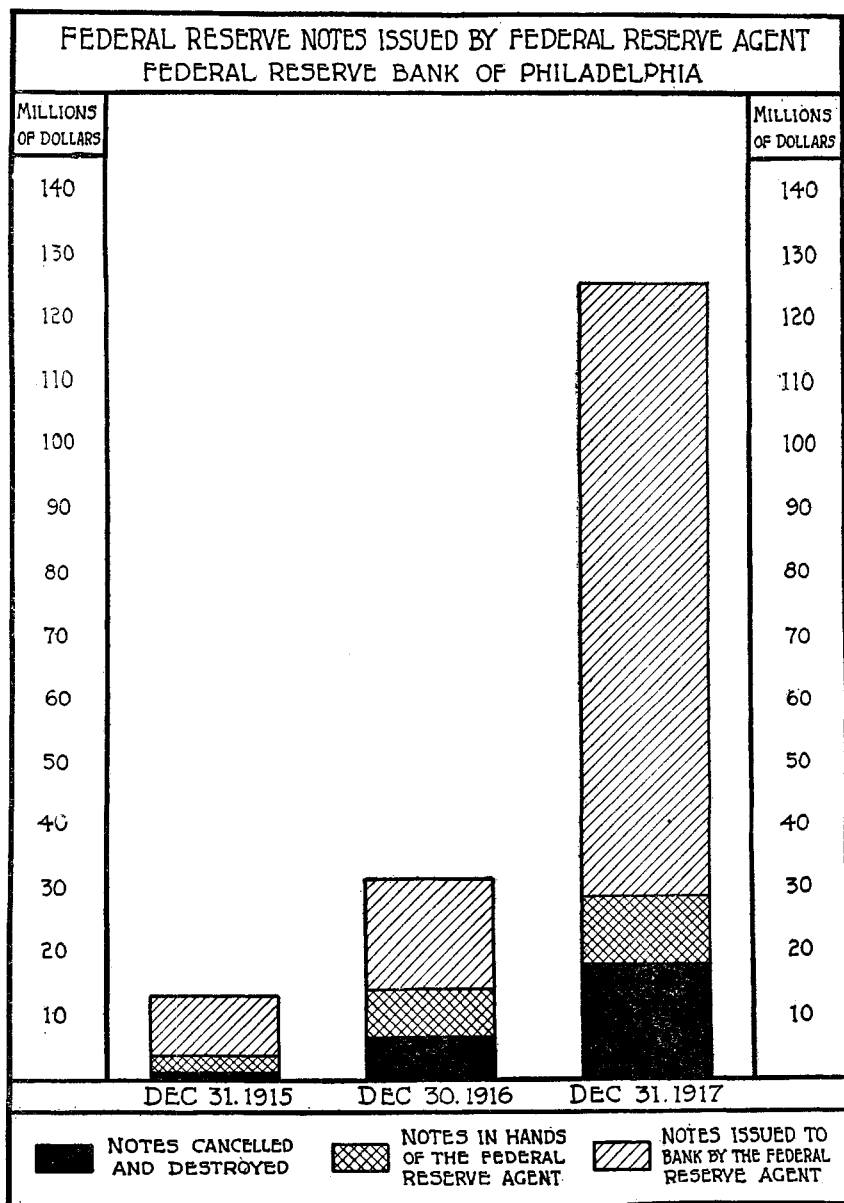


CHART No. 9.

The demand for currency has been heavy, due to the abnormal activity in all lines of business. The act of the Pennsylvania Legislature, making Federal Reserve notes a part of the lawful reserve of State institutions, effected the exchange of a considerable amount of gold held by such institutions for Federal Reserve notes. The amendment to the Federal Reserve Act, depriving vault cash of its former character of bank reserve, and requiring that all member bank reserves be carried with the Federal Reserve Bank exclusively, also induced the member banks to exchange their gold for Federal Reserve notes.

ISSUE OF NOTES BY MONTHS.

The amount of notes in circulation increased steadily, as shown by the following table:

Federal reserve notes issued and in actual circulation.

	Outstand- at begin- ing of month.	Issued during month.	Re- deemed.	Outstand- ing at end of month.	Held by Federal Reserve Bank at end of month.	In actual circulation at end of month.	
						1917	1916
January.....	\$17,069,590		\$240,900	\$16,828,690	\$741,595	\$16,087,095	\$8,068,555
February.....	16,828,690	\$6,060,000	785,220	22,103,470	1,253,975	20,849,495	7,485,060
March.....	22,103,470	4,040,000	433,200	25,710,270	1,372,835	24,337,435	7,062,455
April.....	25,710,270	5,280,000	557,700	30,432,570	1,335,445	29,097,125	6,655,055
May.....	30,432,570	4,400,000	529,500	34,303,070	1,123,155	33,179,915	6,156,380
June.....	34,303,070	8,400,000	797,400	41,905,670	2,116,850	39,888,820	6,679,130
July.....	41,905,670	1,000,000	701,710	42,203,960	846,920	41,351,040	7,322,000
August.....	42,203,960	4,100,000	831,900	45,472,060	2,269,400	43,202,660	6,920,010
September.....	45,472,060	10,700,000	1,353,925	53,318,135	2,291,625	51,026,510	7,134,080
October.....	53,318,135	14,700,000	1,698,250	65,528,385	4,415,280	61,113,105	8,047,290
November.....	65,528,385	17,000,000	1,173,720	81,354,665	2,930,265	78,424,400	12,601,630
December.....	81,354,665	17,920,000	1,948,910	97,325,755	4,348,590	92,977,165	16,898,450

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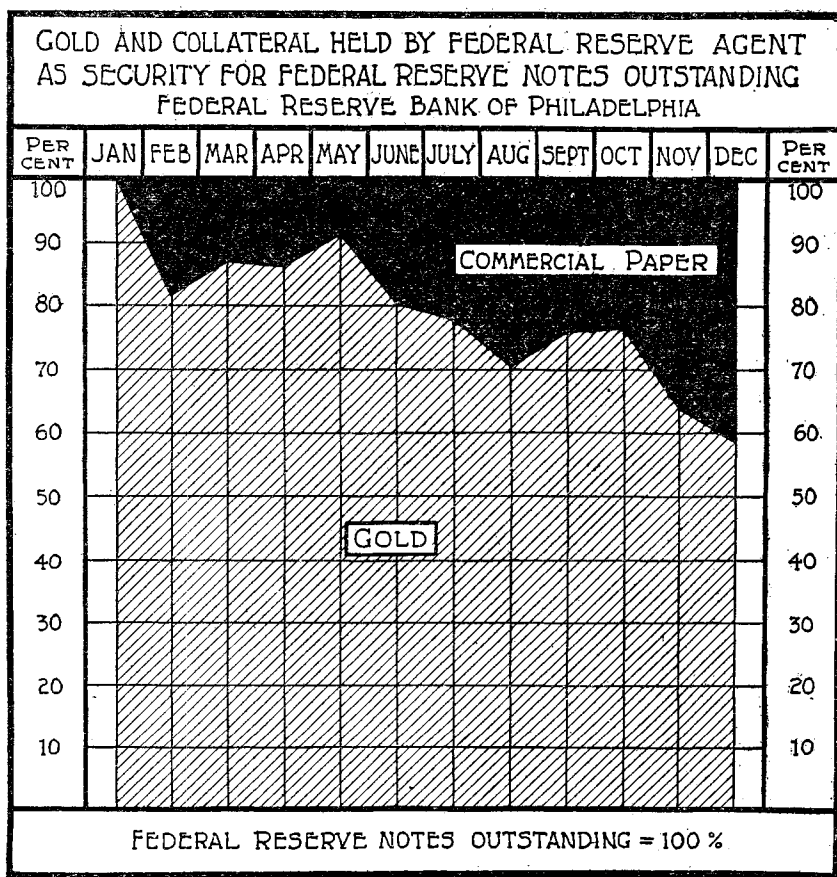


CHART No. 10.

DENOMINATIONS.

Notes of the denominations of \$10 and \$20 were especially in demand and were issued in large quantities, the following table showing the amount of each denomination issued:

Denominations of Federal Reserve notes issued during 1917.

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.	
						1917	1916
January.....						\$6,060,000	\$325,000
February.....	\$100,000	\$2,280,000	\$3,680,000				
March.....	360,000	2,400,000	1,280,000			4,040,000	
April.....	480,000	2,080,000	2,720,000			5,280,000	
May.....	200,000	1,080,000	2,720,000		\$400,000	4,400,000	
June.....	1,160,000	2,680,000	3,360,000	\$400,000	800,000	8,400,000	1,472,700
July.....		520,000	480,000			1,000,000	900,000
August.....	420,000	1,160,000	1,920,000	200,000	400,000	4,100,000	
September.....	1,720,000	4,140,000	3,600,000	890,000	350,000	10,700,000	680,000
October.....	2,300,000	4,680,000	4,720,000	1,800,000	1,200,000	14,700,000	1,360,000
November.....	1,200,000	4,800,000	6,800,000	1,000,000	3,200,000	17,000,000	6,080,000
December.....	3,160,000	4,920,000	7,040,000	1,600,000	1,200,000	17,920,000	3,340,000
Total, 1917.....	11,100,000	30,794,000	38,320,000	5,890,000	7,550,000	93,600,000	
Per cent of total.....	11.9	32.8	40.9	6.3	8.1	100	
Total, 1916.....	5,752,700	3,974,800	4,430,200				14,157,700

Interdistrict movement of notes.

In the following table are shown the amounts of the bank's own Federal Reserve notes received back from other Federal Reserve Banks, also amounts of notes of other Federal Reserve Banks returned to the latter by this bank during 1917:

Interdistrict movement of Federal Reserve notes.

	Received from—	Returned to—
Boston.....	\$634,700	\$368,000
New York.....	5,876,300	11,553,902
Cleveland.....	258,495	883,000
Richmond.....	323,920	798,000
Atlanta.....	150,650	311,000
Chicago.....	357,500	419,000
St. Louis.....	90,600	113,000
Minneapolis.....	17,000	122,000
Kansas City.....	11,600	129,000
Dallas.....	314,450	101,000
San Francisco.....	31,575	163,000
Total, 1917.....	8,066,790	14,960,902
Total, 1916.....	2,110,175	4,411,975

VII. INTERNAL MANAGEMENT OF THE BANK.

Directors Federal Reserve Bank of Philadelphia.

[Richard L. Austin, chairman and Federal Reserve agent. H. B. Thompson, deputy chairman. Charles J. Rhoads, governor.]

Class.	Name.	Residence.	Term expires.
A	Group 1.....	Charles J. Rhoads.....	Philadelphia, Pa.....
	Group 2.....	William H. Peck.....	Scranton, Pa.....
	Group 3.....	M. J. Murphy.....	Clarke Green, Pa.....
B	Group 1.....	A. B. Johnson.....	Philadelphia, Pa.....
	Group 2.....	E. S. Stuart.....	do.....
	Group 3.....	G. W. F. Gaunt.....	Mullica Hill, N. J.....
C	.....	Richard L. Austin.....	Philadelphia, Pa.....
	.....	H. B. Thompson.....	Wilmington, Del.....
	.....	J. Davis Brodhead ¹	Bethlehem, Pa.....

¹ Resigned Dec. 12, 1917.

DIRECTORS AND OFFICERS.

Mr. Levi L. Rue, president of the Philadelphia National Bank, was reelected as a member of the Federal Advisory Council to represent the Third Federal Reserve District.

In accordance with the amendment to the Federal Reserve Act approved June 21, Mr. H. B. Thompson became deputy chairman instead of deputy chairman and deputy Federal Reserve Agent. The office of assistant Federal Reserve Agent having been created, Mr. Arthur E. Post, who had acted as assistant to the Federal Reserve Agent, was appointed to that position. On August 1 Mr. Frank M. Hardt, cashier, was elected deputy governor and cashier, and on July 3 Mr. C. A. McIlhenny, then an officer of the Bank of

North America, was elected an assistant cashier, and on December 19 Mr. W. J. Davis was also elected an assistant cashier. These additions to the officers' staff were made necessary by the great increase in the business of this institution.

The board of directors continued without change during the year until December 12, when the Hon. J. Davis Brodhead felt compelled to resign because of having accepted a position with the Custodian of Alien Property.

The regular elections for a class A and a class B director were held from November 20 to December 4. Mr. Charles J. Rhoads, governor of the bank, though eligible for reelection as a class A director, declined to be a candidate, as he believed it to be for the best interests of the bank to have elected as class A directors men who are actively connected with member banks and are thus in a position to represent the stockholders. As the result of the election, Joseph Wayne, jr., was elected a class A director by group 1 banks and Hon. Edwin S. Stuart was reelected a class B director by group 2 banks. The votes cast were as follows:

GROUP 1, CLASS A.

Candidates.	First choice.	Second choice.	Third choice.
William Bromer, vice president National Bank of Schwenksville, Schwenksville, Pa.....		14	128
Allen P. Perley, president West Branch National Bank, Williamsport, Pa.....		128	14
Joseph Wayne, jr., president Girard National Bank, Philadelphia.....	142		

GROUP 2, CLASS B.

Robert Brown, manufacturer, Stroudsburg, Pa.....		21	52
John C. Ogden, general superintendent Cambria Steel Co., Johnstown, Pa....	3	51	19
Edwin S. Stuart, merchant, Philadelphia, Pa.....	70	1	2

At the close of the year the bank had 6 officers and 186 clerks, a total of 192, as compared with 4 officers and 85 clerks at the end of the previous year.

Of this increase in the clerical force, the greatest number has been added to the transit department. The work of the teller's department has become heavy, due to the large amount of cash handled daily, and it was necessary to add 15 note counters to the force there.

The issues of Liberty bonds have added greatly to the work of the fiscal agent's department. Its force was increased in order to handle the work incident to the payment of interest on Government bonds, the payment of Government checks, the handling of war-savings stamps, etc. The force of clerks in this department will probably have to be further increased.

The war has thrown much work on the Federal reserve bank, which it had neither the clerical force nor the equipment to properly

handle. The quarters of the bank are inadequate and the work was conducted under the greatest handicaps. Notwithstanding these difficulties the officers and clerks have labored without complaint, being on duty long hours, frequently working well into the night—one department working 40 hours at one stretch—in order to complete in time the figures in connection with the bond issues.

It is with great pleasure and due appreciation of these services that this acknowledgment is made of the faithful, efficient, and self-sacrificing work of the officers and clerks of this bank during the year.

TRANSIT DEPARTMENT.

The check-collection system inaugurated in May, 1916, has been expanded and improved and is becoming of daily increasing service to member banks. The average number of checks handled in the month of January was 9,104, and their value was \$7,038,420. The average number handled in December was 15,762, and the value \$18,037,952, an increase of 73 per cent in the number and of 156 per cent in the value of items handled during the last and first months of the year.

Of the 427 nonmember banks in the district, 310 are now taking items for remittance at par, a gain for the year of 78, and we have hopes that before long all nonmember banks will be included in our list.

There are 65 clerks in the transit department, an increase for the year of 25. The cost of the department, including charges on the shipments of money, was \$101,701. Of this amount \$79,582 was reimbursed through the service charge of 1½ cents per item, leaving a balance of \$22,120 of the cost of the department to be borne by the bank.

Transit department operations.

	Expenses of operation.	Depreciation charges.	Total expense.	Service charges.	Disbursements in excess of service charges.
January.....	\$6,372	\$308	\$6,680	\$6,243	\$437
February.....	5,440	385	5,825	5,694	131
March.....	6,361	392	6,753	6,444	309
April.....	5,890	393	6,283	6,543	1,260
May.....	5,836	370	6,206	6,062	144
June.....	6,825	395	7,220	6,403	817
July.....	7,261	398	7,659	6,683	976
August.....	8,917	408	9,325	7,576	1,755
September.....	9,284	409	9,693	5,560	4,133
October.....	9,836	425	10,261	7,875	2,386
November.....	10,244	426	10,670	6,518	4,152
December.....	13,249	507	13,756	7,987	5,769
Total, 1917.....	95,515	6,185	101,701	79,582	22,120
Total, 1916.....	34,241	5,000	39,241	.....	4,000

¹ Service charges in excess of disbursements.

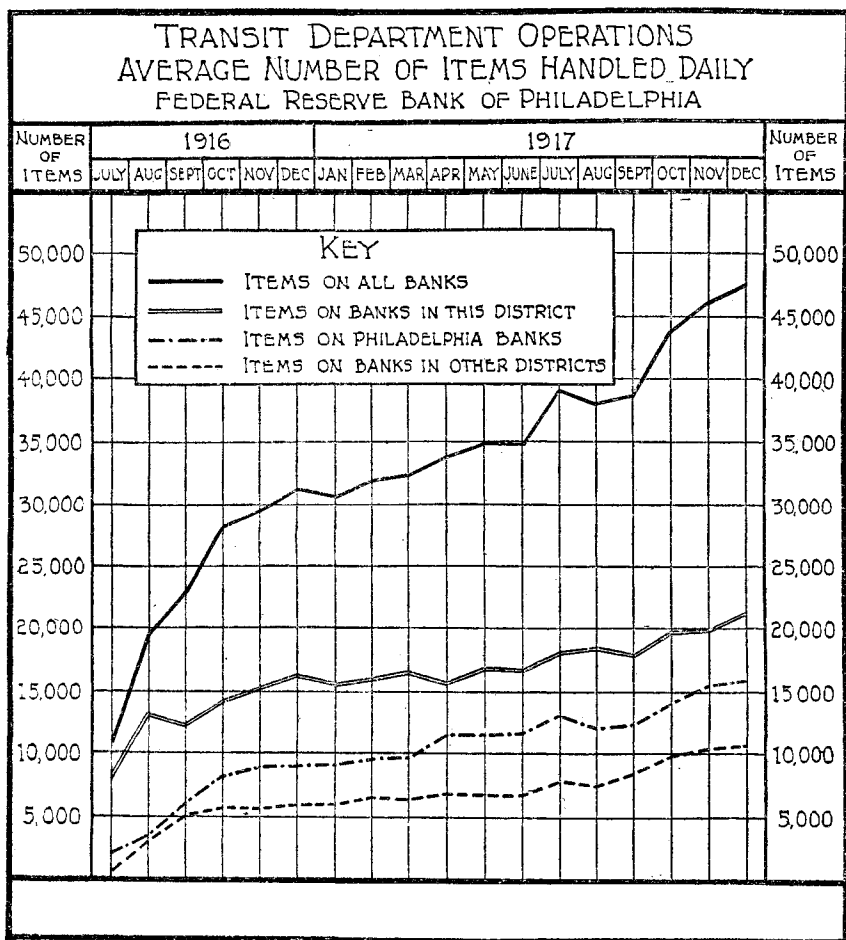


CHART No. 11.

Total number and amount of checks handled monthly and during the calendar year 1917.

	On Philadelphia banks.		On country banks in this district.	
	Number.	Amount.	Number.	Amount.
1917.				
January.....	236,705	\$182,998,925	404,966	\$52,170,483
February.....	209,967	199,859,376	349,088	46,345,061
March.....	258,170	246,290,587	445,015	54,268,671
April.....	271,590	255,466,069	375,565	56,344,330
May.....	294,068	292,196,057	435,497	62,575,631
June.....	297,818	344,434,393	429,996	63,741,011
July.....	325,518	302,315,872	453,704	67,128,277
August.....	328,261	327,342,255	497,679	68,456,618
September.....	293,780	284,939,508	431,250	68,090,876
October.....	367,892	397,418,830	514,031	80,355,151
November.....	370,357	419,819,276	476,590	76,022,606
December.....	394,055	450,948,801	526,329	83,281,933
Total, 1917.....	3,648,181	3,704,029,949	5,339,710	778,780,708
Total, 1916.....	1,121,179	1,301,401,864	2,679,110	312,245,482

	On banks in other reserve cities.		Total.	
	Number.	Amount.	Number.	Amount.
1917.				
January.....	157,938	\$153,902,963	799,609	\$389,072,371
February.....	143,180	140,741,052	702,235	386,945,489
March.....	167,366	178,894,749	870,551	479,454,007
April.....	163,116	186,862,433	810,271	498,672,832
May.....	178,405	221,114,500	907,970	575,886,188
June.....	178,243	244,368,130	906,057	652,543,564
July.....	199,866	207,465,530	979,088	576,909,679
August.....	203,435	223,313,333	1,029,375	619,112,236
September.....	203,538	239,951,955	928,568	592,982,339
October.....	257,420	289,379,806	1,139,343	767,153,787
November.....	249,609	278,349,990	1,096,556	774,191,872
December.....	262,265	299,336,688	1,182,649	833,567,422
Total, 1917.....	2,364,381	2,663,681,129	11,352,272	7,146,491,786
Total, 1916.....	670,454	999,204,762	4,470,743	2,612,852,108

Average number of items handled daily.

	On Philadelphia banks.		On country banks in this district.		On banks in other reserve cities.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1917.								
January.....	9,104	\$7,038,420	15,576	\$2,006,557	6,074	\$5,919,345	30,754	\$14,964,322
February.....	9,544	9,084,517	15,868	2,106,594	6,508	6,397,320	31,920	17,588,431
March.....	9,562	9,121,874	16,482	2,009,951	6,199	6,625,731	32,243	17,577,556
April.....	11,316	10,644,420	15,649	2,347,680	6,796	7,785,935	33,761	20,778,035
May.....	11,310	11,238,310	16,750	2,406,755	6,862	8,504,404	34,922	22,149,469
June.....	11,454	13,247,477	16,538	2,451,578	6,856	9,398,774	34,848	25,097,829
July.....	13,021	12,092,635	18,148	2,685,131	7,995	8,298,621	39,164	23,076,337
August.....	12,157	12,123,787	18,433	2,535,431	7,535	8,270,864	38,125	22,930,082
September.....	12,241	11,872,479	17,969	2,837,120	8,480	9,997,998	38,690	24,707,597
October.....	14,150	15,285,340	19,770	3,090,582	9,901	11,129,993	43,821	29,505,915
November.....	15,432	17,492,470	19,858	3,167,609	10,400	11,597,916	45,690	32,257,995
December.....	15,762	18,037,952	21,053	3,331,277	10,491	11,973,467	47,306	33,342,696
Total, 1917.....	12,087	12,273,306	17,674	2,581,355	7,481	8,825,030	37,603	23,679,692

GOLD SETTLEMENT FUND.

The gold settlement fund has been of great use in settling balances between Federal Reserve Banks and large amounts were cleared

weekly. The following table shows the summary of operations and the net gains and losses:

Gold settlement operations.

(000's omitted.)

Period covered.	Balance last statement.	Gold.		Transfer.		Total of weekly statements for period.				Balance after close of business for period.
		With-drawn.	Depos-ited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Dec. 22, 1916, to Jan. 25, 1917.....	15, 105	11, 300	.....	1, 885	3, 044	3, 932	185, 411	195, 564	14, 115	15, 117
Jan. 26 to Feb. 23, 1917.....	15, 117	1, 000	550	.....	.....	10, 523	158, 109	154, 297	6, 711	10, 855
Feb. 24 to Mar. 22, 1917.....	10, 855	4, 300	1, 690	.....	.....	.....	159, 994	169, 190	9, 196	17, 441
Mar. 23 to Apr. 19, 1917.....	17, 441	6, 699	300	552	.....	1, 586	177, 742	184, 147	9, 167	18, 071
Apr. 20 to May 17, 1917.....	18, 071	4, 120	4, 500	26, 300	.....	2, 919	199, 413	212, 116	15, 622	4, 854
May 18 to June 21, 1917.....	4, 854	3, 200	550	32, 000	.....	.....	257, 653	310, 882	53, 229	23, 433
June 22 to July 19, 1917.....	23, 433	1, 520	140	19, 000	.....	9, 147	207, 104	220, 023	22, 066	15, 972
July 20 to Aug. 23, 1917.....	15, 972	2, 250	20, 761	43, 000	.....	4, 751	278, 639	314, 023	40, 135	26, 867
Aug. 24 to Sept. 19, 1917.....	26, 867	2, 150	27, 383	38, 131	.....	11, 025	234, 807	248, 211	24, 429	27, 376
Sept. 20 to Oct. 18, 1917.....	27, 376	32, 800	30, 740	7, 000	13, 000	1, 698	253, 398	264, 029	12, 329	41, 947
Oct. 19 to Nov. 21, 1917.....	41, 947	59, 950	44, 965	79, 000	.....	.....	357, 168	442, 717	85, 549	33, 511
Nov. 22 to Dec. 20, 1917.....	33, 511	69, 570	73, 015	45, 000	1, 000	9, 590	317, 400	337, 281	20, 471	12, 837

COLLECTION DEPARTMENT.

On September 1, 1917, a collection department was established. Items received for the first four months were as follows:

	Number of items handled.	Amount.	Number paid.	Amount.	Number returned.	Amount.
September.....	80	\$89, 239	74	\$79, 553	7	\$8, 836
October.....	134	367, 246	146	363, 907	8	3, 339
November.....	186	664, 065	174	661, 604	12	2, 461
December.....	242	1, 143, 353	219	1, 119, 912	23	23, 440

The greater proportion of this business comes through other Federal Reserve Banks and consists of drafts with bills of lading attached, coupons, notes, and checks on which special advice of payment is requested.

The only charges made have been our service charge of 10 cents per item, none of the remitting or crediting banks having made any charge for exchange during the period mentioned in the above table.

GOVERNMENT DEPOSITS.

The work in connection with the Government department has grown considerably. During the year 375,276 Government checks, amounting to \$216,604,043 were handled, 5 clerks being regularly assigned to this work.

VIII. GENERAL BANKING CONDITIONS IN THE DISTRICT AND RELATIONS WITH MEMBER BANKS.

On January 1, 1917, there were 631 member banks in the district. During the year 4 national banks were organized; 6 went out of existence, and 7 State institutions joined the system, making a total membership of 636.

We give below a table showing the relation of the Third Federal Reserve District compared with the districts of the other banks. It is interesting to note that while the area of the district is only 1.2 per cent of the entire area of the country, the population is 6.4 per cent and the resources of the member national banks 8.1 per cent.

Federal Reserve district.	Population.	Per cent.	Square mils.	Per cent.	Total resources of member banks (000 omitted).	Per cent.	Number of member national banks.	Per cent.
Boston.....	6,963,987	6.7	61,345	2.0	\$1,144,154	6.9	388	5.1
New York.....	13,111,816	12.7	51,890	1.8	4,478,494	27.1	624	8.2
Philadelphia.....	6,632,611	6.4	36,844	1.2	1,338,811	8.1	627	8.3
Cleveland.....	9,314,762	9.0	73,310	2.5	1,719,441	10.4	751	9.8
Richmond.....	9,278,461	9.0	152,314	5.1	825,670	5.0	514	6.7
Atlanta.....	10,055,640	9.7	247,209	8.3	539,923	3.3	376	4.8
Chicago.....	14,154,175	13.7	190,513	6.4	2,131,874	12.9	1,036	13.5
St. Louis.....	9,291,698	9.0	194,767	6.5	633,725	3.8	466	6.1
Minneapolis.....	5,164,426	4.9	414,074	13.8	784,745	4.7	747	9.7
Kansas City.....	7,404,443	7.1	473,611	15.8	1,161,353	7.0	949	12.7
Dallas.....	5,637,290	5.4	394,161	13.6	601,160	3.7	622	8.1
San Francisco.....	6,631,164	6.4	683,852	23.0	1,177,578	7.1	534	7.0
Total.....	103,640,473	100.0	2,973,890	100.0	16,536,928	100.0	7,634	100.0

BANKING POWER OF DISTRICT.

The total banking resources of the district reached a new record in 1917. The following figures include national banks (as of Sept. 11), State banks, and trust companies:

Banking institutions—District No. 3.

[000's omitted.]

	Capital.	Surplus.	Undivided profits.	Individual deposits.	Bank deposits.	Total resources.
Pennsylvania:						
National banks (535).....	\$68,877	\$90,385	\$25,053	\$789,133	\$163,938	\$1,209,999
State institutions (301 reporting).....	73,691	96,609	45,781	604,473	70,767	981,010
Total (836).....	142,568	186,994	70,834	1,393,611	234,705	2,191,009
New Jersey:						
National banks (72).....	6,242	7,035	3,017	82,649	1,525	109,515
State institutions (40).....	5,336	5,038	2,007	56,197	959	71,563
Total (112).....	11,578	12,073	6,024	138,846	2,484	181,078
Delaware:						
National banks (22).....	1,589	1,617	696	13,263	812	19,297
State institutions (27).....	3,687	3,933	1,962	44,100	874	56,091
Total (49).....	5,276	5,550	2,658	57,369	1,686	75,338
Totals:						
National banks (629).....	76,708	99,037	28,766	885,056	166,175	1,338,811
State institutions (368).....	82,714	105,580	49,750	704,770	72,600	1,108,664
Total (997).....	159,422	204,617	78,516	1,589,826	238,775	2,447,474

COMBINED STATEMENT OF CONDITION OF MEMBER BANKS.

A comparative statement of condition of member banks is given in the following table:

	Date of comptroller's call.			
	Sept. 12, 1914. ¹	Sept. 2, 1915.	Sept. 12, 1916.	Sept. 11, 1917.
RESOURCES.				
Loans and discounts.....	\$518,774,000	\$527,799,000	\$597,371,000	\$647,542,000
United States bonds.....	60,843,000	61,438,000	58,812,000	91,707,000
Other bonds, securities, etc.....	150,673,000	198,582,000	244,462,000	283,356,000
All other resources.....	267,188,000	267,289,000	295,338,000	317,256,000
Total.....	1,003,478,000	1,055,108,000	1,195,983,000	1,338,811,000
LIABILITIES.				
Capital stock.....	76,875,000	77,248,000	76,814,000	76,708,000
Surplus.....	98,761,000	98,150,000	97,304,000	99,037,000
Undivided profits.....	20,759,000	21,100,000	24,460,000	28,766,000
National-bank notes outstanding.....	64,197,000	58,278,000	56,291,000	55,596,000
Individual deposits.....	570,342,000	640,800,000	759,894,000	877,549,000
Bank deposits.....	159,796,000	149,604,000	166,926,000	166,175,000
All other liabilities.....	12,748,000	9,868,000	14,294,000	34,980,000
Total.....	1,003,478,000	1,055,108,000	1,195,983,000	1,338,811,000

¹ The figures for 1914 include only those banks now in this district.

RESERVE CONDITION OF MEMBER BANKS.

The banks have maintained strong reserve positions as shown by the following table. On September 12, 1914, two months prior to the inauguration of the new banking system, the banks held excess reserves of only \$22,000,000 above the then required reserve of \$175,000,000. When the Federal Reserve Act went into operation, \$50,000,000 of reserves were released.

Reserve condition of member national banks.

[000's omitted.]

Date of comp- troller's call.	In vault.		With Federal Reserve Bank.		With approved reserve agents.		Total.		Excess.
	Held.	Re- quired.	Held.	Re- quired.	Held.	Re- quired.	Held.	Re- quired.	
1914.									
Dec. 31	\$59,727	\$39,612	\$18,512	\$17,467	\$81,328	\$39,612	\$159,567	\$96,691	\$62,876
1915.									
Mar. 4	59,946	41,731	20,603	18,507	101,359	41,731	181,908	101,970	79,939
May 1	54,066	42,349	20,459	18,818	106,072	42,349	180,598	103,516	77,082
June 23	60,453	43,189	21,248	19,236	111,402	43,189	193,104	105,613	87,497
Sept. 2	48,299	36,516	19,443	16,625	98,752	36,516	166,493	89,657	76,836
Nov. 10	50,420	38,428	20,238	17,550	94,407	38,428	165,065	94,406	70,659
Dec. 31	50,886	37,822	27,267	24,092	75,215	30,957	153,368	92,872	60,496
1916.									
Mar. 7	55,568	40,663	28,899	25,954	93,868	33,309	178,835	99,926	78,409
May 1	51,157	40,898	26,712	26,106	87,232	33,501	165,101	100,505	64,596
June 30	46,863	40,324	34,108	33,013	73,487	25,704	154,458	99,041	55,417
Sept. 12	55,485	42,591	41,294	34,856	80,821	27,120	177,600	104,567	73,033
Nov. 17	51,633	44,308	47,443	44,308	78,036	20,222	177,112	108,838	68,274
Dec. 27	53,492	44,038	62,114	44,038	66,690	20,032	182,296	108,108	74,188
1917.									
Mar. 5	54,418	46,224	59,877	46,224	85,007	21,067	199,302	113,515	85,787
May 1	52,661	46,579	63,578	46,579	77,645	21,234	193,884	114,392	79,492
June 20	50,663	44,580	64,553	44,580	64,996	20,238	180,212	109,398	70,814
Sept. 11			68,347	70,310			68,347	70,310	1,963
Nov. 20			74,277	68,066			74,277	68,066	6,221

DEPOSITS, LOANS, AND BORROWINGS OF MEMBER BANKS.

Borrowings by member banks are shown in the following table. The average ratio between loans and deposits for the past three years has been 79.3 per cent.

The banks in the district are generally not heavy borrowers, but they have become accustomed to relying on the Federal Reserve Bank for assistance. On December 31, 1915, of the total borrowings from all sources by banks in the district, only 5.5 per cent was from this institution. On November 20, 1917, this figure was 78.4 per cent.

Member banks—District No. 3.

Date.	Deposits.	Loans and discounts.	Rate.	Borrowings from Federal Reserve Bank.	Borrowings from sources other than Federal Reserve Bank.	Total borrowings.	Per cent borrowed from Federal Reserve Bank.
1914.			<i>Per ct.</i>				<i>Per cent.</i>
Dec. 31.....	\$757,895,000	\$629,971,000	83.0	\$786,000	\$6,678,000	\$7,464,000	10.5
1915.							
Mar. 4.....	766,350,000	630,516,000	82.3	608,000	3,245,000	3,853,000	18.0
May 1.....	774,550,000	642,200,000	82.9	627,000	4,654,000	5,281,000	11.9
June 23.....	794,940,000	638,372,000	80.3	599,000	4,773,000	5,372,000	11.1
Sept. 2.....	640,859,000	527,798,000	82.3	646,000	2,880,000	3,526,000	18.3
Nov. 10.....	670,195,000	553,556,000	82.5	127,000	2,049,000	2,176,000	5.8
Dec. 31.....	680,957,000	553,338,000	81.2	168,000	2,887,000	3,055,000	5.5
1916.							
Mar. 7.....	705,576,000	567,036,000	80.4	189,000	2,041,000	2,230,000	8.5
May 1.....	728,365,000	587,185,000	80.6	502,000	2,380,000	2,882,000	17.4
June 30.....	723,071,000	590,604,000	81.6	530,000	2,108,000	2,638,000	20.1
Sept. 12.....	759,894,000	597,371,000	78.6	263,000	2,323,000	2,586,000	10.1
Nov. 17.....	809,209,000	621,491,000	77.7	563,000	4,151,000	4,714,000	11.9
Dec. 27.....	893,279,000	612,720,000	76.2	1,563,000	8,538,000	10,101,000	15.5
1917.							
Mar. 5.....	819,658,000	626,192,000	76.4	1,080,000	5,132,000	6,212,000	17.7
May 1.....	856,440,000	637,270,000	73.7	1,281,000	5,843,000	7,104,000	17.7
June 20.....	834,139,000	727,275,000	75.2	17,108,000	9,738,000	26,846,000	63.6
Sept. 11.....	877,549,000	647,542,000	73.8	14,080,000	6,771,000	20,851,000	67.5
Nov. 20.....	1,137,208,000	664,215,000	58.5	23,101,000	6,427,000	29,528,000	78.4

RELATION OF LOANS AND DEPOSITS OF PHILADELPHIA CLEARING-HOUSE MEMBERS.

The following figures, concerning members of the Philadelphia Clearing House Association, are given as a matter of interest, as the Philadelphia member banks contribute 42 per cent of the capital of the Federal Reserve Bank and carry balances with it amounting to 56 per cent of the total member bank deposits with the Federal Reserve Bank.

Philadelphia clearing-house members, 1917.

[000's omitted.]

	Capital stock.	Loans, discounts, and investments.	Deposits.			Ratio of loans to deposits.
			Bank.	Individual.	Total.	
January.....	\$30,370	\$532,200	\$178,360	\$478,480	\$656,840	81.0
February.....	30,370	545,740	185,050	482,790	667,840	81.8
March.....	30,370	550,740	188,240	474,020	662,860	83.1
April.....	30,370	552,330	187,020	490,130	677,150	81.5
May.....	30,470	561,230	171,670	486,140	657,810	85.3
June.....	31,470	552,810	169,310	470,230	639,540	86.5
July.....	31,470	554,910	164,680	469,600	634,280	87.5
August.....	31,470	550,890	163,180	466,260	629,440	87.6
September.....	31,470	561,790	164,720	476,310	641,030	87.5
October.....	31,470	573,160	174,340	495,050	669,390	85.6
November.....	31,470	600,980	173,720	492,400	666,120	90.2
December.....	31,470	592,550	169,110	472,070	641,180	92.5

ACCEPTANCES UP TO 100 PER CENT.

The following banks, all located in Philadelphia, have been given authority to accept up to 100 per cent of their capital and surplus, as provided by the Federal Reserve Act: Fourth Street National Bank, Girard National Bank, Philadelphia National Bank, Tradesmen's National Bank, Market Street National Bank.

There was approved on June 7, 1917, an act of the State legislature empowering State banks and trust companies to accept drafts and issue letters of credit, and it is expected that the acceptance business of the banks in the district will become an increasing item.

Acceptance liabilities of member banks.

Date of comptroller's call—	Amount.
Dec. 31, 1915.....	\$2,809,000
Mar. 7, 1916.....	5,751,000
May 1, 1916.....	6,219,000
June 30, 1916.....	5,234,000
Sept. 12, 1916.....	5,084,000
Nov. 17, 1916.....	8,640,000
Dec. 27, 1916.....	8,309,000
Mar. 5, 1917.....	8,852,000
May 1, 1917.....	6,154,000
June 20, 1917.....	8,513,000
Sept. 11, 1917.....	9,732,000
Nov. 20, 1917.....	7,522,000

BANKS GRANTED FIDUCIARY POWERS.

This bank has received many applications from members for permission to act as trustee, executor, etc. There is a conflict of opinion

as to whether or not national banks in the States comprising this district can legally act in fiduciary capacities without enabling legislation, and we do not know which of the following institutions, whose applications have been approved, have actually undertaken to act in a fiduciary capacity.

Banks of the district which have been granted special powers.

Location.	Name of bank.	Powers granted.
Delaware:		
Frederica.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Seaford.....	do.....	Do.
Laurel.....	Peoples National Bank.....	Do.
New Jersey:		
Atlantic City..	Atlantic City National Bank.....	Do.
Do.....	Union National Bank.....	Trustee, executor, and administrator.
Cape May.....	Merchants National Bank.....	Registrar of stocks and bonds.
Princeton.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Trenton.....	do.....	Do.
Do.....	Broad Street National Bank.....	Do.
Pennsylvania:		
Anncville.....	Anncville National Bank.....	Do.
Belleville.....	Belleville National Bank.....	Trustee, executor, and administrator.
Blossburg.....	Miners National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Dubois.....	Deposit National Bank.....	Do.
Do.....	DuBois National Bank.....	Do.
Ephrata.....	Farmers National Bank.....	Trustee, executor, and administrator.
Harrisburg.....	Merchants National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Hazleton.....	Hazleton National Bank.....	Do.
Huntingdon.....	First National Bank.....	Do.
Jenkintown.....	Jenkintown National Bank.....	Trustee, executor, administrator.
Johnstown.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Lansdale.....	do.....	Do.
Lititz.....	Farmers National Bank.....	Do.
Marietta.....	Exchange National Bank.....	Do.
Maytown.....	Maytown National Bank.....	Do.
Mountville.....	Mountville National Bank.....	Do.
Myerstown.....	Myerstown National Bank.....	Do.
Nanticoke.....	First National Bank.....	Do.
Nazareth.....	Nazareth National Bank.....	Do.
Newville.....	First National Bank.....	Do.
Patton.....	do.....	Do.
Pen Argyl.....	do.....	Do.
Philadelphia..	Fourth Street National Bank.....	Registrar of stocks and bonds.
Do.....	Eighth National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Do.....	Philadelphia National Bank.....	Registrar of stocks and bonds.
Do.....	Quaker City National Bank.....	Do.
Do.....	Southwark National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Reading.....	Penn National Bank.....	Do.
Scranton.....	Third National Bank.....	Registrar of stocks and bonds.
Stroudsburg..	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Tioga.....	Grange National Bank.....	Do.
Topton.....	National Bank of Topton.....	Trustee, executor, and administrator.
West Chester..	National Bank of Chester County.....	Trustee, executor, administrator, and registrar of stocks and bonds.
West Grove....	National Bank of West Grove.....	Do.
Wilkes-Barre..	Second National Bank.....	Do.
Williamsport..	West Branch National Bank.....	Do.
York.....	Industrial National Bank of West York.	Do.

IX. STATE BANK MEMBERSHIP.

The Legislature of Pennsylvania passed an act, approved July 17, 1917, authorizing any bank or trust company incorporated under the laws of the State to become a member of a Federal Reserve Bank, and in such event to be subject to all the provisions of the act of Congress known as the Federal Reserve Act, allowing any such bank or trust company to comply with the reserve requirements of such act in lieu of those established by the laws of the State, and permitting the commissioner of banking to accept the examinations and audits made pursuant to such act in lieu of those required by the laws of the State.

The movement of State banking institutions into the Federal Reserve system began in August when the directors of the Miners' Deposit Bank of Lykens, Pa., resolved to apply for admission. On October 16 the Girard Trust Co. of Philadelphia filed its application, which was approved by the Federal Reserve Board on November 5, and on that date the company become a member. Since then the following trust companies have been admitted: Philadelphia Trust Co., Philadelphia; Commercial Trust Co., Philadelphia; Pennsylvania Co., Philadelphia; Camden Safe Deposit & Trust Co., Camden, N. J.; Wilmington Trust Co., Wilmington, Del. This makes the number of State member banks 7. The banking institutions that have been admitted have resources of \$168,683,000. They have added \$831,300 to the capital of this bank and \$12,576,000 to its deposits.

There are 285 banks and trust companies eligible for membership. Signs of interest in the matter of membership have been manifested throughout the district, and we believe it will not be very long before most of the State institutions have made application for admission. Membership in the Federal Reserve system is looked upon as evidence of the strength of a banking institution, and ultimately we have every confidence that all institutions will be member banks.

As shown by the reports of the loan and transit operations there has been a marked increase in the use of the facilities of the Federal Reserve Bank by the member banks, and we hear on all sides expressions of deepest satisfaction with the system. The Liberty loan transactions brought the bank into direct contact with all the State institutions of the district and have done much to establish cordial relations with them.

X. FISCAL AGENCY OF THE UNITED STATES.

The most important function performed by the bank during the year was its part in the placing of the Liberty loans and United States certificates of indebtedness.

Promptly following the receipt on May 3 of word from the Secretary of the Treasury that he had decided to use the Federal Reserve Banks as the central agencies in their districts in organizing the campaign for placing the bonds and certificates of indebtedness, receiving subscriptions, handling payments, delivering bonds, etc., and that he had communicated with all banks in the United States asking them to cooperate with the Federal Reserve Banks, a conference was held with the representatives of all the banking interests and the owners or managers of the newspapers of Philadelphia to consider plans for conducting the work. As a result of this conference, the governor of the Federal Reserve Bank was asked to appoint a general committee to have charge of the campaign, which committee was duly organized. Other committees were formed to conduct particular branches of the work. Committees of bankers and those connected with other lines of business were organized in nearly every local community, and the work of placing the bonds was undertaken with the utmost vigor. Depositors of banks were communicated with—the public interest was developed and stimulated through addresses at public meetings, at the theaters and other places of amusement, at meetings of employees in shops and stores. Scholars and teachers in the schools were organized for the work, newspaper advertising and posters were freely used. Facilities were furnished by the banks which made it possible to meet subscriptions by weekly payments, for the safe keeping of the bonds without charge, and for making loans on bonds at the same rate of interest as that borne by the bonds.

In both campaigns practically the same organization was used, it being, however, more developed and enlarged and made more comprehensive for the second campaign.

The conduct of the campaigns was actively supervised by committees, upon the chairmen of which fell the greater burden of the work.

These men and their associates on these committees were untiring in their work, all their time was placed at the disposal of the committees, and in the successful conducting of the campaigns they rendered services which could not have been bought and which were of inestimable value to their country.

Especial acknowledgment should be made of the services of the investment bankers, who practically suspended their private business to undertake the sale of the Liberty loans. They placed at the service of the committee a large and efficient force of bond salesmen whose training and experience did much toward the success of the campaign.

The report of the Liberty loan campaign committee gives the names of over 4,000 persons serving as chairmen of the various general and local committees, cooperating with whom were more than 25,000 people. It is a matter of deep regret that there is not sufficient space in this report to permit the publication of all their names.

Many banking institutions throughout the district availed themselves of the opportunity to become depositaries of the proceeds of Liberty bonds, 32 banks, 82 trust companies, and 200 national banks being appointed such depositaries. To pass upon and care for the securities for these deposits, securities committees composed of three bank officers were appointed in 15 cities and banking institutions were appointed as custodians of securities. In Philadelphia committees of bank officers nominated by the Philadelphia Clearing House Association acted as the securities committees and custodians of securities. The securities sent to the Philadelphia custodians were deposited with the clearing house. Securities to the value of nearly \$200,000,000 were handled by these committees and custodians. This service was all voluntary, without compensation, and involved a considerable sacrifice of time, but it was of inestimable value in facilitating the settlements for Liberty loan bonds.

The amount of Liberty bonds subscribed for and allotted in this district and the number of subscribers were as follows:

	Amount sub- scribed.	Amount allotted.	Number of subscribers.
First Liberty loan	\$232,309,250	\$165,147,600	476,000
Second Liberty loan	380,350,250	280,184,100	623,000

Of the second Liberty loan \$8,167,600 was subscribed for by the scholars and teachers of the public and parochial schools of Philadelphia.

The allotments of issues of Treasury certificates of indebtedness to this bank were practically all taken by the banking institutions of the district. At the close of subscription, the bank sometimes had left a moderate amount of certificates, but in all but one instance they were finally absorbed by belated subscriptions. The subscriptions for the certificates made through this bank were as follows:

United States certificates of indebtedness.

	Amount allotted to subscribers.	Number of subscribers in each group.	Total amounts allotted to each group.
Issued Apr. 25, due June 30; 3 per cent.	\$25,000 and less	43	\$530,000
	Over \$25,000 to \$50,000	30	780,000
	Over \$50,000 to \$100,000	24	1,250,000
	Over \$100,000 to \$250,000	16	1,760,000
	Over \$250,000 to \$500,000	9	2,700,000
	Over \$500,000 to \$1,000,000	8	5,000,000
		130	12,000,000
Issued Apr. 27, due June 30; 3 per cent.	\$25,000 and less	37	345,000
	Over \$25,000 to \$50,000	12	305,000
	Over \$50,000 to \$100,000	5	250,000
	Over \$100,000 to \$250,000	1	100,000
	Over \$250,000 to \$500,000		
	Over \$500,000 to \$1,000,000		
		55	1,000,000
Issued May 4, due June 30; 3 per cent.	\$25,000 and less	24	195,000
	Over \$25,000 to \$50,000	4	105,000
	Over \$50,000 to \$100,000	2	100,000
	Over \$100,000 to \$250,000	5	600,000
	Over \$250,000 to \$500,000		
	Over \$500,000 to \$1,000,000		
		35	1,000,000
Issued May 10, due July 17; 3½ per cent.	\$25,000 and less	94	682,000
	Over \$25,000 to \$50,000	35	825,000
	Over \$50,000 to \$100,000	28	1,491,000
	Over \$100,000 to \$250,000	14	1,432,000
	Over \$250,000 to \$500,000	8	2,050,000
	Over \$500,000 to \$1,000,000	5	3,500,000
		184	10,000,000
Issued May 25, due July 30; 3½ per cent.	\$25,000 and less	125	888,000
	Over \$25,000 to \$50,000	24	610,000
	Over \$50,000 to \$100,000	29	1,486,000
	Over \$100,000 to \$250,000	19	2,595,000
	Over \$250,000 to \$500,000	7	1,921,000
	Over \$500,000 to \$1,000,000	3	1,500,000
		207	9,000,000
Issued June 8, due July 30; 3½ per cent.	\$25,000 and less	91	767,000
	Over \$25,000 to \$50,000	35	939,000
	Over \$50,000 to \$100,000	28	1,492,000
	Over \$100,000 to \$250,000	18	2,315,000
	Over \$250,000 to \$500,000	10	2,741,000
	Over \$500,000 to \$1,000,000	3	2,146,000
		185	10,400,000
Issued Aug. 9, due Nov. 15; 3½ per cent.	\$25,000 and less	82	687,000
	Over \$25,000 to \$50,000	29	735,000
	Over \$50,000 to \$100,000	25	1,330,000
	Over \$100,000 to \$250,000	31	3,993,000
	Over \$250,000 to \$500,000	8	2,155,000
	Over \$500,000 to \$1,000,000	6	3,900,000
		181	12,800,000
Issued Aug. 28, due Nov. 30; 3½ per cent.	\$25,000 and less	76	703,000
	Over \$25,000 to \$50,000	37	975,000
	Over \$50,000 to \$100,000	33	1,970,000
	Over \$100,000 to \$250,000	14	1,777,000
	Over \$250,000 to \$500,000	8	2,655,000
	Over \$500,000 to \$1,000,000	2	1,802,000
		170	9,882,000

United States certificates of indebtedness—Continued.

	Amount allotted to subscribers.	Number of subscribers in each group.	Total amounts allotted to each group.
Issued Sept. 17, due Dec. 15; 3½ per cent.	\$25,000 and less.....	71	\$600,000
	Over \$25,000 to \$50,000.....	22	555,000
	Over \$50,000 to \$100,000.....	20	1,012,000
	Over \$100,000 to \$250,000.....	10	1,350,000
	Over \$250,000 to \$500,000.....	6	1,700,000
	Over \$500,000 to \$1,000,000.....	5	3,000,000
	Subscribed to by Federal Reserve Bank.....	134	8,217,000
		134	8,850,000
Issued Sept. 26, due Dec. 15; 4 per cent.	\$25,000 and less.....	129	1,189,000
	Over \$25,000 to \$50,000.....	50	1,271,000
	Over \$50,000 to \$100,000.....	29	1,554,000
	Over \$100,000 to \$250,000.....	30	3,841,000
	Over \$250,000 to \$500,000.....	6	1,850,000
	Over \$500,000 to \$1,000,000.....	11	10,295,000
		255	20,000,000
Issued Oct. 18, due Nov. 22; 4 per cent.	\$25,000 and less.....	181	1,806,000
	Over \$25,000 to \$50,000.....	75	2,047,000
	Over \$50,000 to \$100,000.....	45	2,355,000
	Over \$100,000 to \$250,000.....	28	3,410,000
	Over \$250,000 to \$500,000.....	6	1,550,000
	Over \$500,000 to \$1,000,000.....	14	12,832,000
		349	24,000,000
Issued Oct. 24, due Dec. 15; 4 per cent.	\$25,000 and less.....	31	361,000
	Over \$25,000 to \$50,000.....	21	628,000
	Over \$50,000 to \$100,000.....	13	660,000
	Over \$100,000 to \$250,000.....	11	1,310,000
	Over \$250,000 to \$500,000.....	7	1,800,000
	Over \$500,000 to \$1,000,000.....	8	8,841,000
		91	13,600,000
Issued Nov. 30, due June 25, 1918, 4 per cent.	\$25,000 and less.....	24	216,000
	Over \$25,000 to \$50,000.....	2	87,000
	Over \$50,000 to \$100,000.....	8	420,000
	Over \$100,000 to \$250,000.....	11	1,488,000
	Over \$250,000 to \$500,000.....	1	400,000
	Over \$500,000 to \$1,000,000.....	7	8,881,000
		53	11,492,000

XI. RÉSUMÉ OF BUSINESS CONDITIONS.

January.—The year commenced with an excellent undertone to general business conditions. However, the possibility of peace resulting from the exchange of notes caused hesitation in all lines of business, and developed a spirit of caution on the part of buyers in contracting for goods in excess of immediate wants. Commercial failures during 1916 were fewer than the preceding year and the liabilities of the companies involved were less in amount. Of the concerns failing 94 per cent were conducting business with less than \$5,000 capital. The year 1916 was one of comparatively low crop production, but the prices obtained for most of the crops were extraordinarily high. The value of the products of farms in the district shows a gain of about 44 per cent for 1916 over 1915. Rates for money were easier than the preceding month. Call money declined from 5 per cent to 3½ per cent.

February.—The difficulties of the railroads and steamship companies in moving goods promptly, the scarcity and inefficiency of labor, and the increased cost and inadequate supply of coal and other materials curtailed production somewhat. Activity continued in practically all industrial and other lines of business, and no difficulty was experienced in disposing of products. In some localities there was much conservatism in the placing of new orders. Quite a number of important industrial concerns enlarged their plants. Collections were generally satisfactory. There was a general feeling of confidence and optimism as to the future, but on account of the extraordinary conditions and the uncertainty of the foreign situation, business was conducted in a cautious and conservative way. Locomotive business was reported as unprecedentedly favorable. Money rates remained easy. The announcement of Germany's new submarine policy resulted in violent declines in the prices of securities.

March.—While less active than the preceding months, the volume of business transacted in most lines continued on a large scale. Stimulated by the United States Government's inquiries and orders, prices of many articles were further advanced. Because of the uncertain foreign situation, however, commitments were undertaken with caution. In response to a questionnaire to which 362 business concerns replied, 67 per cent reported business "excellent or good," 13 per cent "fair," and 20 per cent "uncertain or bad." Two hundred and thirty-seven concerns reported the outlook to be "excellent or good," and 118 "fair, uncertain, or bad." An average increase during the past year of 26 per cent in wages and 49 per cent in cost of materials was reported. Money rates were easy.

April.—The entrance of the United States into the war caused advances in prices, greater demand for goods, and greater scarcity in materials in many lines of trade. Manufacturing plants throughout the district were running as fully as the supply of labor and materials would permit. The problem of deliveries in many cases was very annoying because of the limitation of output and troublesome transportation conditions. The labor situation became very acute. The condition of the winter wheat crop was reported 15 per cent below normal. There arose a patriotic desire on the part of the people in agricultural sections to do their full duty toward producing the maximum amount of foodstuffs, but on account of the high prices and scarcity of fertilizer, the high price of seed, and the scarcity and high wages of labor, it appeared that the acreage planted in food crops could not be increased materially. The attempt was made to have people put forth extra efforts in planting vegetable gardens for their own account. Retail trade during March was reported as the largest in history, but after Easter trade fell off very

much. It was felt that this was largely due to the practicing of economy on the part of the public which was so earnestly recommended. The prospect of large Government borrowings caused hesitation in the investment of funds. Sales of securities fell off and prices declined.

May.—Manufacturing plants operated as near capacity as possible. A slowing up became noticeable, however, in retail trade and among the jobbers of wearing apparel of all kinds, due to extremely high prices, unseasonable weather, the economy campaign, and the fact that most consumers were pretty well supplied. Some of the department stores were compelled to reduce their staffs of employees because of curtailed sales. The potato acreage in Pennsylvania was estimated at 108 per cent in comparison with last year. Manufacturers of goods not essential to war, such as carpets, lace curtains, and tapestries, did not have enough orders to warrant more than 50 per cent operation. Surplus reserves of the Philadelphia banks decreased \$20,000,000. Money rates stiffened considerably, call money advancing from $3\frac{1}{2}$ to 4 per cent. The prevailing rate for paper was 5 per cent.

June.—There was a noticeable improvement in business conditions in those lines which are especially dependent upon weather conditions, higher temperatures having stimulated demand for many summer specialities and business in seasonable merchandise was well up to normal in volume. The Philadelphia department stores reported considerable improvement and expected business to continue good. The automobile pleasure car business was reported as not very good. Cotton and wool prices were very high. A further decrease in the surplus reserves of the Philadelphia banks to the lowest point since December, 1916, forced up call money to 5 per cent. Commercial paper ruled at $5\frac{1}{2}$ per cent. The rediscount feature of the Federal Reserve Bank was availed of to a very considerable extent. Financial institutions were occupied with the flotation of the Liberty Loan.

July.—There was no change, generally speaking, in the great business activity prevailing in this section. In nearly every line, the manufacturer, jobber and retailer report the volume of business large and results satisfactory, although there was no cessation of complaints of the difficulty in obtaining workers, the scarcity of fuel, and unsatisfactory transportation conditions. Uncertainty due to possible legislation as to price control adversely affected some lines. Rates for money continued firm, call money and paper being quoted at 5 per cent. Due to the high cost of materials and high wages, very much more money was required to conduct business than formerly, and customers borrowed freely from their banks and lines of credit were used to the full.

August.—There was no important development in the business situation. A strong tendency toward cautiousness existed on the part of buyers, owing to the uncertainty of future prices and the high cost and scarcity of many kinds of goods. There was a steady readjustment to war conditions, but business men generally expected an active fall and winter business. Great difficulty was reported in all lines in securing sufficient skilled and unskilled labor and office help, which, in some cases, forced production below normal. The high cost of building materials and labor resulted in the cessation of building for investment. Manufacturing druggists and chemists were taxed to the limit taking care of emergency orders required by the European countries, the United States Government and the Red Cross. Member banks continued to avail themselves quite freely of the rediscount feature of the Federal Reserve Bank. Financial institutions were well loaned up, and the money market remained on a firm 5 per cent business. There was a good commercial demand for funds. Public interest in the security markets was at a low ebb.

September.—Plants throughout the district continued busy and manufacturers generally expected a very large volume of business owing to the tremendous quantities of business needed by the Government for carrying on the war. Retail distribution of fall merchandise showed a very satisfactory increase in activity, demand being stimulated by cool weather and the return of many people to the city, but there was some complaint that the high prices were restricting the movement in certain lines. Wholesale orders were placed in considerable amounts, especially for staples in dry goods, furnishings, notions, underwear, etc. All lines were prevented from working to capacity by the uncertain deliveries, scarcity of raw materials, and the shortage of labor. Money rates advanced, best names selling at $5\frac{1}{2}$ per cent.

October.—The outstanding feature of financial and business conditions was the concerted effort of practically all the financial institutions and a great many industrial concerns to make the second Liberty loan an unqualified success. General business conditions continued to be prosperous, and retail trade retained its activity. The predominating influence of the war was felt in nearly all lines of industry, and Government orders took precedence over private business. As a result, the normal demand was somewhat obscured, and a marked conservation in placing orders for deliveries next spring was noticeable. The scarcity of cars resulted in very unsatisfactory deliveries of coal. Government orders for coal produced a shortage in the supply available for the customary needs of domestic and commercial consumers. The production of iron and steel mills was seriously curtailed by the scarcity of fuel. The sugar shortage, caused by the fact that much of the Cuban crop was purchased by the

allied Governments, was reported to be purely temporary. Another cause of the scarcity was that consumers were buying far ahead of their needs, thereby reducing the already small supply in the hands of the dealers, but relief was in sight from the new Louisiana and Hawaiian crops, also western beet sugar. Bank clearings reached a high record figure—\$1,678,000,000 for the district. Rates for commercial paper were firm at $5\frac{1}{2}$ to 6 per cent. A continuation of liquidation of high-grade investment securities resulted in a further decline in prices.

November.—Manufacturing industries were running at high pressure, but were somewhat restrained by the very considerable difficulties encountered in securing supplies and sufficient labor. The large ball-bearing plants in the district were seriously affected by the falling off in the production of automobiles, for which the largest part of the output of ball bearings was used. Cotton prices reached a level hitherto unattained for a long period of years. Retail trade conditions generally appeared to be stationary. Collections were good, except in the case of a few industries which were affected adversely by war conditions and the working out of the new Government policies. Building operations were curtailed owing to the high cost and difficulty in obtaining labor and materials and the difficulty experienced by builders in securing advances of money from financial institutions. Exports from the port of Philadelphia reached \$62,724,000, a new record, the increase being largely due to heavy shipments of powder. Opinion throughout the district was unanimous in agreeing that the railroads should receive an advance in freight rates. Rates for paper continued firm at $5\frac{1}{2}$ to 6 per cent. There was an average demand for loans in most quarters, but in some parts of the district borrowers used full lines of credit.

December.—The industries engaged in producing supplies for war purposes were running at as near capacity as possible. Other industries, however, felt to a considerable extent the circumstances which tended to cut down their output; the demand for their product decreased, and they were unable to meet the wages which the munition factories offered. Christmas trade was rather disappointing and not up to normal. Many merchants did not carry as large stocks as was their custom in previous years, owing to their unwillingness to put in large stocks of goods at the prevailing high prices and because of their inability in many instances to secure goods from the manufacturers. The coal situation was considerably aggravated by the appearance of cold weather earlier than usual. Some manufacturing plants were forced to operate on a margin of not more than one or two days' supply of coal. Building operations practically ceased, except where absolutely necessary. The total of the Christmas sav-

ings funds carried by the banks in the district amounted to upward of \$10,000,000, which was about \$500,000 ahead of 1916. The number of depositors was approximately 350,000. Payments on account of Liberty loan subscriptions caused a shrinkage in loanable funds, and money rates were firm. The call-money rate was advanced to 6 per cent and the rate for paper to 5½ per cent.

BANK CLEARINGS.

The growth of business in the district during the year is shown in the following table of bank clearings, which are the largest on record. Of course the high prices of goods constituted a prominent cause for the big increase.

Clearings in the Third District.

1917.	Philadelphia.	District outside of Philadelphia.	Total for district.	Per cent increase compared with 1916.
January.....	\$1,397,691,175	\$97,000,832	\$1,494,692,007	36
February.....	1,251,517,407	83,891,961	1,335,409,368	29
March.....	1,467,016,516	97,276,863	1,564,293,379	43
April.....	1,410,313,000	101,560,000	1,511,873,000	38
May.....	1,477,700,000	99,545,000	1,577,245,000	41
June.....	1,503,806,000	99,932,000	1,603,738,000	40
July.....	1,331,836,519	99,272,488	1,431,109,007	29
August.....	1,368,485,000	92,576,000	1,461,061,000	36
September.....	1,337,772,768	91,846,400	1,429,619,168	23
October.....	1,569,400,000	109,360,000	1,678,760,000	25
November.....	1,532,682,000	99,532,000	1,632,214,000	20
December.....	1,549,512,824	102,350,996	1,651,863,820	14
Total for year.....	17,197,733,209	1,174,144,540	18,371,877,749	26

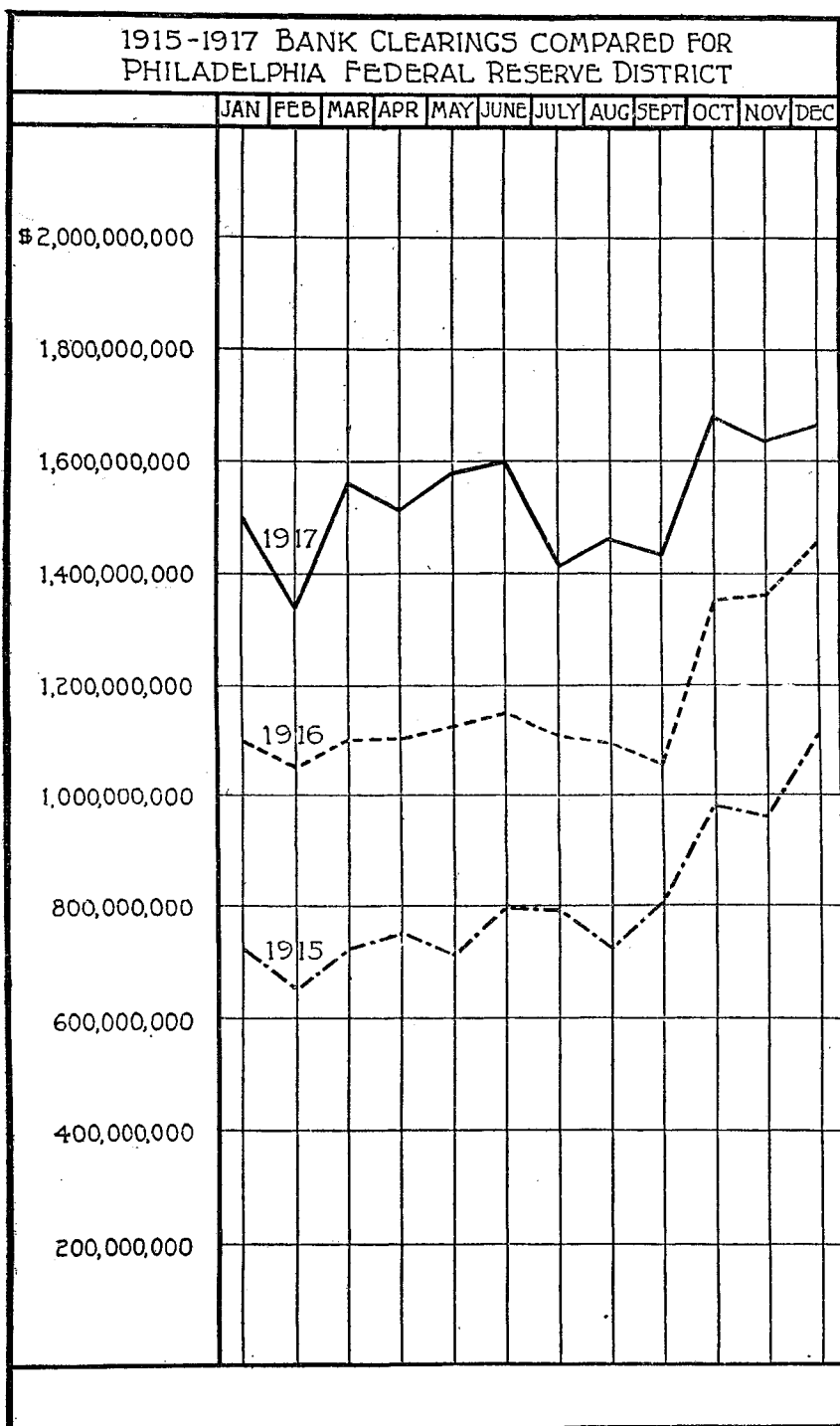


CHART No. 12.

COMMERCIAL FAILURES.

The year 1917 showed a continued falling off in the number of commercial failures, and during the month of September there were only 40, the smallest number for any month we reported. Of these, 37 were concerns doing business with a capital of \$5,000 or less.

The following table has been compiled from Bradstreet's report of commercial failures in the district:

Bradstreet's report of commercial failures in the Third Federal Reserve District, classified as to capital employed.

	\$5,000 and less.		\$5,000 to \$20,000.		\$20,000 to \$50,000.		\$50,000 to \$100,000.		\$100,000 to \$500,000.		Total.	
	1917	1916	1917	1916	1917	1916	1917	1916	1917	1916	1917	1916
January.....	73	90	2	4	.....	1	.....	.....	1	1	75	96
February.....	48	95	2	7	.....	.....	.....	.....	1	1	51	103
March.....	56	96	3	4	2	1	.....	.....	.....	.....	61	101
April.....	54	64	1	2	1	1	.....	.....	.....	.....	56	67
May.....	58	44	2	2	1	.....	2	.....	.....	.....	61	48
June.....	40	46	4	3	1	1	.....	.....	.....	.....	45	50
July.....	44	55	3	2	1	.....	.....	.....	.....	.....	48	57
August.....	46	60	2	5	.....	.....	1	.....	.....	.....	49	65
September.....	37	69	1	2	2	1	.....	.....	1	1	40	73
October.....	58	84	4	.....	2	1	.....	1	1	1	65	87
November.....	58	78	.....	7	2	1	.....	.....	.....	.....	60	86
December.....	57	88	3	1	2	2	1	1	.....	1	63	93
Total.....	629	869	27	39	14	9	2	4	2	5	674	926

IMPORTS AND EXPORTS.

Exports from the port of Philadelphia during the year 1917 were the largest on record, and in October, a new high mark of \$62,724,000 was reached, due chiefly to heavy shipments of powder. Besides munitions of war, other important items exported in large quantities were grain and petroleum. Naturally, in view of the foreign situation, imports declined in comparison with the previous year. Figures prepared by the Commissioners of Navigation follow:

Business through the port of Philadelphia.

	Exports.		Imports.	
	1917	1916	1917	1916
January.....	\$43,634,046	\$11,738,378	\$9,093,450	\$7,387,295
February.....	57,652,322	9,801,012	9,041,989	9,176,185
March.....	38,879,748	15,567,739	7,488,047	9,625,334
April.....	39,880,979	34,688,268	11,103,862	11,336,364
May.....	42,507,832	24,830,464	11,424,218	12,854,821
June.....	41,284,111	24,286,752	14,304,452	13,552,856
July.....	21,451,383	27,890,704	8,953,507	10,740,537
August.....	57,381,188	37,013,839	9,247,078	8,221,037
September.....	24,093,366	44,377,332	8,276,928	6,806,542
October.....	62,724,000	25,217,112	4,486,000	7,602,789
November.....	32,309,000	41,467,209	4,106,000	6,946,608
December.....	40,158,000	25,165,429	4,446,000	6,712,340
Total.....	501,964,975	321,044,815	101,971,531	111,407,851

FREIGHT CAR MOVEMENT.

We give below tables showing the loaded freight car movement on the Pennsylvania, Lehigh Valley, and Delaware, Lackawanna & Western Railroads during the months of 1917 compared with each month of the preceding year.

Pennsylvania R. R. loaded freight car movements at Lewiston Junction.

	Bituminous coal, eastbound.		Coke, eastbound.		Miscellaneous, eastbound.		Miscellaneous, westbound.		Total.	
	1917	1916	1917	1916	1917	1916	1917	1916	1917	1916
January.....	41,132	54,046	5,563	4,812	33,820	36,211	21,047	20,382	101,562	115,451
February.....	35,216	43,711	4,290	5,242	31,024	33,113	18,733	19,565	89,263	101,631
March.....	45,843	50,548	5,751	6,277	38,833	38,211	24,629	23,040	115,056	118,076
April.....	41,192	44,691	5,552	4,999	39,103	43,258	24,375	24,274	110,222	117,222
May.....	45,785	41,527	5,643	5,022	38,085	39,304	26,201	23,648	115,714	109,501
June.....	42,824	39,885	6,034	4,701	34,382	32,922	26,257	25,620	109,497	103,128
July.....	41,367	42,184	6,366	4,608	33,057	32,113	25,479	28,170	106,269	107,075
August.....	40,442	47,027	5,796	4,593	30,618	35,059	24,775	28,452	101,631	115,131
September.....	38,215	42,752	5,596	4,668	31,766	35,537	22,821	28,318	98,398	111,275
October.....	33,099	43,051	5,503	5,216	30,211	37,141	20,834	27,019	94,557	112,427
November.....	40,031	40,088	5,404	5,433	26,917	37,629	17,641	23,857	80,993	107,007
December.....	32,193	38,184	4,449	5,088	19,300	31,670	9,958	20,829	65,900	95,771
Total.....	482,249	527,694	65,947	60,659	387,116	432,168	262,750	293,174	1,198,062	1,313,695

Lehigh Valley R. R. loaded freight car movements.

	1917	1916		1917	1916
January.....	289,219	297,819	August.....	318,009	335,263
February.....	244,925	266,846	September.....	327,812	324,700
March.....	324,971	325,845	October.....	344,041	363,008
April.....	316,078	317,627	November.....	336,766	340,832
May.....	382,768	345,947	December.....	248,001	300,992
June.....	356,900	313,584	Total.....	3,824,382	3,854,386
July.....	334,832	321,923			

Delaware, Lackawanna & Western R. R. freight car mileage made on rails in the State of New Jersey.

	1917	1916		1917	1916
January.....	2,694,942	2,894,378	August.....	2,539,253	2,660,564
February.....	2,241,833	2,529,818	September.....	2,391,001	2,883,864
March.....	2,964,152	2,798,402	October.....	2,685,839	2,883,864
April.....	2,779,917	2,704,331	November.....	2,498,603	2,805,530
May.....	3,190,253	2,715,220	December.....	2,281,811	2,007,211
June.....	3,069,278	2,651,817	Total.....	31,971,678	32,817,533
July.....	2,626,794	2,684,534			

STOCK-EXCHANGE TRANSACTIONS.

The decline in prices of securities, which reached their high point in November 1916, together with the Government war issues, and the consequent desire of investors to have their money in liquid form, in order to purchase Government obligations, resulted in a marked

contraction in transactions on the Philadelphia Stock Exchange. There was little public interest in the market throughout the year. In the month of November, 1916, 1,035,085 shares were traded in, whereas in November of 1917, the number was only 284,170. The bond business, however, was reasonably satisfactory. Transactions on the Philadelphia Stock Exchange are shown in the following table:

Philadelphia Stock Exchange transactions.

	Number of shares.		Cost of bonds.	
	1917	1916	1917	1916
January.....	404,319	388,194	\$2,396,150	\$2,528,130
February.....	357,474	632,619	2,007,700	1,932,970
March.....	382,839	293,431	1,536,635	1,865,300
April.....	278,141	235,001	2,065,464	1,541,600
May.....	369,140	294,750	1,185,400	1,572,550
June.....	187,464	281,670	796,350	1,498,395
July.....	393,542	169,023	1,657,250	1,155,450
August.....	219,187	230,882	1,269,970	1,402,150
September.....	256,558	559,062	2,054,850	1,180,776
October.....	327,698	508,992	2,507,100	1,723,900
November.....	284,170	1,035,085	987,300	1,779,110
December.....	260,156	753,417	1,249,250	1,323,130
Total.....	3,820,688	5,382,156	19,713,419	19,503,461

BUILDING OPERATIONS.

Building operations decreased considerably from the mark reached in 1916. The high cost of labor and materials and inability of builders to secure advances from financial institutions are given as the reasons. Figures of building operations in Philadelphia given below are indicative of general building conditions throughout the district. The bulk of the depreciation was due to the falling off in the construction of two-story houses, which amounted to \$11,438,355.

Building operations in Philadelphia.

	Number of operations.		Estimated cost.	
	1917	1916	1917	1916
January.....	613	736	\$2,144,630	\$1,859,090
February.....	815	1,086	4,042,115	2,437,750
March.....	1,147	1,606	3,470,625	4,590,630
April.....	1,337	1,915	5,009,740	6,227,780
May.....	971	1,524	3,558,355	4,791,255
June.....	763	1,709	2,328,755	5,147,115
July.....	592	1,040	5,195,365	3,101,685
August.....	666	1,217	1,554,115	4,472,120
September.....	578	1,153	2,252,765	3,301,310
October.....	748	1,337	2,030,475	4,055,045
November.....	461	1,181	1,629,425	4,451,925
December.....	270	1,079	740,020	5,460,865
Total.....	8,961	15,613	33,956,385	49,896,520

POSTAL BUSINESS.

Monthly postal receipts at the Philadelphia post office exceeded \$1,000,000 for the first time in the month of November, when the figures reached \$1,077,115. The increase shown is due, of course, to a large extent, to the higher postage rates which became effective about that time.

Comparative statement of the postal and money-order business of the Philadelphia post office.

	Postal business.		Money-order business.	
	1917	1916	1917	1916
January.....	\$887,803	\$795,730	\$2,101,685	\$1,764,609
February.....	763,553	768,419	1,940,608	1,773,654
March.....	911,439	848,540	2,393,709	2,005,457
April.....	845,997	780,454	2,049,152	1,840,750
May.....	843,591	816,427	2,082,896	1,868,081
June.....	785,701	753,425	2,115,971	1,859,586
July.....	703,971	659,289	2,062,602	1,759,901
August.....	734,499	693,636	2,206,179	1,864,638
September.....	817,806	750,615	2,225,889	1,832,810
October.....	973,469	830,311	2,507,410	1,970,602
November.....	1,077,115	826,095	2,401,672	1,985,087
December.....	1,160,298	968,010	2,636,275	2,287,716
Total.....	10,505,242	9,490,951	26,724,048	22,813,041

CROPS, COLD STORAGE HOLDINGS, TOBACCO.

The farmers in the district harvested good crops, which were in excellent condition for the most part. Farmers were, however, harassed by inability to secure farm labor, and in many instances were forced to aid each other. Some crops had to be sacrificed, as the farmers were unable to harvest them. The new wheat crop appears to have a good start, but the acreage planted is about the same as last year. Cold storage plants in the district reported an increase of 29 per cent in the holdings of eggs compared with the previous year, 19 per cent in butter, and 53 per cent in cheese. Holdings of meat, however, declined from 10 to 15 per cent on the average. The tobacco fields of Pennsylvania are estimated to have produced over 58,000,000 pounds of tobacco during 1917, according to the Department of Agriculture. This is an increase of approximately 9,000,000 pounds over the 1916 crop. Prices paid averaged as high as 25 to 30 cents a pound.

DISTRICT NO. 4—CLEVELAND.

D. C. WILLS, Chairman and Federal Reserve Agent.

It has been frequently urged that the primary function of the Federal Reserve Bank is that of service—first, in mobilizing reserves; second, in rediscounting; and third, in providing an elastic currency; and that it did not greatly matter whether or not the Federal Reserve Banks might be money-making institutions. With vastly increased opportunities for service during the past year, however, the Federal Reserve Banks have demonstrated their capacity to earn a very comfortable margin over their expenses. The Federal Reserve Bank of Cleveland has made net earnings during the year sufficient to pay its entire arrearage of accrued dividends; but as a matter of banking prudence, it has been deemed wise to provide an ample reserve against depreciation, and accumulated dividends have therefore been paid to July 1, 1917. All furniture and equipment have been charged off the books. The expenses at the same time have naturally increased markedly with the rapidly expanding activities.

Chart No. 1, appended hereto, shows graphically the gross earnings, both in total and divided into the three chief classes of revenue, together with the expenses and net earnings, and Exhibit A gives the data in tabular form. Chart No. 2 shows the relation of revenue-producing assets to capital stock. Exhibit B contains the daily average of invested funds, and the average rate of earnings on each class of investments, for each month of the year, compared with each month of 1916, and summary of investment operations is also shown in this exhibit.

Exhibit C is a comparative balance sheet as at the close of business December 30, 1916, and December 31, 1917.

Exhibit D is the comparative profit and loss account for the years 1916 and 1917.

The extraordinary history of the United States during the year has tended toward a uniformity of experience in business and banking conditions throughout the country. District No. 4 is very largely a manufacturing district, and its record for the year as such is quite similar to that of the other industrial districts. It is the leading dis-

trict in the production of primary iron and steel products, and its industries of this character have of course been taxed to capacity throughout most of the year, together with industries in most other lines, although there has been some slight recession from the peak after the completion of contracts for munitions, etc., from foreign Governments, and pending the placing of orders for our own Government. This district also ranks high in agricultural products; and although the planting season was late and cold, the crops have been large and profitable. Building industries have been checked somewhat by the high cost of materials and labor. Transportation difficulties have been very great, and in many lines have severely retarded production as well as distribution. The district, although containing a very large part of the bituminous coal supply of the country, has suffered a severe coal shortage during the last part of the year, owing in part to transportation difficulties, in part to the situation which arose from the fixing of coal prices, and in part to the necessities of the Northwest for coal, resulting in the priority order for Lake shipments; in some cases, industries have been obliged to close down for short periods because of lack of fuel. In spite of the untoward conditions above referred to, however, the general prosperity has been great, and the record of the district in Liberty loan subscriptions is evidence not only of the patriotism and thrift of our people, but also of surplus wealth produced. Between the first and second Liberty loans, the deposits in the banks of the district showed an actual increase of about 3 per cent. The growth of resources of member banks during the year is shown in Exhibit E.

DISCOUNTS FOR MEMBER BANKS.

The operations of the Federal Reserve Bank of Cleveland in rediscounts have immensely increased during the latter months of the year. This increase has been produced not only by the financing of Liberty loans, but by the demands of industry and commerce, which have required large amounts of working capital for financing current orders and operations, increased notably by high cost of materials and labor and consequent large inventories, and to some extent by the delays in production and deliveries incident to the difficulty of obtaining materials and the inadequate transportation facilities.

Exhibit F shows the year's operations in rediscounts for member banks under the several classes of paper, and classified by maturities, with the same data for 1916.

While the demand for money has increased and the money rates have tended to harden, no general advance in rates of rediscount at this bank was deemed advisable until December 1, when this bank in common with most of the other Federal Reserve Banks announced slight advances.

Exhibit G shows the rates throughout the year for the various classes and maturities of paper.

The growth in the use of trade acceptances has been marked during the latter part of the year. It was to have been expected that the usual reluctance to change would deter banks and business houses from the adoption of this new system until an active demand for money and credit and for the facilities of the Federal Reserve Banks should furnish a practical demonstration of the advantages of this kind of paper. From the inauguration of the Federal Reserve system, the best-informed men have felt that the adoption of the trade-acceptance system was only a matter of time, but that a considerable amount of time would be necessary before it should become the commoner method of closing accounts. It now seems that in less time than was anticipated, the system may come into very general operation. The Federal Reserve Bank of Cleveland has been active in the promotion of the adoption of the system at every opportunity, having been represented at a number of meetings of trade organizations for conferences on the subject, and having furnished information to a very large number of inquirers both by mail and in person. A large number of copies of the booklet, "Why Accept?" have been ordered through this bank during the year by business houses introducing the system among their trade.

BANKERS' ACCEPTANCES.

Transactions in bankers' acceptances have been large, although recently the bank has not been actively in the market for bankers' bills because of the needs of our member banks. District No. 4 being rather more self-contained than some of the other districts, however, there have been occasions when the demands of member banks in other districts were so much greater, proportionately, than in this district, that other Federal Reserve Banks have found it desirable to dispose of some of their investments in bankers' bills, and the Federal Reserve Bank of Cleveland has been glad to be of service to the general situation by making large purchases on these occasions—thus providing the intercommunication and leveling up between the reservoirs which was intended in the establishment of the system of 12 banks, but without the necessity of rediscounting for any other Federal Reserve Bank its member banks' paper. A number of the larger banks in district No. 4 have entered the acceptance field, discounting bills for both foreign and domestic trade during the year, and the Federal Reserve Bank of Cleveland has purchased the bills of its own member banks freely when offered.

The following member banks have, upon application, been granted the right to accept up to 100 per cent of their capital and surplus

during the year: Fifth-Third National Bank, Cincinnati; Cleveland Trust Co.; First National Bank, Cleveland; Union National Bank, Cleveland; Union Trust Co., Pittsburgh.

Exhibit H shows the transactions in bankers' acceptances during the year as compared with 1916.

UNITED STATES BONDS.

Transactions in the older issues of Government securities have of course been practically suspended since the offering of the first Liberty loan. Purchases of small amounts of bonds from member banks have been made as a matter of accommodation. Exhibit I shows the transactions in Government securities.

MUNICIPAL WARRANTS.

As soon as war was declared and it became apparent that the facilities of the Federal Reserve Banks would probably be needed by their member banks, the Federal Reserve Bank of Cleveland, in accordance with the wise suggestion of the Federal Reserve Board and in common with the other Federal Reserve Banks, withdrew entirely from the market for municipal warrants, and has since purchased only small amounts of early maturing municipal bonds for which sinking funds had been provided, merely as an accommodation to member banks desiring to dispose of such bonds. The transactions in municipal warrants are shown in Exhibit J.

RESERVE POSITION.

The reserve position of the bank has remained strong in spite of the demands upon its loaning power. This has been due chiefly to the increased reserve required to be maintained in the Federal Reserve Banks by the amendment of section 19 of the Federal Reserve Act, but also in part to the large increases in capital and reserve deposits on account of the accession of important State banks to our membership, as well as the increase in the capital and surplus of banks already members; and in some degree also to the considerable sums of gold patriotically sent by both member and State banks to strengthen the position of the system, either as excess deposits or in exchange for Federal Reserve notes. Exhibit K shows the changes in reserve position during the year.

STATE BANK MEMBERS.

The movement of the larger and more progressive State banks to join the Federal Reserve system has been marked in this district.

This movement was known to be ultimately inevitable, and has been of course stimulated largely by the amendment of section 9 of the Federal Reserve Act as well as by a recognition of the added strength and prestige given to any bank by voluntary membership in the system, but has been also in large part due to a patriotic response to the forceful appeal of the President and a desire to do everything necessary to fortify the position of our banking system against all possible contingencies arising from the war. Some considerable credit must also be given to the member banks, who have shown in many cases their growing appreciation of the value of membership, thus encouraging nonmembers to join the system.

The following State banks have been admitted to membership during the year :

Date of admission.	Name of bank.	Location of bank.	Capital and surplus.
1917.			
Apr. 11	Cleveland Trust Co.	Cleveland, Ohio.....	\$5,000,000
July 2	Guardian Savings & Trust Co.	do.....	6,000,000
Nov. 1	Lawrence Savings & Trust Co.	New Castle, Pa.....	600,000
Nov. 8	Citizens Savings & Trust Co.	Cleveland, Ohio.....	8,000,000
Do....	Citizens Trust & Savings Bank.....	Columbus, Ohio.....	850,000
Nov. 21	Ohio Bank & Trust Co.	Massillon, Ohio.....	187,500
Do....	Hillsboro Bank & Savings Co.	Hillsboro, Ohio.....	62,000
Nov. 24	City Trust & Savings Bank.....	Youngstown, Ohio.....	350,000
Nov. 30	Union Trust Co. of Pittsburgh.....	Pittsburgh, Pa.....	36,000,000
Dec. 3	Exchange Bank of Kentucky.....	Mount Sterling, Ky.....	75,000
Dec. 14	Pittsburgh Trust Co.	Pittsburgh, Pa.....	3,000,000
Dec. 28	First Standard Bank & Trust Co.	Maysville, Ky.....	235,000

Exhibit L shows the changes in the membership, in capital stock, and in reserve deposits during the year.

RELATIONS WITH MEMBERS AND THE PUBLIC.

Exhibit M shows the accommodation which has been extended to member banks through rediscounts and purchase of acceptances during the year compared with 1916.

Overdrafts have been small in volume, and of those which have appeared a number have been due to delays in the mail service.

The required reserve deposits of member banks have been quite generally maintained unimpaired, and although it has been necessary to assess penalties for deficient reserves upon a small number of banks each month, the disposition to maintain reserves in conformity with the law, or beyond requirements, has been apparent on the part of most banks. Weekly reports of required reserve are made by banks in the reserve cities and semimonthly reports by all other banks.

One member bank has been closed by the comptroller during the year. The Federal Reserve Bank of Cleveland has had no losses and has no past-due paper on its books.

Through its Liberty loan transactions the bank has come into touch with the general public to a far greater degree than would have been thought possible at the beginning of the year. Arising out of this relation has come a realization of the functions played by the Federal Reserve Banks, not only as fiscal agents of the Government, but in steadying the money market and in providing for the distribution of the immense amounts of money and credit which have been moving throughout the country. This practical experience has confirmed the impression which the public very generally entertained even in advance of many banks, that the Federal Reserve system is a tremendously useful and practically indispensable servant of the public welfare; and undoubtedly great good is already resulting from the strengthening of this conviction.

RELATIONS WITH THE GOVERNMENT.

The relation of the Federal Reserve Bank to the Government is of course the outstanding feature of the year's history. In the Federal Reserve Bank of Cleveland a fiscal agency department, with a staff of 60 persons, has been created in a few months, occupying almost half of the entire floor space required by the bank. This department does not include members of the Liberty loan committees, but is occupied in the distribution of bonds and certificates, the collection of and accounting for payments, the arrangements with depositary banks, tabulation of data, and in general the handling of the business produced by the great success of the "sales force," the Liberty loan committee, which has rendered such conspicuous voluntary service.

THE FIRST LIBERTY LOAN.

The call of the Secretary of the Treasury for organization to obtain subscriptions to the first Liberty loan was received by the Federal Reserve Bank of Cleveland on May 3, 1917, and at an informal conference the immediate formation of a central Liberty loan committee to represent the entire district was deemed advisable. This was accomplished by requesting the clearing house associations in the 13 more important centers of population and banking resources to send one delegate each to the Federal Reserve Bank for a discussion of program and the formation of a permanent organization. These delegates met on May 12, 1917, and after a thorough discussion of the problem, in so far as its details could be foreseen at that time, effected the organization of a central Liberty loan committee.

The committee thereupon appointed an executive committee.

The members of the central Liberty loan committee were thereupon constituted chairmen of the local organizations in their respec-

tive counties. The rural territory not directly covered by these committees appointed representatives who thereupon organized a separate county organization committee with subcommittees directed from Cleveland, Toledo, Columbus, Cincinnati, Pittsburgh, and Lexington. The 168 county areas within the Fourth Federal Reserve District were completely organized, the various security houses within the district contributing from their sales force members who were assigned to separate counties, and proceeded at once to organize county organizations.

The district Liberty loan organization, as such, was compelled under force of circumstances to use the Federal Reserve Bank as headquarters, and under the stress of conditions, this produced some confusion which in some degree hampered the committees, as well as the operating staff of the Federal Reserve Bank.

By June 1, 1917, there was thorough organization in every one of the 168 counties of the district, and the effect of this organization, entirely voluntary, became at once apparent. The organization was, of course, more highly developed in the larger centers, although the work of the rural county chairmen can not be spoken of with too high praise.

The closing of subscriptions June 15, 1917, showed in possession of the Federal Reserve Bank, qualified subscriptions in excess of \$286,000,000 from 514,000 subscribers. The several areas reported as follows:

	Quota.	Subscription.		Quota.	Subscription.
Pittsburgh.....	\$50,858,000	\$111,047,350	Columbus.....	\$9,279,000	\$10,751,550
Toledo.....	17,121,100	16,008,050	Cincinnati.....	32,368,500	44,659,450
Cleveland.....	71,756,000	96,998,850	Lexington.....	8,025,000	6,819,750

Exhibit N shows the subscriptions and allotments classified.

SECOND LIBERTY LOAN OF 1917.

Experiences of the first Liberty loan indicated clearly the wisdom and necessity of a separate location for the headquarters of the central Liberty loan committee and a more comprehensive staff in its organization. The executive committee appointed on the first Liberty loan campaign immediately held sessions with a view of perfecting such an organization. The personnel of the central Liberty loan committee, as well as the personnel of the executive committee, was largely unchanged. There were a few changes in the chairmanships of the various county committees, owing to illness, other activities, etc., but in the main the skeleton organization developed in the first campaign was retained, although extended in detail in many respects.

The executive committee determined upon the policy of making a practical requisition upon each bank for its proportionate share of the amount of the second loan which the Secretary of the Treasury expected the fourth district to raise. With this end in view, the executive office of the committee carefully studied methods and means to establish just quotas of the banking resources of the district. In August, 1917, all banks within the district were asked to report the condition of their deposits as of June 15 and August 15, and also the amount of Liberty loan bonds of the first loan still in their possession. The response to this questionnaire was liberal and enabled the committee to establish the interesting fact that only a small percentage of bonds of the first Liberty loan was still in the hands of the banks, and, furthermore, that the deposits of institutions so reporting had increased from June 15 to August 15 between $3\frac{1}{2}$ and 4 per cent. The banks that did not report were considered as possessing the deposits given in the Rand-McNally Bankers' Directory of July 1, 1917, plus $3\frac{1}{2}$ per cent, the average increase shown by the reporting banks. Upon this basis, a quota of so many dollars was fixed upon every banking institution in the district; and each bank was advised by special letter, received on October 1, of their proportion of the \$300,000,000 of bonds which was the total minimum subscription asked of the Fourth Federal Reserve district by the Secretary of the Treasury. The effectiveness of the more comprehensive organization and the value of the well-learned lessons of the first loan campaign became quickly apparent as the second loan campaign gathered headway. Every bank in the district was requested to report the subscriptions obtained for each day upon "keyed" cards furnished them for the purpose. This rather burdensome task was faithfully performed by about 80 per cent of the banks, and the committee was able to judge of the progress with more than ordinary accuracy from day to day.

The entire 168 counties within the Fourth Federal Reserve district in the second campaign were divided into six "areas," administered from Cleveland, Cincinnati, Columbus, Pittsburgh, Toledo, and Lexington. The Liberty loan organizations in these six central points took upon themselves cheerfully, and performed with the greatest skill, the task of coordinating the campaign between each center and the counties assigned to it. Each area organization made every effort to exceed the minimum quota of every county within its area. The rivalry between the areas was healthful and helpful; the work of the county chairmen was most noteworthy in its zeal and efficiency. The organizations in each of the six area centers were highly developed, and were made up of an extremely skillful and high-powered personnel.

The distribution of publicity and its choice and preparation were excellent and far-reaching in their effect. The publicity bureau, which undertook to supply advertising and editorial matter for 912 papers within the district, prepared and distributed a large amount of extraordinary copy, and it is interesting to note that 850 newspapers out of the 912 whose cooperation was so requested, complied in the fullest degree.

The result was a total subscription to the second Liberty loan in the Fourth Federal Reserve district in excess of \$486,000,000, reported from 867,000 subscribers. The several areas reported as follows:

	Quota.	Subscription.		Quota.	Subscription.
Cleveland.....	\$92,725,200	\$151,377,200	Columbus.....	\$12,511,900	\$19,502,800
Pittsburgh.....	127,819,500	205,541,100	Toledo.....	21,054,200	22,648,500
Cincinnati.....	36,701,100	74,776,450	Lexington.....	8,732,950	11,385,400

Exhibit O shows the number and amounts of subscriptions and allotments of the second Liberty loan, divided according to size of subscriptions in the classes fixed by the Secretary of the Treasury for the purpose of allotment.

TREASURY CERTIFICATES OF INDEBTEDNESS.

With each issue of Treasury certificates of indebtedness, an effort has been made not only to secure more than the district's proportion of the total issue, but also to assure as wide a distribution as possible. The earlier issues were brought particularly to the attention of banks throughout the district which had experience as distributors of high-grade bonds and note issues, and their hearty cooperation was uniformly secured. Exhibit P shows the total amount of each issue and the amounts allotted to the fourth district.

The Federal Reserve Bank of Cleveland purchased varying amounts of each issue, chiefly for the purpose of having some of the certificates on hand for distribution to intending purchasers who had not subscribed before the subscriptions were closed; and in every case the amount held by the Federal Reserve Bank found lodgment in the hands of purchasers within a very short time after the date of issue.

FINANCING THE CARRYING OF WAR LOANS.

For the first Liberty loan and the issues of certificates leading up to it, a rather remarkably small volume of rediscounting by the

Federal Reserve Bank was required, and the reports received from the banks under date of August 15 indicated that at that time practically all of the loan had been absorbed by the public, only a small amount of bonds being held by the banks themselves. For the second Liberty loan and the Treasury certificates issued in connection with it, a considerably larger volume of discounting has been done, and the indications are that a considerably larger volume of bonds is still in the hands of banks, although the proportion is not in the least a matter of concern.

The total volume of member banks' collateral notes secured by Liberty loan bonds or certificates of indebtedness on July 15 was \$1,050,000; on December 15, \$10,885,550. The total volume of member banks' customers' paper, similarly secured, on our books on December 15 was \$10,201,672.94. The exact corresponding figure for July 15 is not ascertainable, the records not being kept at that time to show this amount; but the amount was less than \$1,000,000.

Exhibit Q shows the total volume of rediscounts, both of member banks' notes secured by Government securities as collateral and of paper of customers of the banks secured by Government securities, for each month of the year.

EXPENSE OF LIBERTY LOAN AGENCY.

For the first Liberty loan the sum of \$75,000 was named as the amount of expense in the fourth district which the Treasury Department would reimburse, upon presentation of vouchers in due form, without question. The attempt was made to keep the expenditure within this sum, but the actual expense chargeable to the first Liberty loan to the date hereof is \$104,593.05. For the second Liberty loan \$200,000 was named as the available amount, and there has been expended to date \$131,404.60.

With considerable difficulty and gradually a capable office force has been built up for the clerical work of the Liberty loan committee, for the receiving of subscriptions and payments and accounting therefor, for issuing and exchanging certificates and bonds, for handling applications for designation as depository for war-loan funds and conducting the business incident to such deposits, and for the other necessary work involved in our functions as fiscal agent; and a total of \$49,192.08 has been paid in salaries to date of this report.

No fees or commissions have been paid; the banks of the district have performed their arduous duties in handling large numbers of small subscriptions and in many cases very small payments, and in distributing the bonds, without reimbursement of any sort. The expense of all newspaper advertising done in connection with the loans was contributed by public-spirited banks and business houses. The

actual out-of-pocket expenses of representatives of the Liberty loan committees in traveling, purchasing supplies, etc., were refunded, as far as possible.

GENERAL EFFECT OF GOVERNMENT FINANCING.

The effect of the Government financing in district No. 4 has been undoubtedly similar to that in all other districts. There has been, naturally, an expansion in banking resources, a tightening of the rates for money, and the loaning ability of all financial institutions has been quite heavily drawn upon. Without doubt a part of the curtailment of building operations is due to the investment of funds in war loans which might otherwise have gone into such operations, as well as to the high cost of building. Many other forms of enterprise which are dependent upon a free supply of money for investment as fixed capital have been curtailed. The flotations of the loans, together with other influences of the war, has resulted in a decided trend toward the gradual exclusion of the purchase, and consequently the manufacture and distribution, of nonessentials. Manufacturers and dealers in nonessentials are therefore beginning to be quite seriously affected. On the other hand, this tendency toward economy and thrift is undoubtedly having a very beneficial effect on all of the people, and after the pains of adjustment have been passed, the general situation should be sounder than before.

Chart No. 4 shows the fluctuation of Government deposits during the year, and Exhibit R gives the same information in tabular form.

RELATIONS WITH COMPTROLLER'S OFFICE.

The bank has endeavored during the year to keep in close harmony with the office of the Comptroller of the Currency and the chief national bank examiner of the district, whose office is in the same building. Acknowledgment is very gladly made of the cooperation which has been rendered by Chief Examiner S. H. L. Cooper and his staff.

NOTE ISSUE.

In the issue and redemption of Federal Reserve notes, which has been a conspicuous feature of the year's operations, the experience of district No. 4 runs practically parallel with that of all the other districts. A large number of notes have been issued in exchange for gold and gold certificates deposited with the bank, which have strengthened the general national situation very materially. The demands, however, for pay-roll currency have been constant and increasing, and far in excess of the currency deposited with this bank,

so resulting in a large increase in the volume of outstanding Federal Reserve notes. Of course, this currency expansion is in some degree necessary and inevitable at a time of greatly increased volume of business and higher cost of labor and commodities. The gold reserve against Federal Reserve notes, however, has remained strong throughout the year, and there is, in our judgment, little warrant for a fear that undue or unnecessary inflation is taking place.

Chart No. 5 shows the movement of Federal Reserve notes and of gold reserve during the year, and Exhibit S shows the denominations issued, destroyed, and outstanding, as well as those exchanged with other Federal Reserve Banks. The cost of Federal Reserve notes issued, including redemption cost, was \$75,526.78.

BRANCH BANKS.

The officers and directors of the Federal Reserve Bank of Cleveland have always had in mind the certainty that sooner or later it would be desirable to establish branch banks in at least the two other large cities in the district. Upon the enactment by Congress of the amendment to the Federal Reserve Act, facilitating, among other things, the establishment of branches, in June of this year the Federal Reserve Board suggested that in their judgment the time had come when the system would shortly require this additional machinery. The distances in district No. 4 being comparatively short, there is not the same urgent necessity of branches as is evident in some of the districts covering larger areas. However, it was recognized that particularly in the collection of checks and in the payment and receipt of cash, there would be very great conveniences, particularly to the member banks in Cincinnati and Pittsburgh, in the location of branches in those cities. No requests had been made by the banks of either city, however, for the establishment of a branch until July 2, 1917, when the clearing house banks of Cincinnati, through a committee, forwarded to the directors of the Federal Reserve Bank of Cleveland a petition for the establishment of a branch in that city. The clearing house committee was immediately invited to confer with our directors on July 10, and at this and succeeding conferences the situation in Cincinnati was carefully considered. A committee of the board of directors was appointed to meet with Mr. Delano, of the Federal Reserve Board, at Cincinnati about the middle of August, and at the meeting of the directors on September 7 the committee reported, suggesting the establishment of a branch for the handling and collection of checks and drafts and the receipt and payment of cash.

After further conference with the Cincinnati representatives, and exhaustive consideration of the by-laws and the probable operation

of the branch on the part of the Federal Reserve Board and representatives of our directors, involving several conferences, the directors, at the meeting of October 5, recommended to the Federal Reserve Board that they be permitted to establish a branch at Cincinnati.

In view of the probability that the plan of operation of this branch would constitute a desirable precedent for branches in other districts, the Federal Reserve Board at once devoted itself and its counsel to thorough and careful deliberation upon the form and content of the by-laws.

The Federal Reserve Board having approved our recommendation on October 29, at the meeting of November 7 the directors of the Federal Reserve Bank of Cleveland formally, by resolution, established the branch and named Mr. W. S. Rowe, president of the First National Bank; Mr. W. C. Procter, president of The Procter & Gamble Co., and Mr. L. W. Manning, secretary of the Federal Reserve Bank of Cleveland, as their three appointees for directors of the Cincinnati branch, subject to the approval of the Federal Reserve Board. The Federal Reserve Board approved these appointments and itself appointed Mr. Charles A. Hinsch, president of the Fifth-Third National Bank of Cincinnati, and Hon. Judson Harmon, former governor of Ohio, as its appointees. Since that time the plans for opening the branch have gone forward as rapidly as possible; quarters have been secured, part of the staff has been employed, vault and other equipment has been ordered, the accounting forms and procedure have been very carefully worked out, and the beginning of the bank's operations is expected to occur early in January.

Under date of October 17 a petition from the member banks of Pittsburgh for the establishment of a branch in that city was transmitted to our directors, some informal discussion having occurred prior to that time. With the experience and the plan adopted at Cincinnati as a guide, somewhat more rapid progress was possible than in the case of Cincinnati, and after conference with the committee representing the Pittsburgh Clearing House Association, at the regular meeting of November 7 a resolution was adopted recommending to the Federal Reserve Board that permission be granted to establish a branch in Pittsburgh with powers similar to those of the Cincinnati branch. A committee was appointed to confer with the representatives of the clearing house association in Pittsburgh on November 14, and at the meeting of our board on December 8 the report of the committee was received and Messrs. R. B. Mellon, vice president of the Mellon National Bank; Charles W. Brown, president of the Pittsburgh Plate Glass Co., and George De Camp, national bank examiner, were named as the appointees of the Federal Re-

serve Bank of Cleveland on the directorate of the Pittsburgh branch. The Federal Reserve Board approved these appointments and named Messrs. T. H. Given, president of the Farmers Deposit National Bank, and J. D. Callery, chairman of the board of directors of the Pittsburgh Railways Co., as its appointees. Mr. De Camp, designated as manager of the branch, was unable to secure release by the Comptroller of the Currency until January 1, but on that date will assume his duties, and the opening of the Pittsburgh branch should follow closely after that of the Cincinnati branch.

INTERNAL MANAGEMENT.

The board of directors has met 13 times during the year with an average attendance of eight. Fifty-three meetings of the executive committee have been held. Mr. R. P. Wright, secretary and treasurer of the Reed Manufacturing Co., of Erie, Pa., succeeded Mr. C. H. Bagley, of Corry, Pa., as a class B director on January 1, 1917, Mr. Bagley having been unable to stand for reelection because of poor health; and this has been the only change in the personnel of the board. Mr. W. S. Rowe has remained the member of the advisory council.

On January 1, 1917, Mr. Horace G. Davis, then assistant to the Federal Reserve agent, was made an assistant cashier; and on September 1, Mr. F. J. Zur Linden, who had been head of the discount and investment department, was made an assistant cashier, as was also Mr. W. F. Taylor, who had been auditor; and Mr. G. H. Wagner, who had been assistant auditor, was made auditor. At this time a readjustment of the work of the bank, made necessary in large part by the establishment of the fiscal agency department, was effected, and Mr. M. J. Fleming, assistant cashier since January 1, 1916, took charge of the new department, the remainder of the operating departments being distributed under the supervision of the other three assistant cashiers. Owing to the increase in the work of all departments, many additions to the staff have been necessary, and there are now 64 employees in the banking department proper, 75 in the transit department, and 58 in the fiscal agency department. Of the bank employees, six are serving exclusively in the department of the Federal Reserve agent, which has required an increasing organization.

On November 27 Mr. L. W. Manning, who had been with the bank since its organization, and had served since January 1 as secretary of the bank and assistant to the Federal Reserve agent, took office as manager of the Cincinnati branch.

To accommodate the fiscal agency department it has been necessary to secure additional space, adjoining the quarters on the first floor of

the Williamson Building which have been occupied by the bank since January 1, 1917; and this space has had to be built, covering a court between the two wings of the building. Our rapidly expanding functions have made it increasingly difficult to provide and arrange working facilities rapidly enough. An additional supply of vault equipment has been necessary, and the vault is now fully occupied with high-grade modern chests, in units which will be available in the event of any necessity of change in location.

EXAMINATIONS.

One complete examination of the bank has been made during the year by the Federal Reserve Board examiner and his staff; also a brief examination of the methods of the fiscal agency department while the first Liberty loan was being handled.

CHECK COLLECTION AND CLEARING.

The check clearing and collection system has grown with the other work of the bank during the year, and as a result of frequent invitations, 70 nonmember banks have been added to the par list, which now includes 565 of the 1,170 nonmember banks in the district.

Exhibit T shows the volume of clearing operations.

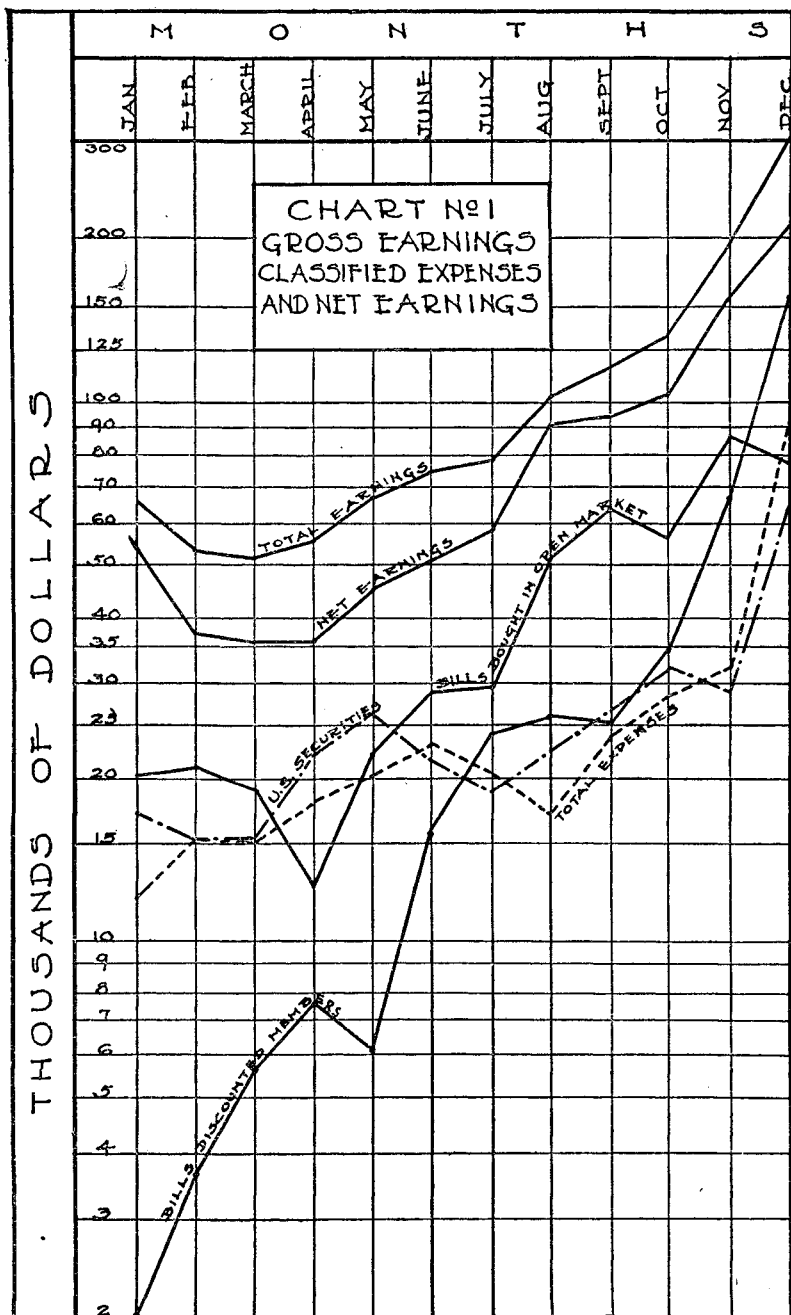
The operations of the gold settlement fund during the year are fully covered in the report of the Federal Reserve Board. The immense usefulness and actual indispensability of this facility has been many times demonstrated in the shiftings of funds incident to the Government financing. Exhibit U shows the monthly totals of debits and credits to the Federal Reserve Bank of Cleveland in the gold settlement fund.

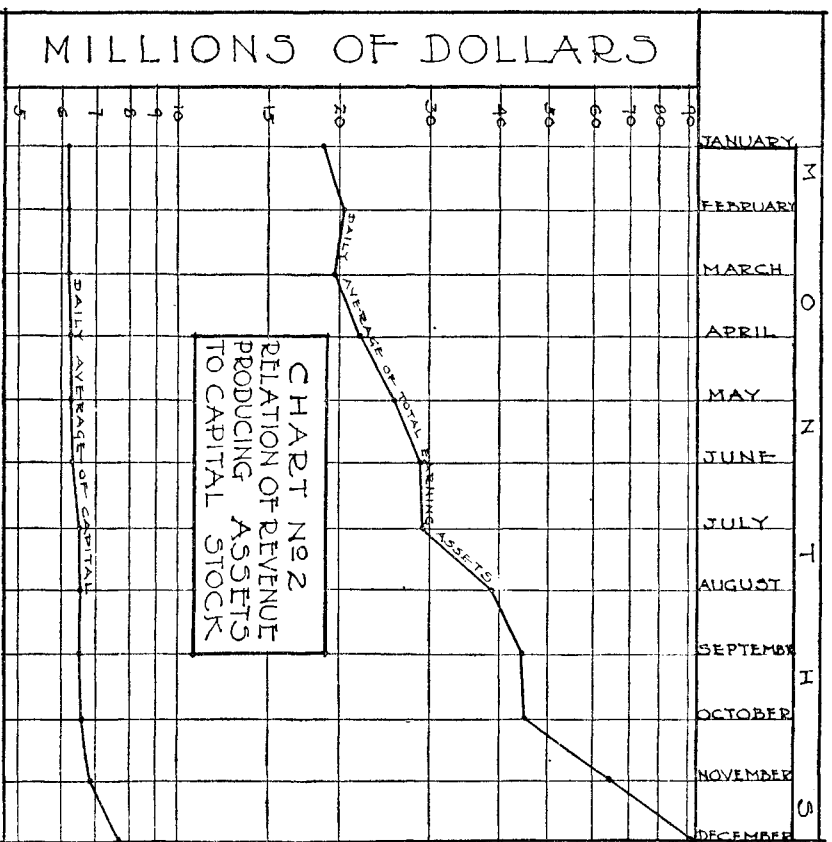
Exhibit V is a tabular statement of the applications for fiduciary powers granted under the provisions of section 11k of the Federal Reserve Act.

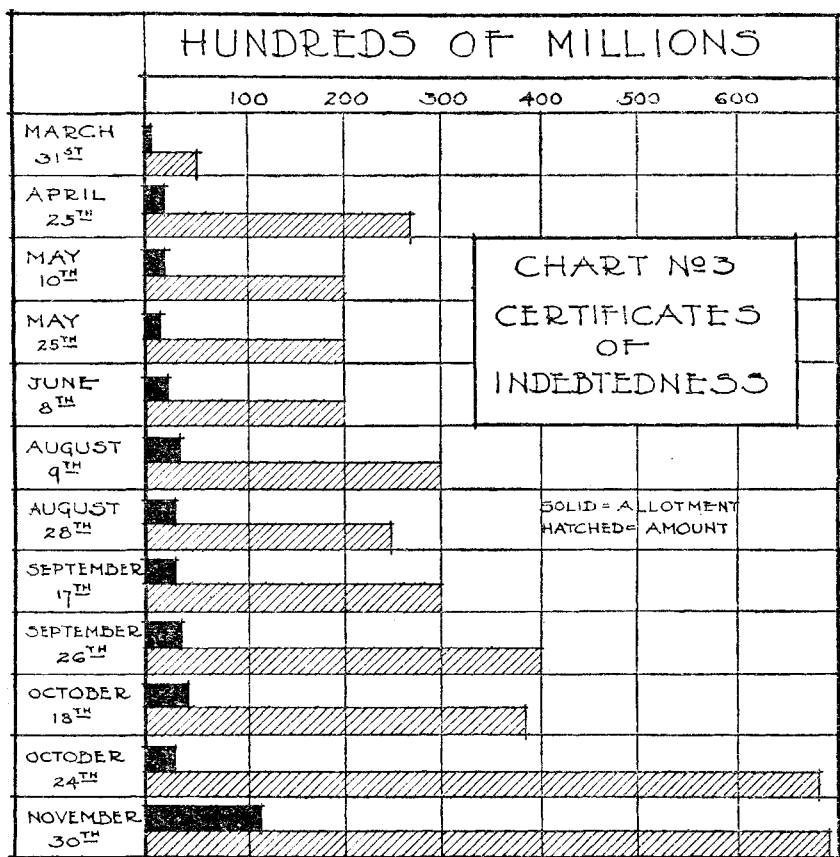
THE OUTLOOK.

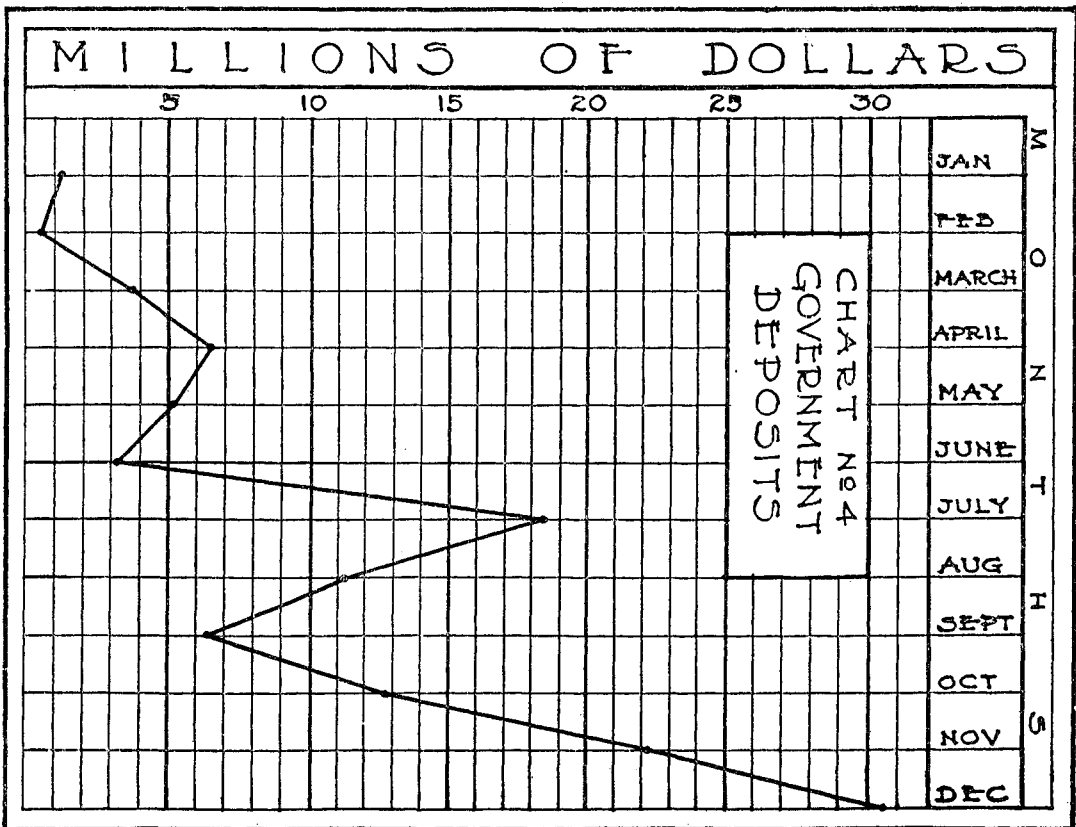
The conditions at the close of the year in district No. 4 are somewhat uncertain and difficult, by reason of the many complex problems awaiting satisfactory solution throughout the Nation, and the inevitable adjustments consequent upon the necessary emphasis on economy, and the concentration of effort upon only those enterprises which are essential to the winning of the war. The outlook can not be said to be wholly favorable to the continuance of unbridled prosperity therefore; but there is no pessimism as to the outcome, and no disposition to withhold any ounce of energy or sacrifice that may be called upon. It is evident that the power of service of

the Federal Reserve Bank of Cleveland may receive a severer test than any it has yet had; it is also evident that the confidence in the strength of this institution, as an integral part of the Federal Reserve system under the wise leadership that has been so evident during the past year, is unshakable and well founded. The officers and directors of the bank welcome the opportunity of service to the utmost, confidently counting upon the continually increasing cooperation of the banks and the people of the fourth district.









M I L L I O N S O F D O L L A R S

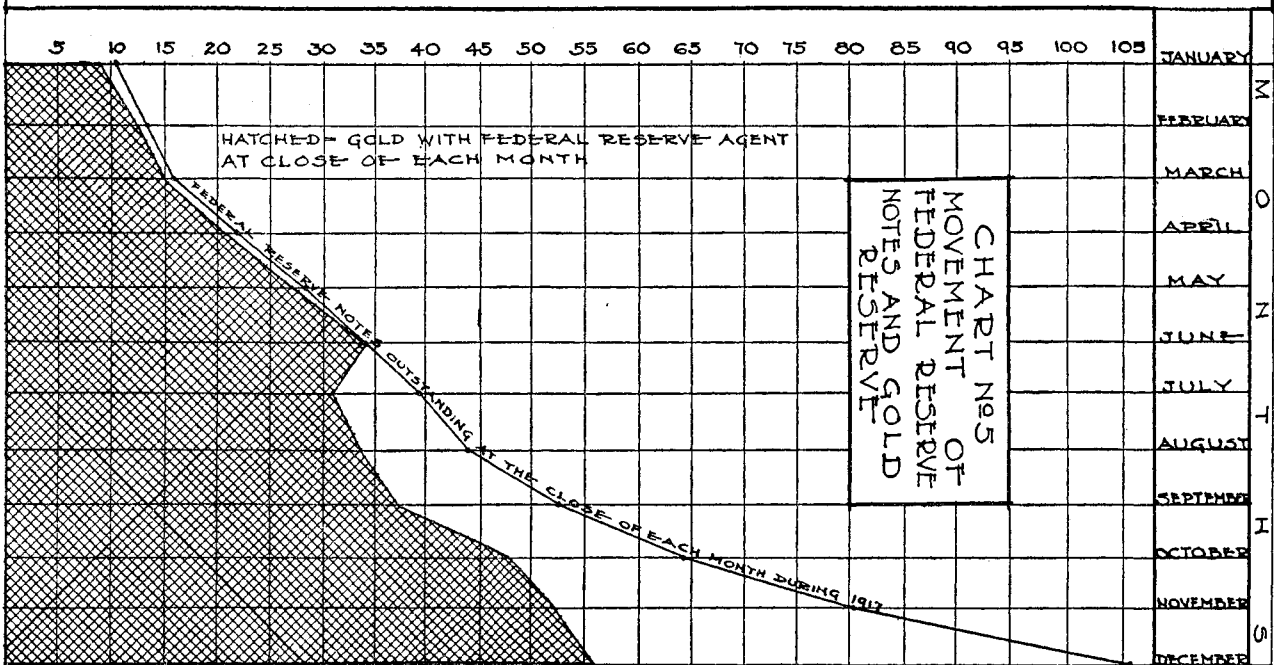


EXHIBIT A.—*Gross earnings, classified, expenses, and net earnings, 1917.*

Month.	Bills dis- counted, members.	Bills bought in open market.	United States se- curities.	All other earnings.	Total earn- ings.	Total ex- penses.	Net earn- ings.
January.....	\$2,093.53	\$20,558.76	\$17,693.35	\$24,768.00	\$65,113.64	\$12,104.12	\$53,009.52
February.....	3,633.21	22,425.74	15,167.09	11,486.90	52,712.94	15,152.89	37,560.05
March.....	5,630.09	18,764.36	15,048.93	10,707.17	51,150.55	15,207.13	35,943.42
April.....	7,587.62	12,773.94	22,494.73	11,159.49	54,015.78	18,177.89	35,837.89
May.....	6,145.43	23,655.19	26,516.28	9,902.67	66,219.57	20,214.55	46,005.02
June.....	16,118.35	28,267.88	22,653.47	6,042.67	73,082.37	23,006.16	50,076.21
July.....	24,740.22	29,094.26	19,804.09	5,103.09	78,741.65	20,731.55	58,010.11
August.....	26,261.09	51,709.62	22,979.42	6,139.90	107,090.03	17,048.01	90,042.02
September.....	25,779.67	63,765.62	26,105.75	2,079.48	117,730.52	24,933.76	92,796.76
October.....	34,794.80	56,421.88	33,351.16	6,827.76	131,395.60	28,244.19	130,151.41
November.....	67,360.98	88,619.75	29,306.82	8,438.52	193,726.07	33,250.99	160,475.08
December.....	155,023.91	79,654.58	66,803.33	4,598.59	306,080.41	91,233.07	214,847.34
Total.....	375,168.90	496,711.58	317,924.42	107,254.24	1,297,059.14	319,304.31	977,754.83

EXHIBIT B.—*Average earning assets classified, and average rates for the 12 months of 1917 and corresponding months of 1916.*

[In thousands of dollars; i. e., 000 omitted.]

Month.	1917		1916		1917		1916		1917	
	Total invested funds.	Aver- age rate.	Total invested funds.	Aver- age rate.	Bills dis- counted, mem- bers.	Aver- age rate.	Bills dis- counted, mem- bers.	Aver- age rate.	Bills bought in open market.	Aver- age rate.
January.....	19,079	2.84	6,713	2.28	596	4.14	415	4.59	8,718	2.79
February.....	20,633	3.00	7,593	2.71	1,264	3.77	272	4.68	9,877	2.96
March.....	19,356	2.98	9,222	2.62	1,816	3.65	254	4.31	7,578	3.07
April.....	21,958	2.81	11,175	2.53	2,519	3.67	436	4.10	5,025	3.09
May.....	25,904	2.92	14,551	2.44	1,967	3.68	284	4.35	8,945	3.11
June.....	28,780	3.03	15,802	2.48	5,245	3.74	277	4.42	10,987	3.13
July.....	28,719	3.18	18,450	2.55	7,769	3.75	420	4.26	10,935	3.13
August.....	38,649	3.18	18,306	2.60	8,248	3.74	282	4.56	19,505	3.12
September.....	43,720	3.22	17,461	2.63	8,695	3.61	598	4.19	23,976	3.23
October.....	44,611	3.29	18,163	2.74	10,978	3.73	371	4.49	20,147	3.29
November.....	65,010	3.47	17,576	2.72	21,200	3.87	272	4.16	31,790	3.39
December.....	93,554	3.79	21,468	2.75	43,105	4.24	1,205	3.84	26,175	3.58

Month.	1916		1917		1916		1917		1916	
	Bills bought in open market.	Aver- age rate.	Muni- cipal war- rants.	Aver- age rate.	Muni- cipal war- rants.	Aver- age rate.	United States bonds.	Aver- age rate.	United States bonds.	Aver- age rate.
January.....	981	1.94	1,973	3.40	2,816	2.97	7,792	2.66	2,501	2.57
February.....	976	1.93	2,670	3.05	2,955	2.93	6,822	2.90	3,390	2.65
March.....	1,122	1.92	3,112	3.20	3,833	2.78	6,850	2.59	3,994	2.54
April.....	1,689	1.95	2,987	3.21	4,869	2.55	11,427	2.48	4,151	2.56
May.....	2,613	1.99	2,891	3.20	5,486	2.59	12,101	2.58	6,167	2.39
June.....	4,401	2.06	1,554	3.58	4,510	2.90	10,995	2.50	6,614	2.38
July.....	6,596	2.14	1,237	3.63	4,781	2.85	8,778	2.66	6,653	2.63
August.....	7,052	2.25	1,075	3.70	4,597	3.06	9,821	2.75	6,375	2.60
September.....	7,285	2.33	33	3.44	2,780	3.10	11,015	2.88	6,799	2.62
October.....	6,695	2.41	12	4.62	4,219	3.27	13,475	2.91	6,878	2.65
November.....	6,894	2.41	12	4.44	3,680	3.40	12,009	2.97	6,739	2.53
December.....	9,590	2.58	11	4.00	2,713	3.93	24,263	3.24	7,960	2.40

EXHIBIT B.—Average earning assets classified, and average rates for the 12 months of 1917 and corresponding months of 1916—Continued.

SUMMARY OF INVESTMENT OPERATIONS.

	1917	1916
Daily average of funds employed during year:		
Bills discounted, members.....	\$9,531,458.45	\$425,175.75
Bills discounted, bought.....	15,348,152.44	4,672,647.68
Municipal warrants.....	1,457,325.80	3,943,462.52
United States securities.....	11,314,574.40	5,692,548.42
Total.....	37,651,511.09	14,733,834.37
Total volume of business handled:		
Bills discounted, members.....	211,176,105.36	6,792,429.30
Bills discounted, bought.....	91,109,193.06	27,542,002.24
Municipal warrants.....	2,949,074.30	10,660,237.45
United States securities.....	69,707,100.00	11,721,160.00
Total.....	374,941,472.72	56,715,828.99
Average capital.....	6,433,207.00	5,982,695.00
Rate of gross earnings on capital.....per cent..	20	7.17

EXHIBIT C.—Statement of condition of the Federal Reserve Bank of Cleveland at the close of business, Dec. 31, 1917, compared with Dec. 30, 1916.

	1917	1916
RESOURCES.		
Bills discounted, members.....	\$37,163,027.27	\$1,006,773.50
Advances to members on eligible collateral.....	33,733,150.00	.....
Acceptances bought.....	21,111,990.95	10,153,694.75
Investments, short-time municipal obligations.....	7,233.38	2,684,589.64
United States bonds and securities:		
2 per cent bonds (consols and Panamas).....	473,600.00	2,403,900.00
3 per cent bonds, 1918.....	2,653,660.00	2,586,560.00
4 per cent bonds, 1925.....	2,378,200.00	2,369,200.00
3 per cent one-year Treasury notes.....	3,221,000.00	618,000.00
3 per cent conversion bonds.....	414,800.00	1,800.00
3½ per cent first Liberty loan bonds.....	2,027,000.00	.....
4 per cent second Liberty loan bonds.....	320,750.00	.....
4 per cent United States Treasury certificates of indebtedness due June 25, 1918.....	50,000.00	.....
Total funds employed.....	103,554,411.60	21,824,517.89
Accrued interest on United States securities.....	62,878.48	297,660.68
Cost of unissued Federal Reserve notes.....	.....	39,544.25
Furniture and equipment.....	.....	20,163.92
Expense paid in advance.....	.....	934.76
Due from other Federal Reserve banks.....	45,176,685.19	14,921,032.18
Due from banks and bankers.....	11,792.01	129,610.22
Deferred debits.....	23,162,771.93	10,417,595.49
Gold coin and certificates on hand.....	29,153,275.00	15,761,382.50
Gold settlement fund.....	37,664,009.00	16,953,000.00
Gold redemption fund.....	98,800.00	42,250.00
Gold with Federal Reserve agent.....	55,369,700.00	10,832,305.00
Gold with foreign agencies.....	4,725,000.00	.....
Legal tender notes and silver certificates.....	238,369.00	484,417.00
Federal Reserve notes on hand.....	3,666,525.00	588,935.00
Other cash and coin.....	1,081,302.20	91,816.77
Mutilated currency forwarded for redemption.....	866,265.00	140,000.00
Due from depositary banks and trust companies ¹	68,051,154.98	.....
Other resources.....	139,247.83	28,554.65
Total resources.....	373,022,178.22	92,573,719.71
LIABILITIES.		
Capital paid in.....	8,026,100.00	6,021,800.00
Profit and loss.....	132,311.58	94,797.44
Unearned interest and discount.....	190,643.23	37,978.59
United States Government deposits.....	30,578,247.23	974,809.73
Due to member banks (reserve account).....	109,724,561.05	54,586,226.61
Due to nonmember banks (clearing account).....	94,160.59	.....
Due to other Federal Reserve banks.....	33,970,479.80	11,263,136.20
Deferred credits.....	16,553,514.19	8,759,174.62
Federal Reserve notes outstanding.....	105,669,700.00	10,832,305.00
Treasurer of the United States (special deposit account).....	34,242,100.00	.....
Treasurer of the United States (Liberty loan deposit account).....	33,809,054.98	.....
Other liabilities.....	31,305.57	3,491.52
Total liabilities.....	373,022,178.22	92,573,719.71

¹ War loan deposits.

EXHIBIT D.—*Profit and loss account.*

	1917	1916
Profit and loss balance Dec. 30, 1916.....	\$94,797.44	.....
Earnings from—		
Bills discounted, members.....	375,169.00	\$18,064.41
Bills discounted, bankers' acceptances.....	496,711.58	106,993.11
Municipal warrants.....	48,131.73	116,925.13
Interest earned on United States securities.....	317,924.42	144,843.65
Profits realized on United States securities.....	24,260.69	37,228.53
Sundry earnings, including service charge transit department, and exchange bought and sold.....	63,145.30	5,101.50
Total.....	1,420,140.16	429,156.33
Expenses:		
Assessment for expenses of Federal Reserve Board.....	25,783.40	.....
Cost of Federal Reserve notes issued.....	72,280.77	5,870.44
Cost of unissued Federal Reserve notes.....	18,975.62	.....
Premium on United States bonds and securities charged off.....	209,469.52	.....
Operating expenses, including amortization of furniture, vault and equipment and other accounts.....	245,150.97	185,251.94
Dividend paid.....	716,168.30	143,236.51
Profit and loss credit balance.....	132,311.58	94,797.44
Total.....	1,420,140.16	429,156.33

Percentage of net earnings to average capital:

1916.....	3.98
1917.....	15.2

EXHIBIT E.—*Resources of member banks.*

	Nov. 20, 1917.	Nov. 17, 1916.
Member banks, total resources.....	\$1,985,977,000	\$1,498,515,000
Deposits:		
Demand.....	1,172,813,000	930,705,000
Time.....	402,519,000	235,112,000

COMPARISON OF DEPOSITS OF THE MEMBER BANKS IN THE THREE LARGEST
CITIES IN DISTRICT NO. 4.

Cincinnati.....	\$108,893,000	\$97,411,000
Cleveland ¹	318,680,000	146,400,000
Pittsburgh.....	411,214,000	315,130,000

¹ Includes three State banks admitted to membership during 1917.EXHIBIT F.—*Operations in discounts and investments department.*

	1917	1916
Bills discounted, members:		
Commercial and industrial.....	\$72,948,095.22	\$4,232,244.04
Trade acceptances.....	4,400,589.19	175,185.26
Agricultural and live stock.....	167,575.28	.....
Rediscounts, secured by United States obligations.....	15,126,195.67	.....
Member bank collateral notes, secured by United States obli- gations.....	66,089,550.00	.....
Member bank collateral notes, secured by eligible paper.....	53,444,100.00	2,385,000.00
Total.....	212,176,105.36	6,792,429.30
Classification by maturities:		
Within 15 days.....	147,846,219.88	2,288,100.00
16 to 30 days.....	26,101,442.96	3,203,600.00
31 to 60 days.....	18,773,616.49	778,100.00
61 to 90 days.....	19,386,885.84	376,000.00
Beyond 90 days.....	67,940.19	146,600.00
Total.....	212,176,105.36	6,792,400.00

Average rate per cent:

1917.....	3.29
1916.....	4.25

EXHIBIT G.—Discount rates.

MEMBER BANK COLLATERAL NOTES.

In force—	1 to 15 days.	
	Secured by eligible paper.	Secured by United States securities.
Jan. 1, 1917.....	3½	3½
May 10, 1917.....	3½	3
Sept. 25, 1917.....	3½	3½
Dec. 1, 1917.....	4	3½

REDISCOUNTS—COMMERCIAL PAPER.

In force—	1 to 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.
Jan. 1, 1917.....	3½	4	4½	4½
Apr. 16, 1917.....	3½	4	4	4½
June 6, 1917.....	3½	4	4	4½
Dec. 1, 1917.....	4	4½	4½	4½

TRADE ACCEPTANCES.

In force—	1 to 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.
Jan. 1, 1917.....	3	3	3½	4
Apr. 16, 1917.....	3½	3½	3½	4
Dec. 10, 1917.....	4	4	4	4

AGRICULTURAL AND LIVE-STOCK PAPER.

In force—	1 to 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Beyond 90 days.
Jan. 1, 1917.....	3½	4	4½	4½	5
Apr. 16, 1917.....	3½	4	4	4½	5
June 6, 1917.....	3½	4	4	4½	5
Dec. 1, 1917.....	4	4½	4½	4½	5

COMMODITY PAPER.

In force—	1 to 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.
Jan. 1, 1917.....	3½	4	4½	4½
Apr. 16, 1917.....	4	4	4	4

REDISCOUNTS SECURED BY UNITED STATES GOVERNMENT SECURITIES.

In force—	1 to 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.
June 15, 1917.....	3½	3½	3½	3½
Sept. 25, 1917.....	4	4	4	4
Dec. 10, 1917.....	3½	4	4	4

Open-market purchases of bankers' acceptances:

In force—	per cent.
Jan. 1, 1917.....	2½ to 4
Dec. 1, 1917.....	3 to 4½

EXHIBIT H.—*Bills bought in open market (acceptances).*

	1917	1916
Bankers, export and import.....	\$73,538,033.79	\$27,237,093.49
Bankers, domestic.....	15,195,883.59	304,905.75
Dollar exchange bills.....	64,675.00	.....
Foreign trade acceptances.....	1,771,711.82	.....
Domestic trade acceptances.....	538,888.86	.....
Total.....	91,109,193.06	27,542,002.24
Classification by maturities:		
Within 15 days.....	3,190,925.72	.....
16 to 30 days.....	11,318,356.10	1,542,425.48
31 to 60 days.....	25,055,907.18	5,788,427.94
61 days to 3 months.....	50,544,004.06	20,211,148.82
Total.....	91,109,193.06	27,542,002.24

Average rate per cent: 1917, 3.23; 1916, 2.29.

EXHIBIT I.—*Operations in United States securities, 1917.*

	On hand Dec. 30, 1916.	Purchased during 1917.	Sold, paid, and converted during 1917.	On hand Dec. 31, 1917.
United States Government 2 per cent consols.....	\$903,900	\$66,400	\$903,900	\$6,400
United States Government 2 per cent Panamas.....	1,500,000	1,230,500	2,263,300	487,200
United States Government 2 per cent certificates of indebtedness.....	.....	3,500,000	3,500,000	.....
United States Government 3 per cent Spanish war loan notes.....	2,586,560	67,100	.....	2,653,660
United States Government 3 per cent 1-year Treasury bonds.....	618,000	4,297,000	1,694,000	3,221,000
United States Government 3 per cent 30-year conversion bonds.....	1,800	1,616,200	1,203,200	414,800
United States Government 3 per cent certificates of indebtedness.....	.....	4,645,000	4,645,000	.....
United States Government 3½ per cent certificates of indebtedness.....	.....	124,000	124,000	.....
United States Government 3½ per cent Liberty loan.....	.....	1,460,000	1,460,000	.....
United States Government 3½ per cent Liberty loan.....	.....	2,280,700	253,700	2,027,000
United States Government 4 per cent bonds of 1925.....	2,369,200	92,700	83,700	2,378,200
United States Government 4 per cent Liberty loan.....	.....	504,000	183,250	320,750
United States Government 4 per cent certificates of indebtedness.....	.....	15,827,500	15,777,500	50,000
United States Government 4 per cent certificates of indebtedness, held under sale and repurchase agree- ment.....	.....	34,000,000	6,000,000	28,000,000
Total.....	7,979,460	69,711,100	38,151,550	39,539,010

EXHIBIT J.—*Municipal warrants purchased.*

	1917	1916
City.....	\$2,846,166.00	\$10,051,988.72
State.....	.....	260,028.92
County.....	51,803.22	172,845.36
Other.....	51,105.08	175,375.35
Total.....	2,949,074.30	10,660,237.45
Classification by maturities:		
16 to 30 days.....	2,562.50	381,633.20
31 to 60 days.....	5,129.16	2,221,525.66
61 to 90 days.....	692,427.16	497,560.02
Beyond 90 days to 6 months.....	2,248,955.48	7,559,488.57
Total.....	2,949,074.30	10,660,237.45

Average rate of earnings, per cent:

1917.....	3.30
1916.....	2.97

EXHIBIT K.—*Changes in the reserve position of the bank during the year.*

Month.	Required (35 per cent).	Carried.	Per cent.	Excess.	Per cent.
January.....	\$19,883,243.45	\$44,595,102.35	78.5	\$24,711,858.90	43.5
February.....	20,140,947.75	41,875,468.60	72.8	21,734,520.85	37.8
March.....	21,830,493.30	46,497,955.45	74.5	24,667,462.15	39.5
April.....	21,687,821.40	41,690,550.30	67.2	20,002,728.60	32.2
May.....	25,065,025.00	48,165,198.00	67.2	23,100,173.00	32.2
June.....	36,889,015.84	80,637,413.80	76.5	43,748,397.96	41.5
July.....	36,708,766.86	85,612,601.80	81.6	48,903,834.94	46.6
August.....	39,388,127.89	90,415,959.50	80.3	51,027,831.61	45.3
September.....	33,778,156.72	72,264,790.85	74.8	38,486,634.13	39.8
October.....	36,779,019.87	80,024,672.10	76.2	43,245,652.23	41.2
November.....	46,830,071.06	90,934,366.65	67.9	44,104,294.69	32.9
December.....	42,637,220.05	71,780,815.85	58.9	29,143,595.80	23.9

EXHIBIT L.—*Member banks, district No. 4.*

Number of member banks, Dec. 31, 1916.....	753	
New national banks organized.....	2	
State banks and Trust companies admitted.....	12	767
Closed by Comptroller of the Currency.....	1	
Liquidated.....	2	3
Number of member banks Jan. 1, 1918.....		764
Distribution:		
In reserve cities.....	50	
In other than reserve cities.....	714	
Total.....		764
Total capital stock Dec. 31, 1916.....		\$12,043,600
Stock allotted member banks for quarter ending—		
March 31, 1917.....	\$145,500	
June 30, 1917.....	326,900	
Sept. 30, 1917.....	431,300	
Dec. 31, 1917.....	3,135,900	4,039,600
Total.....		16,083,200
Stock surrendered quarter ending—		
Mar. 31, 1917.....	10,400	
June 30, 1917.....	11,600	
Sept. 30, 1917.....	6,100	
Dec. 31, 1917.....	2,900	31,000
Total capital stock Dec. 31, 1917.....		16,052,200
Total paid-up capital stock Dec. 31, 1916.....		6,021,800
Subscriptions paid in quarter ending—		
Mar. 31, 1917.....	72,750	
June 30, 1917.....	163,450	
Sept. 30, 1917.....	215,650	
Dec. 31, 1917.....	1,567,950	2,019,800
Total.....		8,041,600
Cash subscriptions refunded for surrender of stock quarter ending—		
Mar. 31, 1917.....	5,200	
June 30, 1917.....	5,800	
Sept. 30, 1917.....	3,050	
Dec. 31, 1917.....	1,450	15,500
Total paid-up capital stock Dec. 31, 1917.....		8,026,100

EXHIBIT M.—*Accommodation of member banks through discount of paper.*

	Banks accommodated.		Applications handled.	
	1917	1916	1917	1916
Kentucky.....	12	8	70	60
Ohio.....	102	32	974	152
Pennsylvania.....	44	9	153	26
West Virginia.....	2	1	9	2
Total.....	160	50	1,206	240

Total pieces handled in 1917, 14,050; in 1916, 1,401.
Amount of smallest note or bill rediscounted, \$28.85.
Amount of largest note or bill rediscounted, \$13,500,000.

EXHIBIT N.—*First Liberty loan of 1917.*

	Subscriptions.	Allotment.
Class A, \$50 to \$10,000.....	\$128,811,700	\$128,811,700
Class B, \$10,050 to \$100,000.....	76,365,950	47,060,450
Class C, \$100,050 to \$250,000.....	23,239,300	10,457,700
Class D, \$250,050 and up.....	57,814,050	16,970,200
Total.....	286,231,000	203,300,050

EXHIBIT O.—*Second Liberty loan of 1917.*

	Number of subscriptions.	Amount of subscriptions.	Allotment.
Class A, \$50 to \$10,000.....	783,972	\$172,996,050	\$172,996,050
Class B, \$10,050 to \$50,000.....	2,844	79,545,600	79,545,600
Class C, \$50,050 to \$100,000.....	549	48,352,850	43,553,700
Class D, \$100,050 to \$200,000.....	218	35,487,950	26,732,700
Class E, \$200,050 and up.....	199	136,598,800	74,398,850
Cash sales.....	1,265	13,125,550	13,125,550
Total.....	789,047	486,106,800	410,352,450

EXHIBIT P.—*Certificates of indebtedness.*

Date of issue.	Amount.	Allotment.	Date of issue.	Amount.	Allotment.
Apr. 25.....	\$268,205,000	\$14,000,000	Sept. 17.....	\$300,000,000	\$24,180,000
May 10.....	200,000,000	15,000,000	Sept. 26.....	400,000,000	34,209,000
May 25.....	200,000,000	10,800,000	Oct. 18.....	385,197,000	38,863,000
June 8.....	200,000,000	19,100,000	Oct. 24.....	685,296,000	26,471,000
Aug. 9.....	300,000,000	33,592,000	Nov. 30.....	691,000,000	115,230,500
Aug. 28.....	250,000,000	24,157,000			

EXHIBIT Q.—*Rediscounts of paper secured by Government securities.*

	Rediscounts secured by U. S. bonds and certificates.	Member bank collateral notes secured by U. S. bonds and certificates.		Rediscounts secured by U. S. bonds and certificates.	Member bank collateral notes secured by U. S. bonds and certificates.
May.....		\$550,000.00	October.....	\$7,542.50	\$12,885,000.00
June.....	\$49,250.00	1,957,000.00	November.....	8,594,833.03	13,574,250.00
July.....	858,209.25	2,210,000.00	December.....	5,106,237.14	18,870,300.00
August.....	510,123.75	7,025,000.00	Total.....	15,126,195.67	66,089,550.00
September.....		9,018,000.00			

EXHIBIT R.—*Government deposits, 1917.*

January.....	\$1,216,035.12	July.....	18,272,174.61
February.....	712,815.21	August.....	11,136,745.93
March.....	3,913,251.22	September.....	6,499,959.71
April.....	6,597,627.26	October.....	12,719,069.72
May.....	5,182,731.99	November.....	22,179,485.22
June.....	3,293,614.65	December.....	30,575,641.65

EXHIBIT S.—*Federal Reserve notes.*

COVER OF NOTES ISSUED.

Gold coin and certificates.....	\$5,804,545
United States Treasury gold order certificates.....	9,110,000
Gold redemption fund with United States Treasurer.....	5,455,155
Credit balance with Federal Reserve Board.....	35,000,000
Paper held as collateral for Federal Reserve notes (actual amount, \$51,254,883.29) required.....	50,300,000
Total.....	105,669,700

DENOMINATIONS OF FEDERAL RESERVE NOTES ISSUED, DESTROYED, AND OUTSTANDING, NOVEMBER, 1914, TO DECEMBER 31, 1917.

Denomination.	Issued.	Destroyed.	Outstanding.
Fives.....	\$11,620,000	\$2,672,250	\$8,947,750
Tens.....	26,640,000	2,931,940	23,708,060
Twenties.....	54,800,000	2,934,860	51,865,140
Fifties.....	16,000,000	299,250	15,700,750
Hundreds.....	5,600,000	152,000	5,448,000
Total.....	114,660,000	8,990,300	105,669,700

Returned for destruction by Federal Reserve agent.....	\$720,000
Returned for destruction by other Federal Reserve banks.....	781,955
Returned for destruction by Treasurer of the United States and Federal Reserve Bank of Cleveland.....	8,008,345
Total.....	8,910,300

FEDERAL RESERVE NOTES RECEIVED AND RETURNED.

(Amounts of Federal Reserve notes received from other Federal Reserve Banks for redemption or credit and returned to other Federal Reserve banks for redemption or credit by the Federal Reserve Bank of Cleveland for the period Jan. 1 to Dec. 31, 1917.)

Exchanged with Federal Reserve Bank of—	Received from.	Returned to.	Exchanged with Federal Reserve Bank of—	Received from.	Returned to.
Boston.....	\$352,900	\$36,415	Minneapolis.....	\$51,500	\$116,030
New York.....	1,720,700	1,216,800	Kansas City.....	25,000	66,740
Philadelphia.....	835,000	247,995	Dallas.....	299,640	39,410
Richmond.....	133,950	100,600	San Francisco.....	69,545	36,840
Atlanta.....	282,150	72,180	Total.....	5,175,740	2,534,070
Chicago.....	1,178,650	418,040			
St. Louis.....	226,705	183,020			

EXHIBIT T.—Clearings, 1917.

	Number of items.	Amount.	Daily average.	
			Number of items.	Amount.
January.....	435,384	\$218,777,981.82	16,745	\$8,414,537.76
February.....	377,911	186,342,030.19	16,431	8,101,827.40
March.....	434,580	236,308,813.73	16,836	8,752,178.28
April.....	434,129	248,982,095.96	17,363	9,959,283.83
May.....	471,797	299,213,801.47	18,146	11,508,223.13
June.....	492,316	355,994,450.53	18,935	13,692,094.25
July.....	463,713	379,309,461.52	18,548	15,172,378.46
August.....	469,594	368,449,776.41	17,392	13,646,288.01
September.....	522,431	338,747,136.48	20,897	13,549,885.45
October.....	573,698	412,879,353.88	21,248	15,291,827.92
November.....	585,016	434,818,454.55	22,500	16,723,786.71
December.....	620,591	452,233,367.85	24,824	18,059,334.72

Total number of items handled.....	5,901,160
Total amount handled.....	\$3,932,056,724.39
Disbursements, Transit Department.....	\$33,491.93
Cost per item handled.....cents..	1.41
Cost per \$1,000.....	2.12
Service charge per item.....do....	1.5

EXHIBIT U.—Monthly totals of debits and credits to the Federal Reserve Bank of Cleveland in the gold settlement fund.

	Debits, 1917.	Credits, 1917.	Debits, 1916.	Credits, 1916.
January.....	\$77,036,000	\$67,437,000	\$4,868,000	\$5,356,000
February.....	71,849,000	72,001,000	4,163,000	4,346,000
March.....	105,615,000	103,575,000	8,290,000	6,363,000
April.....	98,190,000	101,785,000	6,440,000	4,367,000
May.....	170,168,000	164,707,000	8,418,000	11,919,000
June.....	176,745,000	155,822,000	11,904,000	12,030,000
July.....	203,455,000	206,037,000	12,714,000	13,822,000
August.....	233,538,000	223,541,000	32,241,000	30,773,000
September.....	177,293,000	193,568,000	41,021,000	43,219,000
October.....	206,495,800	199,039,300	50,245,000	49,017,000
November.....	338,084,000	325,077,600	57,217,000	65,162,000
December.....	334,888,500	358,057,000	70,908,000	67,933,000
Total.....	2,191,357,900	2,170,646,900	308,429,000	314,340,000

Balance Dec. 30, 1916.....	\$16,933,000
Balance Dec. 31, 1917.....	37,664,000

EXHIBIT V.—Fiduciary powers granted.

Powers granted.	Ohio.	Penn- syl- vania.	Ken- tucky.	West Vir- ginia.	Total.	Total granted since organi- zation.
Trustee only.....				1	1	6
Registrar of stocks and bonds.....	3				3	5
Trustee and registrar of stocks and bonds.....	3				3	11
Trustee, executor, administrator, and registrar of stocks and bonds.....		1			1	7
Total.....	6	1		1	8	29

DISTRICT NO. 5—RICHMOND.

Caldwell Hardy, Chairman and Federal Reserve Agent.

This bank, with the other Federal Reserve Banks, as well as member banks of the entire system and country, has been called upon to extend its activities over a wide field in the service of the Government in the floating of bonds and certificates of indebtedness and in the handling of extensive national financing.

This country's entrance into the war necessitated the immediate raising of large sums of money, followed as early as practicable by more permanent financing. Under the war bill passed in April the early financing, as well as the later interim financing between bond issues hereafter referred to, was effected by certificates of indebtedness. The following table will give particulars as to these issues of certificates of indebtedness, showing the amount subscribed for and allotted in this district. The response in the district in subscriptions to these certificates was prompt and generous, particularly so when it is taken into consideration that the money was required largely during the crop planting and raising period, during which money is always particularly in demand.

Certificates of indebtedness.

Date.	Maturity.	Amount offered.	Rate.	Subscription.	Allotment.
1917.			<i>Pr. ct.</i>		
Mar. 31.....	June 29.....	\$50,000,000	2	\$2,000,000	\$2,000,000
Apr. 25.....	June 30.....	200,000,000	3	5,850,000	5,850,000
May 10.....	July 17.....	200,000,000	3	2,753,000	2,753,000
May 25.....	July 30.....	200,000,000	3½	2,768,000	2,000,000
June 8.....	do.....	200,000,000	3½	4,027,000	3,600,000
Aug. 9.....	Nov. 15.....	300,000,000	3½	3,400,000	2,800,000
Aug. 28.....	Nov. 30.....	250,000,000	3½	8,932,000	7,235,000
Sept. 17.....	Dec. 15.....	300,000,000	3½	3,180,000	3,180,000
Sept. 26.....	do.....	400,000,000	4	7,004,000	7,004,000
Oct. 18.....	Nov. 22.....	300,000,000	4	8,323,000	8,323,000
Oct. 24.....	Dec. 15.....	(1)	4	11,472,000	11,472,000
1918.					
Nov. 30.....	June 25.....	(1)	4	2,415,000	2,415,000
				62,124,000	58,632,000

¹ Limited amount.

Payments for the above certificates were made through this bank with remarkable facility and without disturbance to the finances of the district.

Following the early temporary financing through certificates of indebtedness, came the more permanent financing through the first issue of Liberty bonds. This necessitated a permanent organization of every force to be availed of in the financial campaign. That organization took the following form:

GENERAL SCHEME OF THE LIBERTY LOAN ORGANIZATION.

A district committee, with the governor of the Federal Reserve Bank as chairman, and consisting of the chairmen of the central Liberty loan committees of the several States.

State committees consisting of members from the various important sections of each State, acting with and through the central committee located in the capital of each State.

Local committees in all cities and banking places where it was possible to form such committees, consisting of representatives of all important industries of the place.

A Liberty loan bureau in each banking institution.

A publicity department connected with each State committee, with headquarters in the capital of each State.

A speakers' bureau located in the Federal Reserve city—Richmond—operated in connection with the speakers' bureau at Washington.

Each banking institution at the beginning of the campaign was advised of its proportionate amount of the loan based upon its resources.

In some cities the State committee divided the State into counties and a friendly rivalry between the sections was brought about, as well as a rivalry between the separate banking institutions.

In Richmond all members of the committees were assigned to solicit subscriptions from the customers of their respective institutions. Other members of the committees were assigned to the work of arousing interest on the part of members of their respective organizations as selling agents for the bonds.

The speakers' bureau carried the message through the theaters, churches, schools, factories, and other gathering places of people. A ladies' committee was authorized to operate booths in the large stores in the retail district and enlisted all the women's organizations of the city. Nearly all the banks adopted a club system for selling

bonds on the installment plan—payments of \$1 cash and \$1 each week thereafter for each \$50 bond.

A parade and mass meeting were arranged, the former embracing many societies and the school children of the city. At the mass meeting the public was invited, and the war situation was ably presented by one of our United States Senators.

Publicity was obtained by billboards, window hangers, distribution of circulars, stickers, etc., and a news article daily in each newspaper. Business houses contributed the advertising space. These same methods were urged in every locality throughout the district.

The amount of subscriptions asked for to the first Liberty loan at $3\frac{1}{2}$ per cent was \$2,000,000,000; the quota expected from this district was fixed at a minimum of \$80,000,000 and a maximum of \$100,000,000. The subscriptions amounted to \$109,737,100 and the allotment made was \$88,593,650. Payments required were 2 per cent with subscriptions and 18 per cent on June 28; 20 per cent on July 30; 30 per cent on August 15; 30 per cent on August 30.

While it required a wide and energetic campaign, reaching, so far as possible, every individual and family in the district, when the novelty of the appeal is taken into consideration, the large majority of our population having little or no information in regard to, or conception of, the necessities or conditions relating to the situation, the response might well be regarded as remarkable.

The effect of these subscriptions on banking institutions and their condition, and on the industries and commerce of the district, was apparently negligible. The bank deposits in the district more than held their own, and no interests, either agricultural, industrial, or commercial, suffered from lack of banking accommodations. It may be asserted with reasonable safety that the actual effect of this financing was far less than the first estimates placed upon it. It was manifestly impossible to determine accurately the cause for the increased banking accommodations asked for during the financing of these subscriptions, and while this accommodation in amount represented a considerably increased volume, the amount directly traceable to the Government financing was relatively limited, and the whole increase was small compared with the total amount of the financing.

The second Liberty loan at 4 per cent was offered on November 15. The quota for this district was fixed at a minimum of \$120,000,000 and a maximum of \$200,000,000. The amount subscribed for was \$201,212,500 and the allotments \$182,581,700. Payments required were 2 per cent with subscriptions and 18 per cent on November 15; 40 per cent on December 15; 40 per cent on January 15.

The bank's ownership of Treasury certificates and Government bonds on December 31 amounted to \$3,205,450, and operations in these securities are fully set forth in the following table:

Open-market operations.

Securities.	Balance Dec.31,1916.	Operations for the year 1917.		Balance Dec.31,1917.
		Purchases.	Sales.	
Liberty Loans:				
3½ per cent.		\$183,800	\$140,900	\$42,900
4 per cent (second)		1,698,950	1,657,500	41,450
Certificates of indebtedness:				
2 per cent.		2,000,000	2,000,000	
3 per cent.		259,000	259,000	
One-year Treasury notes, 3 per cent.	\$1,670,000	1,899,000		1,969,000
United States conversion bonds, 3 per cent.		1,900,100	900,100	
United States consuls, 2 per cent.	1,392,450	521,750	1,999,100	915,100
United States Panamas, 2 per cent.	803,000	237,000	1,800,000	237,000
Total.....	3,262,450	6,699,600	6,756,600	3,205,450

¹ Conversions.

In addition to this, the bank held on December 31 member bank collateral notes to the amount of \$4,170,060 and notes of other parties indorsed by member banks to the amount of \$5,294,639, all of which were secured by United States bonds and certificates of indebtedness.

Our fiscal agency department having charge of the conduct of Liberty loan operations has required the supervision of several of our officers and heads of our departments. Twenty additional employees have been permanently engaged in this work, and 27 more added to the general force. In addition to this, at the height of the campaign many others were temporarily employed. Two of the large audit companies of the city also loaned us many of their expert accountants. The entire expenditure reported for reimbursement in connection with the campaign in the first Liberty loan was \$23,700, the entire amount having been reimbursed to us by the Treasury Department. The total expenditure estimated in connection with the campaign in the second Liberty loan is about \$60,000, some bills not having yet been put into final shape. None of this has yet been reimbursed to us by the Treasury Department.

The amount of member banks collateral notes and notes of other parties indorsed by member banks and secured by United States bonds and certificates of indebtedness reached nearly \$9,500,000 on December 31. This indicates the growing extent to which the bank has been called on to extend assistance up to this date in financing bond subscriptions. The natural inference is that as the final payments become due on the last subscriptions and further anticipated issues are offered to the public, the bank will continue to play an increasingly important part in the loans. Increased efforts will con-

tinue to be necessary to distribute bonds among private investors in order that excessive demand upon the resources of the bank and its members may be minimized as far as possible, and interference with the process of supplying the regular demands through commercial channels be avoided.

BANK ACTIVITIES DURING THE YEAR.

The increase in member banks' deposits (reserves) from \$25,000,000 to \$45,000,000, partly due to a change in the law affecting reserve requirements and partly to the expansion of members' own deposits, coupled with the growth in loans and bills purchased from \$7,000,000 to over \$42,000,000, are striking illustrations of the growth of wealth and the volume of business within the district. Our loans have been confined entirely to the district except a purchase of \$5,000,000 short-time bankers' acceptances from one of the other Federal Reserve Banks. The increase of something over \$300,000 in capital stock is due chiefly to subscriptions from important State banks and trust companies which have recently joined the system, and to substantial additions to surplus of several member banks.

The following comparative balance sheet of the bank, as of December 31, 1916 and 1917, shows a growth of nearly \$100,000,000 in its resources between the dates mentioned:

Comparative balance sheets (condensed).

	Dec. 31, 1917.	Dec. 31, 1916.
ASSETS.		
Cash:		
Gold reserve.....	\$62,342,094.65	\$24,532,111.00
Legal tender, silver, etc.....	164,264.85	64,938.40
Total reserve.....	62,506,359.50	24,597,049.40
Other cash and cash items.....	597,613.72	1,708,107.87
Total cash.....	\$63,103,973.22	\$26,305,157.27
Depository banks (see contra-U. S. Treasurer special).....	24,424,683.36	-----
Transit items (deferred—net).....	2,395,561.04	179,491.01
Overdrafts.....	50,074.18	5,078.43
Productive assets:		
Loans and bills purchased.....	42,812,846.02	7,213,968.08
Municipal warrants.....	-----	60,750.00
United States securities.....	3,205,450.00	3,262,450.00
Par values.....	46,018,206.02	10,537,168.08
Deduct:		
Reserve for depreciation.....	\$50,000.00	-----
Unearned discount, etc.....	100,264.38	-----
-----	150,264.38	20,310.96
Add accrued interest receivable.....	45,868,091.64	10,516,857.12
-----	21,575.24	4,033.20
Liquid values.....	45,889,666.88	10,520,890.32
Real estate, furniture, and equipment.....	309,065.24	133,475.77
Deferred charges.....	43,221.74	14,034.57
-----	352,286.98	147,510.34
-----	136,216,245.66	37,158,127.40

Comparative balance sheets (condensed)—Continued.

	Dec. 31, 1917.	Dec. 31, 1916.
LIABILITIES.		
Deposits:		
United States Government.....	\$2,253,761.15	\$3,059,731.73
Members.....	45,356,853.67	25,450,515.49
Cashier's checks, etc.....	192,256.97	2,718.22
	\$47,802,873.79	\$28,512,965.44
United States Treasury, special (see, contra, depository banks).....	24,424,683.36	.....
Other Federal Reserve Banks (net).....	3,044,461.78	1,457,347.26
Federal Reserve notes outstanding (net)...	56,563,805.00	3,830,000.00
Liability to shareholders:		
Capital stock.....	3,663,950.00	3,346,150.00
Surplus.....	116,471.73	.....
Undivided profits.....	.....	11,664.70
	3,780,421.73	3,357,814.70
	136,216,245.66	37,158,127.40

The expense account of the bank is set forth in the following table:

Comparative expense accounts (exclusive of transit expense).

	1917	1916
Current:		
Federal Advisory Council.....	\$431.60	\$150.00
Assessment Federal Reserve Board expense.....	14,255.60	11,743.48
Directors—		
Fees.....	3,020.00	3,760.00
Per diem allowances.....	1,230.00	1,840.00
Traveling expense.....	1,806.49	2,505.38
Legal.....	500.00	1,425.00
Salaries—		
Officers.....	33,199.96	31,427.97
Clerical staff.....	35,303.55	26,789.12
Watchmen.....	700.00	648.33
Miscellaneous.....	1,882.23	1,774.23
Traveling.....	668.67	406.93
Conferences—		
Governors.....	336.78	1,444.78
Federal Reserve agents.....	168.37	330.89
Telephone.....	685.33	391.31
Telegraph.....	657.22	225.79
Postage.....	5,209.57	3,408.91
Expressage.....	4,115.55	779.71
Rent (including outside vaults).....	5,807.00	6,034.00
Taxes and fire insurance.....	2,629.24	.....
Fidelity insurance.....	2,202.16	1,498.85
Light, heat, and power.....	820.14	901.11
Printing and stationery.....	9,723.02	3,576.79
Repairs and alterations.....	11,295.63	44.78
Miscellaneous.....	4,683.25	3,160.58
Total current.....	141,094.62	104,257.94
Cost of Federal Reserve notes.....	62,529.60	18,247.82
Depreciation of building and equipment.....	54,161.45	3,713.95
Total.....	257,785.67	126,219.71

¹ Credit.² Debit.

While expenses show large increases, gross earnings for the year show an increase from \$312,000 to \$770,000, productive assets from \$10,500,000 to \$46,000,000, and net earnings from \$186,000 to \$462,000.

The current expense increases are only moderate when the increased volume of business is taken into consideration. The major increases were for repairs and alterations of \$11,000 to the building purchased for the use of our Baltimore branch, to be opened early

in 1918. Federal Reserve notes outstanding have increased during the year from \$20,000,000 to \$60,000,000, and the increased cost is \$44,000. Depreciation on building and equipment for the year of \$54,000 represents depreciation in the property purchased for our proposed new building facing Capitol Square, the old buildings on the property having been removed. It also includes equipment (adding and printing machines, typewriters, etc.), and a portion of the cost of a new vault of moderate size in our present quarters. The removal of this vault to the new building when erected is contemplated.

The details of comparative profit and loss accounts for this and the previous year are shown in the following tables:

Comparative profit and loss accounts, dividends, and undivided profits.

	1917	1916
Gross earnings:		
On loans and investments.....	\$716,340.78	\$286,697.84
Profits on United States securities sold.....	16,711.75	12,527.84
Service charges (net over transit expense).....	4,386.69	1,033.17
Penalties for deficiencies in reserve.....	31,362.02	12,390.39
Miscellaneous.....	1,207.69	142.25
	\$770,008.93	\$312,791.49
Deduct—		
Expenses.....	257,785.67	126,219.71
Reserve for depreciation.....	50,000.00	
	307,785.67	126,219.71
Net profit for the year.....	462,223.26	186,571.78
Balance in undivided profits Jan. 1.....	11,664.70	23,015.26
	473,887.96	209,587.04
Dividends paid:		
1 per cent—Nov. 16, 1914, to Dec. 31, 1915.....		30,387.65
6 per cent—Jan. 1, 1916, to Oct. 31, 1916.....		167,534.69
6 per cent—Nov. 1, 1916, to June 30, 1917.....	133,690.71	
6 per cent—July 1, 1917, to Dec. 31, 1917.....	108,253.79	
	240,944.50	197,922.34
Balance.....	232,943.46	11,664.70
Deduct—		
Franchise tax paid to United States Government.....	116,471.73	
Carried to surplus account.....	116,471.73	
	232,943.46	
Balance of undivided profits, Dec. 31.....		11,664.70

This indicates that after charging off liberally on our building site, equipment, etc., paying dividends to our members in full at 6 per cent to December 31, and laying aside a reserve for depreciation, there remained \$232,943 of undivided profits. The Federal Reserve Act provides that, after the payment of expenses and dividends in full to date, all remaining earnings shall be paid to the United States as a franchise tax, except that one-half of such earnings shall be paid into a surplus fund until it amounts to 40 per cent of the paid-in capital stock of the bank. Under this provision of the law one-half of the above earnings—\$116,471—has been carried to surplus account and the other half paid to the United States Government as a franchise tax.

The following table giving the daily averages of member banks' deposits and of United States Government deposits for 1916-17 will be of interest and give evidence of the growth of banking resources in the district:

Deposits—Daily averages by months; 1917 compared with 1916.

Month.	Member banks.		United States Government.	
	1917	1916	1917	1916
January.....	\$26,023,616.67	\$11,199,805.77	\$1,940,979.43	\$5,658,432.64
February.....	25,719,944.94	11,483,882.66	1,460,930.46	6,328,866.43
March.....	26,255,281.88	11,545,076.04	4,086,850.04	6,420,260.32
April.....	25,649,231.37	11,536,144.10	1,188,082.41	6,875,443.03
May.....	25,600,111.52	13,249,437.88	3,468,857.52	6,346,514.23
June.....	28,290,347.84	14,901,902.86	7,979,110.88	7,191,234.53
July.....	33,950,883.34	15,956,127.43	10,375,597.34	8,671,597.44
August.....	37,060,405.42	16,330,973.91	5,148,718.32	8,320,534.36
September.....	36,922,969.42	16,615,271.11	3,310,445.18	2,963,816.83
October.....	40,217,988.13	20,013,963.91	3,466,750.03	3,594,049.51
November.....	42,282,302.89	23,496,288.63	11,646,835.94	2,921,533.37
December.....	43,673,086.54	23,456,796.81	11,667,529.73	2,845,368.45
Year.....	31,704,936.90	15,999,616.04	5,524,462.85	5,014,378.72

This growth of business is further illustrated by the following table showing the volume of discounts of over \$100,000,000 during the current six months. Bankers' acceptances to the amount of \$58,-000,000 were purchased in addition to these discounts.

Discounts during the year 1917.

	Maturities as of date of acquisition.					
	15 days and less.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Over 90 days.	Total.
Notes.....	\$104,652,137.05	\$8,233,035.22	\$16,006,334.97	\$19,162,471.99	\$1,295,537.41	\$149,349,516.64
Member banks' collateral notes..	245,024,635.04					245,024,635.04
Trade acceptances..	108,166.29	417,560.99	1,229,721.65	1,405,000.35		3,160,449.28
Commodity paper..	546,212.04	1,019,084.71	1,437,422.62	683,365.71		3,686,085.08
Bill of lading drafts	1,747,294.11					1,747,294.11
Total.....	352,078,444.53	9,669,680.92	18,673,479.24	21,250,838.05	1,295,537.41	402,967,980.15

Of this total over one-half is represented by member banks' collateral notes having less than 15 days to run. This illustrates the importance of the facilities extended member banks for short loans. The handling of large transactions, necessitating frequently the temporary use of large sums, is economically facilitated by means of these short loans.

The moderate rates at which these large transactions have been handled are set forth in the following table and are a further illustration of the liberal facilities extended to members by the bank.

Discount rates current for the year 1917.

Classification.	Effective Jan. 1, 1917, un- changed since Oct. 1, 1916.	Effective Apr. 23, 1917.	Effective May 25, 1917.	Effective Nov. 5, 1917.	Effective Nov. 30, 1917.
Member banks' collateral notes:					
Secured by customers' notes.....	3½	3½	3½	3½	4
Secured by United States securities.....			3½	3½	3½
Commercial paper:					
15 days or less.....	4	3½	3½	3½	4
16 to 90 days.....	4	4	4	4	4½
Agricultural and live stock paper:					
15 days or less.....	4	3½	3½	3½	4
16 to 90 days.....	4	4	4	4	4½
91 days to 6 months.....	4½	4½	4½	4½	4½
Notes secured by United States securities:					
15 days or less.....			3½	3½	3½
16 to 90 days.....			3½	3½	4
Commodity paper:					
15 days or less.....	3½	3½	3½	3½	4
16 to 90 days.....	3½	3½	3½	4	4½
Trade acceptances:					
60 days or less.....	3½	3½	3½	3½	4
61 days to 90 days.....	3½	3½	3½	3½	4

The following table shows the productive assets acquired during the year, analyzed as to class and rates. The amount of discounts held under each rate is shown with the average number of days each amount has to run. The total of \$42,800,000 has an average of only 23 days to run, which gives a forcible illustration of the very liquid condition in which the bills of the bank are kept.

Productive assets acquired during the year 1917, classified as to rates.

	2 per cent.	3 per cent.	3½ per cent.	3½ per cent.	3½ per cent.	3½ per cent.
United States Govern- ment securities.....	\$2,768,750.00	\$259,000.00				\$638,800.00
Warrants.....						115,000.00
Bankers' acceptances.....		30,492,613.73	\$2,078,049.37	\$3,456,933.96	\$1,537,878.97	18,698,692.81
Commodity paper.....						3,566,960.03
Trade acceptances.....						2,492,327.34
Bill of lading drafts.....						755,058.43
Unsecured notes.....						10,543,950.43
Notes secured by:						
Merchandise.....						2,500.00
United States se- curities.....						24,040,078.61
Member bank collateral notes secured by:						
United States se- curities.....						30,313,922.05
Customers' notes.....						206,108,999.93
Total.....	2,768,750.00	30,751,613.73	2,078,049.37	3,456,933.96	1,537,878.97	297,235,289.79
Owned Dec. 31, 1917:						
United States Govern- ment securities.....	1,152,100.00	1,969,000.00				42,900.00
Loans and bills.....			1,332,840.58	100,000.00	596,321.36	18,249,155.93
Average unexpired term in days.....			26	36	21	23

Productive assets acquired during the year 1917, classified as to rates—Continued.

	3½ per cent.	3¼ per cent.	4 per cent.	4½ per cent.	Total.
United States Government securities.....			\$2,305,950.00		\$5,962,500.00
Warrants.....					115,000.00
Bankers' acceptances.....	\$454,510.27	\$1,397,380.87			58,116,059.98
Commodity paper.....			119,125.00		3,686,085.08
Trade acceptances.....			668,121.94		3,160,449.28
Bill of lading drafts.....			992,235.63		1,747,294.11
Unsecured notes.....			106,434,776.64	\$5,836,430.80	122,815,157.87
Notes secured by:					
Agricultural products.....			275,461.58	299,847.16	575,308.74
Live stock.....			6,980.89		6,980.89
Merchandise.....			10,000.00		12,500.00
United States securities.....			1,890,490.53		25,939,569.14
Member bank collateral notes secured by:					
United States securities.....					30,313,922.05
Customers' notes.....			8,601,713.00		214,710,712.99
Total.....	454,510.27	1,397,380.87	121,304,855.21	6,136,277.96	467,161,540.13
Owned Dec. 31, 1917:					
United States Government securities.....			41,450.00		3,205,450.00
Loans and bills.....	191,727.05	1,397,380.87	16,575,520.39	4,370,699.84	42,812,846.02
Average unexpired term in days.....	17	61	13	39	23

The volume of paper handled is almost wholly determined by the terms of the paper, whether of short or long maturities, and the following table will show daily averages of outstanding bills for the entire year, and will indicate the average continuous service rendered.

Daily averages of productive assets for the year 1917.

Classification.	Commodity.	Trade acceptances.	Bankers' acceptances.		Member bank collateral notes.
			Foreign.	Domestic.	
United States securities.....					\$608,293.24
Agricultural products.....	\$402,623.93	\$8,521.18			
Live stock.....					
Merchandise.....					
Customers' notes.....					2,248,983.37
Nonmember bank.....					
Total collateral.....	402,623.93	8,521.18			2,857,276.61
Unsecured.....		406,737.89	\$5,017,198.22	\$1,218,258.46	
Total loans.....	402,623.93	415,259.07	5,017,198.22	1,218,258.46	2,857,276.61
Warrants.....					
United States bonds.....					
Grand total.....	402,623.93	415,259.07	5,017,198.22	1,218,258.46	2,857,276.61

Classification.	Notes.	United States bonds and investments.	Combined	Held by	
				Federal Reserve agent.	Bank.
United States securities.....	\$538,928.86		\$1,147,222.10	\$1,147,222.10	
Agricultural products.....	71,658.56		482,803.67	432,645.09	\$50,158.58
Live stock.....	1,306.17		1,306.17	1,249.73	56.44
Merchandise.....	2,732.90		2,732.90	2,595.90	137.00
Customers' notes.....			2,248,983.37	1,361,323.85	887,654.52
Nonmember bank.....	19,396.05		19,396.05	19,396.05	
Total collateral.....	634,022.54		3,902,444.26	2,964,437.72	938,006.54
Unsecured.....	6,410,846.15		13,053,040.72	12,526,260.52	526,780.20
Total loans.....	7,044,868.69		16,955,484.98	15,490,698.24	1,464,786.74
Warrants.....		\$15,791.78	15,791.78		15,791.78
United States bonds.....		3,672,427.81	3,672,427.81		3,672,427.81
Grand total.....	7,044,868.69	3,688,219.59	20,643,704.57	15,490,698.24	5,153,006.33

The productive assets owned December 31, 1917, are again analyzed in the following table, which gives the volume of paper maturing within 15 days and later maturity periods, from which it will be seen that over \$24,000,000 out of the total of \$42,000,000 had less than 15 days to run at the close of business December 31. This gives another forcible illustration of the extreme liquidity of the larger portion of the bank's paper.

Analysis of productive assets as of close of business Dec. 31, 1917.

CLASSIFICATION.	Commodity.	Trade acceptances.	Bankers' acceptances.		Member bank collateral notes.
			Foreign.	Domestic.	
United States securities.....					\$4,171,060.00
Agricultural products.....	\$97,400.00				
Total collateral.....	97,400.00				4,171,060.00
Unsecured.....		\$1,057,053.93	\$8,935,465.95	\$4,220,660.76	
Total loans.....	97,400.00	1,057,053.93	8,935,465.95	4,220,660.76	4,171,060.00
Grand total.....	97,400.00	1,057,053.93	8,935,465.95	4,220,660.76	4,171,060.00
MATURITIES.					
Within 15 days.....	15,150.00	211,346.50	1,812,773.36	1,186,947.43	4,171,060.00
16 to 30 days.....	41,500.00	260,327.35	4,104,215.69	554,686.00	
31 to 60 days.....	40,750.00	437,722.37	1,728,437.26	1,689,568.21	
60 to 90 days.....		127,637.71	1,290,039.64	789,459.12	
Grand total.....	97,400.00	1,057,053.93	8,935,465.95	4,220,660.76	4,171,060.00

CLASSIFICATION.	Notes.	United States bonds and investments.	Combined.	Federal Reserve agent.	Bank.
United States securities.....	\$5,294,639.88		\$9,465,699.88	\$9,465,699.88	
Agricultural products.....	291,070.16		388,470.16	388,470.16	
Bill of lading drafts.....	92,344.97		92,344.97	92,344.97	
Nonmember bank.....	707,956.00		707,956.00	707,956.00	
Total collateral.....	6,386,011.01		10,654,471.01	10,654,471.01	
Unsecured.....	17,945,194.37		32,158,375.01	32,158,375.01	
Total loans.....	24,331,205.38		42,812,846.02	42,812,846.02	
United States bonds.....		\$3,205,450.00	3,205,450.00		\$3,205,450.00
Grand total.....	24,331,205.38	3,205,450.00	46,018,296.02	42,812,846.02	3,205,450.00
MATURITIES.					
Within 15 days.....	16,967,056.89		24,384,334.18	24,384,334.18	
16 to 30 days.....	1,244,820.00		6,205,549.04	6,205,549.04	
31 to 60 days.....	4,965,373.47		8,861,851.31	8,861,851.31	
60 to 90 days.....	1,141,207.52		3,348,363.99	3,348,363.99	
Over 90 days.....	12,747.50	3,205,450.00	3,218,197.50	12,747.50	3,205,450.00
Grand total.....	24,331,205.38	3,205,450.00	46,018,296.02	42,812,846.02	3,205,450.00

The following table compiled by quarters gives the volume of paper in pieces and by amount, the daily average, the annual rate earned, the amount of discount earned during each period, and the rebates on anticipated payments with the resulting earnings.

Productive assets with earnings and averages, 1917.

Quarterly periods, 1917.	Volume of investment operations.		Daily averages, holdings.		Days in period.	Annual rate income on earned (actual).
	Items.	Amount.	Items.	Balances current.		
Jan. 1 to Mar. 31.....	3,345	\$33,679,716.17	37	\$11,818,978.88	90	3.28
Apr. 1 to June 30.....	7,236	81,446,432.97	80	19,117,894.00	91	3.17
July 1 to Sept. 30.....	7,990	123,044,054.72	87	21,289,594.24	92	3.54
Oct. 1 to Dec. 31.....	5,215	228,991,336.27	56	30,139,924.38	92	3.63
Total.....	23,786	467,161,540.13	65	20,643,704.57	365	3.47

Quarterly periods, 1917.	Discount and interest.				Sundry profits.			Total earnings of productive assets.
	Earned (actual).	Minimum charges.	Anticipations.	Total.	Profits on sales of United States securities.	Penalties for inefficiency in reserve.	Miscellaneous.	
Jan. 1 to Mar. 31.....	\$94,675.06	5.56	95.33	\$94,775.95	\$16,711.75	\$5,982.70	\$58.18	\$117,528.58
Apr. 1 to June 30.....	153,075.82	9.72	104.62	153,190.16	.....	5,793.43	138.96	159,122.55
July 1 to Sept. 30.....	191,954.81	8.71	203.00	192,166.52	.....	8,153.79	415.81	200,736.12
Oct. 1 to Dec. 31.....	275,879.68	4.11	324.36	276,208.15	.....	11,432.10	594.74	288,234.99
Total.....	715,585.37	28.10	727.31	716,340.78	16,711.75	31,362.02	1,207.69	765,622.24

This includes penalties which we are compelled under the law to charge members for deficiencies in reserve, and we would urge members to give this matter careful consideration. Demands for funds can be much more economically met by rediscounting at our moderate current rates than by impairing reserves, thus creating deficiencies on which we are required to charge 2 per cent above the current rate for 90-day paper, but not less than 6 per cent per annum.

The productive assets are again analyzed by quarters in the following table, giving distribution by States, and showing the number of banks in each State accommodated at each different period.

Productive assets acquired—Distribution by States, 1917.

	Jan. 1 to Mar. 31.		Apr. 1 to June 30.		July 1 to Sept. 30.	
	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.
Maryland.....	12	\$9,080,017.27	17	\$21,525,542.79	17	\$23,307,621.93
District of Columbia.....	3	648,951.65	4	701,954.17	4	1,116,057.16
Virginia.....	20	11,009,707.69	44	45,146,407.24	48	81,967,017.92
West Virginia.....	1	3,900.50	1	10,200.00	3	267,148.31
North Carolina.....	30	5,160,343.11	48	7,122,200.02	49	8,152,249.12
South Carolina.....	42	4,913,046.45	54	6,681,128.75	56	7,629,760.28
Other Federal Reserve Banks.....	.....	.....	.....	.....	.....	.....
Discounts and bills purchased.....	.....	30,905,966.17	.....	81,187,432.97	.....	122,439,854.72
Warrants purchased.....	.....	15,000.00	.....	.....	.....	100,000.00
United States securities purchased.....	.....	2,758,750.00	.....	259,000.00	.....	504,200.00
Total.....	108	33,679,716.17	168	81,446,432.97	177	123,044,054.72

Productive assets acquired—Distribution by States, 1917—Continued.

	Oct. 1 to Dec. 31.		Total period.		Balance as of Dec. 31.
	Banks.	Amount.	Banks.	Amount.	
Maryland.....	31	\$22,837,696.57	32	\$76,750,878.56	\$10,239,075.98
District of Columbia.....	6	1,035,131.91	7	3,502,094.89	437,412.53
Virginia.....	54	151,464,357.05	71	289,677,489.90	18,649,987.43
West Virginia.....	9	1,533,686.70	11	1,814,935.01	549,350.64
North Carolina.....	37	13,057,207.44	59	33,491,999.69	6,172,265.03
South Carolina.....	29	31,604,760.02	65	50,828,695.50	4,505,727.36
Other Federal Reserve Banks.....	1	5,017,946.58	1	5,017,946.58	2,259,077.00
Discounts and bills purchased.....		226,550,786.27		461,084,040.13	42,812,846.02
Warrants purchased.....				115,000.00	
United States securities purchased.....		2,440,550.00		5,962,500.00	3,205,450.00
Total.....	167	228,991,336.27	246	467,161,540.13	46,018,296.02

Virginia shows the largest volume of bills discounted, this being partly due to the fact that our members in Richmond have found it convenient to avail of, to a large extent, frequent loans running from 1 to 15 days.

The following table on clearing operations gives full details as to number of items, amounts, averages, and costs:

Clearing operations for the year.

	Number of items.	Amount.	Daily averages, 304 business days.		Average amount per item.	Equivalent cost per \$1,000, with serv- ice charge at 1½ cents per item.
			Num- ber of items.	Amount.		
Government cheques.....	81,010	\$24,119,000	266	\$79,339	\$298	No charge made.
Through Richmond Clearing House.....	339,677	882,652,100	1,117	2,905,461	2,598	Do.
Total free.....	420,717	906,771,100	1,383	2,982,800	2,157	
On other points in district No. 5.....	4,726,700	1,439,595,700	15,548	4,735,512	305	4 11/100 cents.
On points in other Federal Reserve districts.....	540,863	1,057,582,700	1,780	3,478,890	1,955	64/100 cents.
Total service.....	5,267,563	2,497,178,400	17,328	8,214,402	474	2 64/100 cents.
Grand total.....	5,688,280	3,403,949,500	18,711	11,197,202	599	2 09/100 cents on grand total.

Disbursements for transit department, \$51,186.57. Cost per item on total handled, 0.90 cent. Cost per item subject to service charge, 0.97 cent. Cost per \$1,000 on total handled, 1.50 cents. Cost per \$1,000 subject to service charge, 2.04 cents. Service charge per item, 1.25 cents.

This volume of business is constantly increasing, and as our members are becoming more familiar with our methods, we anticipate increasingly extensive use of the facilities which we offer them.

FEDERAL RESERVE BANK AND MEMBER BANKS.

The following table analyzing capital stock for the year gives comparison with December 31, 1916, showing additions and reduc-

tions in the number of banks by States, with a resulting membership of 530 as against 520 at the close of 1916, and an increase of capital from \$3,346,150 to \$3,663,950:

Capital stock—Analysis for the year 1917.

	Maryland.		District of Columbia.		Virginia.		West Virginia.		North Carolina.		South Carolina.		Total.	
	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.
Balance Dec. 31, 1916.....	96	16,065	15	8,098	145	19,055	104	8,463	81	7,570	79	7,672	520	66,923
Additional allotments on increases of capital or surplus of members.....	...	1,029	...	26	...	1,506	...	233	...	301	...	227	...	3,413
Reductions on decreased capital or surplus of members.....	96	17,094	15	8,124	145	20,561	104	8,696	81	7,961	79	7,899	520	70,336
•	...	...	...	...	...	...	...	30	...	126	...	29	...	185
Additions to memberships during the year.....	96	17,094	15	8,124	145	20,561	104	8,666	81	7,835	79	7,870	520	70,151
	2	2,160	...	...	8	1,152	2	87	1	21	5	130	18	3,549
Liquidations during the year.....	98	19,254	15	8,124	153	21,713	106	8,753	82	7,856	84	8,000	538	73,700
	1	20	...	...	2	213	3	151	1	15	1	22	8	421
Balance Dec. 31, 1917.....	97	19,234	15	8,124	151	21,500	103	8,602	81	7,841	83	7,978	530	73,279

The number of national bank and State bank stockholders, distributed by States, the amount of stock held in each State, and the dividends paid thereon are shown in the following table:

Capital stock and dividends.

	Number of members.			Shares allotted.	50 per cent of par of allotments paid.	6 per cent dividends paid.	
	National.	State.	Total.			From Nov. 1, 1916, to June 30, 1917.	From July 1 to Dec. 31, 1917.
Maryland.....	95	2	97	19,234	961,700	33,203.95	26,529.13
District of Columbia.....	14	1	15	8,124	406,200	16,224.38	12,186.00
Virginia.....	147	4	151	21,500	1,075,000	38,772.56	30,521.15
West Virginia.....	102	1	103	8,602	430,100	16,921.05	12,728.44
North Carolina.....	81	.....	81	7,841	392,050	15,210.44	11,537.91
South Carolina.....	78	5	83	7,978	398,900	15,358.33	11,751.16
Total.....	517	13	530	73,279	3,663,950	135,690.71	105,253.79

The amendment to the Federal Reserve Act passed in June reduced the reserves required to be carried by member banks to 7 per cent against demand deposits and 3 per cent against savings accounts, 10 per cent being required in reserve cities against demand deposits, but all of these reserves are required to be carried with the Federal Reserve Bank. Banks are not now being required to carry reserves in their own vaults, but are left free to use their own judgment as to the amount of their cash needs at home and the character of

them. Under these conditions, Federal Reserve notes are available instead of legal tender and gold certificates. Member banks and many State banking institutions have freely sent in gold and gold certificates, which has caused a largely increased demand for the use of Federal Reserve notes, and the amount of such notes outstanding increased during the year about \$40,000,000.

Relations with member banks have been cordial, and during the eventful year we have had their loyal support and cooperation. The effectiveness of the system and the impracticability of doing without it are universally recognized. It remains only to bring about the final establishment of a universal par collection plan (which will remove the necessity for balances at central points for the purpose of clearing the numerous State bank items) to round out the system to the complete satisfaction of all members.

The discount facilities offered by the bank, and the established fact that these can be relied upon with assurance, have been a general source of confidence to the officers of our member banks, in regard to which we are constantly receiving gratifying expressions. While the present unusual and in some respects trying conditions are fully recognized, the bygone doubts of the adequacy of our banking facilities have been replaced by a feeling of confidence. We are glad to express the belief also that there are few cases in which there is any marked disposition to overtrade; the character of loans is becoming more varied, better scattered, and therefore more liquid. Cooperation in the securing of credit statements is increasing, the necessity for and advantage of obtaining them being more fully recognized both by the banks and their borrowers.

The irregularity in mails, we regret to report, is more frequent, due to inadequate postal facilities, aggravated by congested traffic conditions on the railroads. These facilities, which appear to have been inadequate in normal times, have been swamped under existing war conditions.

During the year the following banks have been authorized to act as trustee, executor, administrator, and registrar of stocks and bonds: First National Bank, Hyattsville, Md.; National Bank of Rising Sun, Rising Sun, Md.; First National Bank, Appalachia, Va.; First National Bank, Danville, Va.; Union National Bank, Clarksburg, W. Va.; National Bank of New Bern, New Bern, N. C.

FEDERAL RESERVE BANK AND STATE BANKS AND TRUST COMPANIES.

On January 1, 1917, we had six State bank members, with aggregate resources of \$7,800,000.

The general attitude of State bank officers has apparently been more friendly than heretofore, evidenced chiefly by a frank admis-

sion, almost universally, that the Federal Reserve System has been the salvation of the country—agriculturally, commercially, and financially—and that the State banks indirectly have been the beneficiaries in this to the same extent practically that members of the system have shared in it. They say frankly they would be unwilling to see former conditions restored. Financially, their attitude is that while they might be willing to come in as members, notwithstanding some loss of interest which they now get on balances, they are unwilling to forego the present returns from exchange charges. They are satisfied to enjoy the stability and prosperity and the profits arising from such conditions, due to the operation of the Federal Reserve System, but want to retain every source of profit which existed under the old system. They admit they want their items cleared at par. They are carrying at central points for this purpose considerable balances on which they are receiving a low rate of interest, whereas, these balances could be more profitably employed in regular loans, provided they could clear all items at par through the Federal Reserve Bank. Many express a willingness to become members “if all the others would come in,” thus establishing a universal par clearing plan, but each one hesitates about being the first and alone in going “over the top.” Notwithstanding this, we have received during the year applications from nine State banks and trust companies, of which seven were admitted up to December 31, their resources aggregating over \$27,000,000.

We have had many inquiries as to membership, have sent out considerable literature on the subject and had lengthy personal discussions and correspondence. We have the assurance of several additional applications, and are discussing membership with others, who have the matter under consideration. In this connection, with the approval of the Federal Reserve Board, our board has authorized the report of examinations of the State banking departments in this district to be accepted, in connection with the application of State banks and trust companies for membership. Some institutions which desire to join are conducting lines of business which are not regarded as altogether desirable in association with regular banking, and action as to membership hinges upon the possibility of elimination of these lines. While the movement for membership is not in such volume as is desirable, the interest in the question of membership is gratifying and encouraging.

With reference to the admission of a State bank as a member of the Federal Reserve system, the Federal Reserve Act provides that—

No applying bank shall be admitted to membership in a Federal Reserve Bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking act.

The limit of minimum capital is fixed by the national banking act as follows: In cities or towns not exceeding 3,000 inhabitants, \$25,000. In cities or towns exceeding 3,000, but not exceeding 6,000 inhabitants, \$50,000. In cities or towns exceeding 6,000, but not exceeding 50,000 inhabitants, \$100,000. In cities exceeding 50,000 inhabitants, \$200,000.

Out of approximately 1,500 State banks and trust companies located in the fifth district about 500 are eligible to membership under this provision of the act. Of the remaining banks about 200 are sufficiently well provided with surplus to enable them to qualify under the capital-stock requirement without the contribution of additional capital by stockholders by the simple expedient of transferring a certain amount from surplus fund to capital stock. We can see, therefore, that out of the 1,500 State institutions in this district approximately one-half are qualified or could easily qualify for membership in the system.

While a number of the larger and more substantial State institutions have been admitted to membership, or have applications pending, quite a large number of qualified institutions (or institutions which could qualify) have not done so. A number of these institutions, as well as a number of State banks that are unable to meet the capital requirements requisite for membership, have cooperated with the Federal Reserve system, at least as far as the collection system is concerned, but they are not cooperating in such a way as to strengthen the resources and increase the lending power of the system, as they would by participation as full members of the system.

Since many of these institutions are depending upon (member bank) correspondents with whom balances are carried by them, for a large part if not all, of the accommodation which they require, and since these correspondents are in many cases borrowing more largely from the Federal Reserve Bank than they would be required to borrow, were it not for this dependence, the nonmember State institutions are really occupying the position of liabilities rather than assets of the Federal Reserve system.

By becoming members of the system they would, through their capital subscriptions and reserve deposits, increase the resources of the Federal Reserve Bank, and add to its strength and lending power. By remaining out of the system they constitute an element of weakness in our financial structure instead of adding to its strength.

FEDERAL RESERVE BANK AND THE PUBLIC.

Our relations with the public through member banks and by direct contact have been cordial, and on every hand we hear universal expression that the Federal Reserve system has been a balance wheel

which has stabilized and aided agricultural and commercial developments and aided in bringing unmeasured prosperity to the district. The Government and its representatives have the cordial support and cooperation of every interest in the district, with an increasing resolution to carry our participation to a successful conclusion in behalf of world-wide freedom.

FEDERAL RESERVE BANK AND NOTE ISSUES.

The following table gives the interdistrict movement of Federal Reserve notes for the year, indicating the extent to which these notes travel abroad throughout the country as illustrated by the amounts and the district from which they are returned for redemption.

Interdistrict movement in Federal Reserve notes for the year ended Dec. 31, 1917.

Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$55,920	\$12,250	\$82,350	\$32,070	\$98,080	\$3,980
New York.....	1,042,325	197,750	1,155,130	345,200	1,071,000	263,240
Philadelphia.....	185,505	65,500	247,000	130,640	280,500	126,780
Cleveland.....	16,810	16,750	29,680	36,910	45,660	77,640
Atlanta.....	264,500	94,750	304,000	100,450	265,500	67,820
Chicago.....	72,500	4,900	98,000	22,230	106,000	30,980
St. Louis.....	28,100	6,150	41,400	14,000	44,380	13,000
Minneapolis.....	3,610	5,250	4,810	26,490	7,080	12,000
Kansas City.....	4,450	8,750	6,990	11,990	5,700	12,000
Dallas.....	58,580	6,500	14,910	13,680	12,940	12,920
San Francisco.....	2,695	2,610	111,200	1,890	61,620	7,500
Total.....	1,734,995	421,210	2,095,470	735,610	1,998,460	627,860

Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$19,750	\$1,200	\$7,800	\$1,000	\$263,900	\$50,500
New York.....	213,450	28,350	198,400	158,500	3,680,305	993,100
Philadelphia.....	57,500	11,150	27,500	2,000	798,005	336,670
Cleveland.....	8,350	11,400	600	2,500	101,100	145,200
Atlanta.....	20,350	2,500	8,100	3,000	862,450	268,520
Chicago.....	29,600	13,050	5,900	57,400	312,000	128,610
St. Louis.....	6,600	1,000	1,600	100	122,080	34,250
Minneapolis.....	1,400	350	100	300	17,000	44,390
Kansas City.....	1,250	1,400	600	100	18,990	34,240
Dallas.....	1,900	650	1,000	.....	89,330	33,750
San Francisco.....	6,500	1,300	3,000	900	185,015	14,200
Total.....	366,650	72,350	254,600	226,400	6,450,175	2,083,430

The following table gives the denominations and aggregate amounts of Federal Reserve notes received since the organization of the bank, the amounts on hand, and the aggregate amounts returned to the Comptroller of the Currency for destruction. Over \$60,000,000 was in the hands of the public at the close of the year, as compared with

\$20,000,000 outstanding December 31, 1916. In accordance with a suggestion from the Federal Reserve Board, this bank has authorized the maintaining of a reserve supply of unissued Federal Reserve notes at a minimum of \$40,000,000 and a maximum of \$61,000,000.

Number of Federal Reserve notes, by denominations and aggregate amounts, received, issued by the bank, and returned to the comptroller since organization and on hand at close of business Dec. 31, 1917.

	Number of notes.					Aggregate amount.
	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	
Received from comptroller.....	3,388,000	2,564,000	1,336,000	104,000	36,000	\$78,100,000
Received from Federal Reserve Bank...	280,000	213,500	98,250	14,200	2,800	6,490,000
Received from Treasurer of United States (fit notes).....	2,860	1,270	220	44	20	35,600
Received by comptroller from Treasurer of United States for destruction and credit of Federal Reserve agent's account (unfit notes):						
From other Federal Reserve Banks..	16,100	7,000	2,475	.....	.....	200,000
Direct from reporting Federal Reserve Banks and from other sources	1,132,569	494,295	181,431	15,875	2,617	15,289,865
Total.....	4,819,529	3,280,065	1,618,376	134,119	41,437	100,115,465
Issued to Federal Reserve Bank.....	3,638,860	2,706,770	1,426,470	110,244	34,820	82,785,600
Returned to Comptroller of the Currency for destruction, including notes returned by United States Treasurer for credit of Federal Reserve agent's account.....	1,148,669	501,295	183,906	15,875	2,617	15,489,865
Notes on hand at end of month.....	32,000	72,000	8,000	8,000	4,000	1,840,000
Total.....	4,819,529	3,280,065	1,618,376	134,119	41,437	100,115,465
Actually destroyed, per Washington certificates.....	1,140,917	496,359½	182,751	15,739	2,599	15,370,050
In hands of public (including Federal Reserve Banks).....	2,215,083	1,995,640½	1,145,249	80,261	29,401	60,889,950
In hands of Federal Reserve agent.....	32,000	72,000	8,000	8,000	4,000	1,840,000
Total received from comptroller...	3,388,000	2,564,000	1,336,000	104,000	36,000	78,100,000

NOTE.—Present cost of Federal Reserve notes:

	Per M pieces.	Per \$1,000.
At Washington.....	\$9.14	\$0.87
Postage to Richmond.....	.81	.08
Insurance.....	.53	.05
Total.....	10.48	1.00

A supply of Federal Reserve notes is maintained at the bank in the custody of the Federal Reserve agent. These notes are shipped to him by the Federal Reserve Board upon his request, are receipted for jointly by him and a representative of the bank, and are kept under the joint control of himself and the bank. Under this arrangement, they are always promptly available for use under the provisions of the Federal Reserve act. Notes and bills discounted held by the Federal Reserve agent as security for Federal Reserve notes are indorsed by him 10 days in advance of maturity to the Federal

Reserve Bank for collection for his account, and are accounted for to him by the bank as they mature.

Federal Reserve notes have been issued during the year in considerable amounts in exchange for gold, but chiefly for the use of member banks in exchange for notes and bills discounted for them. An increase of \$40,000,000 in the amount outstanding is tangible evidence of the credit facilities extended to member banks, and through them to the business interests of the district. The abundant security for these Federal Reserve notes placed by the bank in the hands of the Federal Reserve agent (the representative of the Federal Reserve Board) in the shape of notes discounted and gold, makes them absolutely good, to say nothing of the fact that the Federal Reserve notes are the direct obligations of the Government. The law provides that the amount of gold held as reserve for these notes shall be not less than 40 per cent, and the bank is always, therefore, in a position promptly to redeem its notes whenever they are presented.

INTERNAL MANAGEMENT OF THE BANK.

The growth in the transactions of the bank has necessitated during the year an increase in the number of officers, members of the staff, and other employees from 63 to 110, and even with this increase, it has been necessary for a large majority of the officers, staff, and force to work overtime. This has involved constant night work for weeks at a time. The service has been rendered cheerfully and ungrudgingly. The chief cause for this overtime work has been due to the difficulty of securing efficient help, which has been greatly in demand, this demand to a considerable extent being due to the draft to direct Government activities and indirectly to the large volume of business placed by the Government with large manufacturers and producers. Women are discharging a growing percentage of bank work, just as they are doing in many industrial lines, and lack of training has naturally had to be overcome. Of the entire bank force of 110, 49 are women. The difficulty of securing experienced men as heads of departments for the purpose of giving this necessary training has been a leading phase of the situation, but by earnest cooperation of all employed, the situation has been satisfactorily solved, and our force to-day is better rounded, better equipped, more efficient, and better qualified than ever before to discharge its duties and responsibilities. Some further adjustments are necessary, particularly with the view for providing the necessary force for opening our Baltimore branch early in the new year.

At the beginning of the year Mr. James A. Moncure was reappointed class C director for a period of three years, and reappointed

deputy chairman and deputy Federal Reserve agent. In accordance with amendments to the Federal Reserve act passed in June, the office of deputy Federal Reserve agent was abolished and Mr. Moncure's appointment to this position terminated. He was reappointed on July 25 deputy chairman for the remainder of the year.

At the opening of the year, Mr. Caldwell Hardy was reappointed chairman of the board and Federal Reserve agent.

The following officers were reelected for the year 1917:

Mr. George J. Seay, governor; Mr. Charles A. Peple, deputy governor; Mr. George H. Keesee, cashier and secretary of the board and executive committee. Mr. J. W. Norwood was reelected member of the Federal Advisory Council and attended meetings of the Federal Advisory Council held in February, April, September, and November.

On May 17, the bank was designated as fiscal agent for the United States and the activities of the bank under this appointment are elsewhere reported.

The establishment of a branch bank at Baltimore was authorized by our board after due consideration, and received the approval of the Federal Reserve Board. A committee, consisting of Messrs. Seay, Bruton, and Hardy, was appointed by our board with authority to procure satisfactory banking quarters for the branch at Baltimore, and the building of the former National Mechanics Bank of Baltimore (which was consolidated with the Merchants National Bank) has been acquired for the Baltimore branch at a cost of \$200,000. The necessary alterations and improvements are being made and it is anticipated that the branch will be opened early in the new year.

Deputy Governor Peple and Auditor Cadwallader visited some months ago the Federal Reserve Bank of Atlanta and the New Orleans branch, with a view to studying the methods there in use and formulating plans for the organization of our proposed branch.

In May, a plan for inter-reserve rediscounting was inaugurated by the Federal Reserve Banks, at the suggestion of the Federal Reserve Board. This was done with the view to mobilizing resources at the point of the greatest demand, through the cooperation of those of the Federal Reserve Banks having at the time the largest amount of available resources. Under this arrangement, our bank bought during the past few months from one of the other Federal Reserve Banks \$5,000,000 of bankers' acceptances.

In June Mr. Thomas Marshall, jr., and Mr. C. V. Blackburn were appointed assistant cashiers. Mr. Marshall has special charge of correspondence in regard to discounts, and Mr. Blackburn is in charge of our transit department.

In July Mr. M. F. H. Gouverneur, class C director, resigned, owing to his removal from the district, creating a vacancy to be filled by appointment by the Federal Reserve Board.

BANK BUILDING.

Our main quarters, at 1109 East Main Street, are inadequate and anything but modern. Although we are occupying five floors in the building, the extension of our activities under the appointment as fiscal agent for the United States Government necessitated our acquiring the street floor and basement of the adjoining building, 1107 East Main Street, in addition to which we have rented the main banking room of 1016 East Main Street, the building formerly occupied by the Richmond Banking & Trust Co. Our need for vault space increased to such an extent that we were unable to secure the necessary space among the other banks, to say nothing of the inconvenience and risk of transporting securities back and forth, and we recently had completed and installed a new and modern vault of moderate size in the fiscal agent department. This has proven of invaluable service and simplified to a marked degree our difficulties in this direction. The removal of this vault to our proposed new building at the corner of Ninth and Franklin Streets, facing Capitol Square, is contemplated.

Having acquired last year the site referred to above, we proceeded early in the year with specifications for a competition for designs for the proposed new building, the competition being under the direction of Mr. Waddy B. Wood, of Washington, D. C. Eight architects, or firms, entered the competition and the designs were submitted in April. After a careful consideration of all plans by a jury of award, consisting of three of our officers and directors and two prominent architects, a design was selected which was made by Messrs. Sill, Buckler & Fenhagen of Baltimore, to whom was awarded a contract for the plans for the building. Messrs. Carneal & Johnston, with A. C. Bosson, of New York, associate, were awarded the second prize of \$500, and Messrs. Parker, Thomas & Rice, of Baltimore, were awarded the third prize of \$250. The plans were selected by the jury without knowledge as to the author.

The architectural design for the building has been completed, the details of the interior have received much consideration and study and it is hoped to have the whole design completed at an early date. The functions of the bank are new and unusual, necessitating much study and consideration in arranging the interior details. Thomas Bruce Boyd (Inc.), engineers, of New York, have been engaged in conjunction with our architects on these details, and it is hoped to construct an attractive and monumental building, well adapted to the use of the bank.

GENERAL.

The activities of the Government in the district at Charleston, W. Va., Norfolk, Cape Henry, and the adjacent waters in Virginia,

and Army and aviation camps at different points, have become an active factor and element in the development of the district. The expenditure of vast sums in connection with these developments has stimulated the demand for material and labor. The maintenance of them in the future will put in circulation in the district large sums for labor and supplies.

Parties in this district desiring farm loans should apply to the Federal Land Bank at Baltimore if located in Virginia, West Virginia, Maryland, and the District of Columbia, and to the Federal Land Bank at Columbia if located in South Carolina and North Carolina.

There has been but one small and unimportant member bank failure in the district during the year.

It is noted that some of our packing houses maintaining large distributing plants throughout the country, including this district, are arranging lines of credit with our member banks predicated apparently upon balances carried with these member banks. This indicates a desire to finance in the district the approximate volume of their business therein. The pursuit of this method will distribute their financing more evenly throughout the country instead of its being concentrated at the location of their main office, and we regard it as a healthy sign.

Earnings and expenses for the year have been satisfactory, as indicated by a payment to the Government of over \$116,000—one-half of our undivided profits to date. This result was reached through the extension of liberal accommodation to our member banks at minimum prevailing rates. A moderate proportion of our loans to member banks have no doubt been due to Government financing, and the amount of this will no doubt be maintained and probably increased as other loans are issued. Even in the event, however, of peace and the curtailment or elimination of further Government financing, we anticipate that the normal business activities of the district will make a demand on us for loans, which will maintain our earning power on a satisfactory basis.

The developments in the district have been highly satisfactory and the general outlook is favorable.

DISTRICT NO. 6—ATLANTA.

M. B. WELLBORN, Chairman and Federal Reserve Agent.

Substantial progress has been made during the year 1917, in broadening the activities of the Federal Reserve Bank of Atlanta proper, and in the extension and development of the fiscal agency department in its connection with Government financing.

The resources of the institution have grown from \$38,337,736.01 on December 30, 1916, to \$121,798,371 on December 31, 1917; the bank has paid a full 6 per cent dividend to date; and in accordance with the act has paid to the United States 50 per cent of its net earnings, in amount, \$40,000, as a franchise tax, the remainder being carried into a surplus fund.

The member banks have more extensively availed themselves of the rediscounting privileges; the "rediscounts and paper bought" on hand December 31, 1917 being \$21,020,900, as compared with \$7,411,829.98 as of December 30, 1916. The increase in acceptances offered shows a better understanding of the advantages of this class of paper. The institution has strongly encouraged the use of acceptances and looks for still greater offerings in the coming year.

FINANCIAL RESULTS OF OPERATION.

As to earnings, expenses, dividends, etc., a comparative statement, marked "Schedule No. 1," is attached hereto, showing earnings and expenses for the calendar years 1916 and 1917, and amounts of net earnings; also amounts required to pay the 6 per cent dividends.

Comparative balance sheets for December 30, 1916 and 1917, Schedule No. 2, attached, shows combined results of the Atlanta office and the New Orleans branch.

Profit-and-loss statements for 1917 are shown in Schedule No. 3, attached.

GENERAL BUSINESS CONDITIONS.

The year 1917 opened in a period of general activity in all commercial lines, which has increased monthly. Wages have advanced with rising prices and business has been restricted only by inability

to secure goods and transportation facilities, with certain limitations of raw materials and labor. The numerous Army camps in the district have added materially to the retail and wholesale business. Railroads have been handicapped in handling both passengers and freight, and there has been more or less congestion during the entire year. The closing of the year finds industrial plants operating at full speed, with the exception that mills in some localities are operating on short time on account of lack of sufficient coal supply.

Excellent seasons prevailed during the year and the agricultural producer was rewarded with bountiful harvests. The district produced the largest crops of food and feed stuff in its history. The cotton crop was up to normal and high prices prevailed for all farm products, giving this district a full measure of prosperity.

Among the events of special business interest is the revival and enlargement of the shipbuilding industry at Savannah, Brunswick, Mobile, Pensacola, New Orleans, and other Gulf points.

The labor situation at the end of the year does not present a very promising outlook. Many of the laborers have been drafted into the Army and with permanent emigration of many negroes to the North in the early part of the year, and the anticipated additional draft, the situation presented is a rather serious one, viewed from the future.

Despite the great commercial and industrial activities a plentiful supply of loanable funds have been available throughout the year, and bank rates have been low and steady. The resources of the banks have been largely increased.

FEDERAL RESERVE BANK AND MEMBER BANKS.

The most pleasant relations exist between the Federal Reserve Bank and the member banks, and the spirit of cooperation grows stronger with a clearer understanding of the advantages of the system, and the dissipation of the early fear of "red tape." There is still some difficulty in obtaining credit statements of customers from the smaller member banks. The member banks, even in the smaller towns, appear to be able to more clearly judge the eligibility of paper from the Federal reserve standpoint, and it is seldom that paper sent in for rediscount has to be returned for reasons affecting its eligibility.

During the year only one bank was closed by the Comptroller of the Currency. This bank had a capital and surplus of \$1,250,000, and to date has paid the creditors 55 per cent. Five national banks, with a total capital and surplus of \$2,245,000 liquidated in order to consolidate with other national banks. Thirteen national banks liquidated during the year, representing a capital and surplus of \$802,000. Seventeen State banks in this district, representing a total capital and surplus of \$13,281,000, became members of the Federal Reserve System.

Paid-in capital of the Federal Reserve Bank of Atlanta amounted December 31, 1916, to \$2,450,000, and on December 31, 1917, \$2,812,750. On December 31, 1916, the capital and surplus of member banks in the sixth Federal Reserve district amounted to \$81,666,667, and on December 31, 1917, to \$92,408,300. The stock of the Federal Reserve Bank of Atlanta shows a net increase of 6,445 shares in the year 1917.

DISCOUNT ACTIVITIES OF THE FEDERAL RESERVE BANK.

Schedule 4, attached hereto, shows the discount operations of member banks during the first half of the year, which were about normal as compared with previous years; but since the latter part of August there has been a steady increase in offerings; the highest point being reached on December 7, with a total of \$22,754,273.

MEMBER BANK DEPOSITS—EXCESS DEPOSITS—OVERDRAFTS.

Schedule No. 5, attached hereto, shows the gross balances, overdrafts, required reserves, uncollected balances, and deficient reserves, by States, in the district as of close of business December 31, 1917.

REPORTS AND EXAMINATIONS.

A splendid spirit of cooperation exists between the officers of this bank and the chief national bank examiner of the district and has proven highly valuable. Frequent conferences are held and views exchanged of value to both offices. Examinations preliminary to admission of a number of State banks entailed considerable work on the auditor of the Federal Reserve Bank of Atlanta.

It was decided at the November meeting of the board of directors to accept the examinations of State bank members as conducted by the State authorities, and reports of all such examinations are being mailed to the Federal Reserve agent.

During the year one bank was closed on orders from the Comptroller of the Currency; and while the institution had large rediscounts with the Federal Reserve Bank at time of closing, the indebtedness was adjusted without loss to the system.

Several examinations of the Federal Reserve agent's department and one general examination of the bank and the branch at New Orleans were conducted by the Federal Reserve Board examiners during the year.

THE FEDERAL RESERVE BANK AND THE PUBLIC.

For the first three months of the year there was a very small amount of discounting. During the next three months there was an

increasing demand for accommodation from our member banks, largely due to the agricultural conditions in our district. The bankers, especially those of the interior, were carrying out the wish of the Government in aiding the farmers to plant extraordinary crops. The banks of the district in general came to the relief of the farmers and aided them very materially in this respect. Earnings of the bank were largely affected by the issuance of United States Treasury certificates of indebtedness, in whose purchase the Federal Reserve Bank of Atlanta participated.

Another source of revenue was found in the fact that the member banks, who had bought of the first issue of bonds, qualified as depositories of funds derived from that source, and just as these funds were called in the member banks, to a certain extent, discounted paper to meet the withdrawals. However, it was not until August that our earnings increased materially, and since that time they have increased. Several causes, one of which was the high price of cotton, entered into this increased demand, and called for a great deal of money to market the crops. The banks availed themselves of the amendment to the Federal Reserve Act, which enlarged their acceptance powers. A considerable volume of cotton was handled in that way, and in some cases wheat and other commodities were handled by the use of these bankers' acceptances.

The member banks of the district subscribed freely to the second issue of the Liberty loan bonds, qualified as depositories, and when the deposits were called in they in many instances rediscounted with us to meet the withdrawals. All of these sources produced a good revenue for this bank, and enabled us at the close of the year to write off all the furniture and fixtures, set up a depreciation fund sufficient to cover any depreciation of securities, declare a dividend on our capital stock up to December 31, 1917, and pay into the Treasury of the United States a like amount as a franchise tax covering the operations of this bank up to this time.

Present indications point to a very active money market for the coming year. We believe that the revenues of the bank will keep pace with those of the past six months. We anticipate that there will be another offering of bonds to the public, and as noticeable in previous issues, our reserves will naturally decline during such period. We may also expect redemption of a considerable number of our bills during the months of January, February, and March, and, as these will be retired at 100 per cent gold, our reserve condition will naturally decline. From the present conditions, we need not be surprised to see our reserves reduced to probably 50 to 55 per cent, and for a short period of time they may drop lower than 50 per cent.

OPEN MARKET OPERATIONS—TRADE ACCEPTANCES.

The Federal Reserve Bank of Atlanta has not been in the open market to purchase bills from nonmember banks since July and August of this year. Forecasting at that time that we would need our reserve to handle the business offered us by our member banks, we have kept out of the open market except for the purchase of \$175,000 school warrants.

While it is true that our statement shows a very satisfactory volume under the head "open-market operations," yet in the true sense of the term "open-market" this is not the case. The items that we are carrying under that head are purchases of acceptances secured by cotton and other readily marketable commodities stored in warehouses, covered by insurance. These are acceptances of our member banks to purchase for the account of the drawers. This we consider a member bank operation, and though these papers are accepted by member banks they are not indorsed by member banks, and must be carried in the "open-market operations" column. We regard this as excellent paper, due to the fact that we are in control of the commodity against which the acceptance is issued.

There has been only a limited development of trade acceptances in this district. However, a campaign of education is being conducted by credit men's associations in all the larger cities of the district in behalf of the use of trade acceptances. There has been a gradual increase, and we believe this business will continue to increase in consequence of the efforts that are being put forth.

PUBLIC RELATIONS WORK.

Considerable public relations work was conducted during the year. Monthly reports of business conditions, weekly bank reports, and items of general banking interest are furnished to the press. The press of the district have evidenced a deeper interest in the Federal Reserve system than at the outset, and generously give of their space to its promotion as being of great benefit to the general public welfare. They more frequently bring to the public mind the value of the system in Governmental finance and its practicability in rediscount facilities.

FEDERAL RESERVE BANK AND NOTE ISSUE.

While the amended Federal Reserve Act permitting the issuing of Federal Reserve notes direct against gold is an added asset, the bank has not yet strongly felt the need of this policy, inasmuch as rediscounting has kept pace with the growing volume of outstanding Federal Reserve notes.

In view of the high price of cotton and other products of farm and factory, the demand for money has been correspondingly increased.

The increased demand for Federal Reserve notes has caused the Federal Reserve agent at Atlanta to double the supply of notes kept on hand at Washington for use of this bank, from \$50,000,000 to \$100,000,000, in order to insure a plentiful supply at all times. The chief demand has been for fives, tens, and twenties; there being practically no call for fifties or hundreds.

Schedule No. 6, made a part of this report, shows the denominations of Federal reserve notes issued and the cost of these notes.

The outstanding Federal reserve notes on December 31, 1917, amounted to \$66,867,420, as compared with \$25,919,530, December 30, 1916, and were secured by \$16,178,637 collateral, and \$50,701,320 gold in the hands of the Federal Reserve agent. The notes issued are not being returned in proportion to the usual after-crop movement period of previous years and with continued high prices and great Government activity in our district a normal return is not looked for.

CLEARINGS.

Schedule No. 7, made a part hereof, shows the transit operations for the year, by months, together with the cost of operation and revenue.

Under the amendments to the Federal Reserve Act, member banks are permitted to open checking accounts with Federal Reserve Banks solely for the purpose of making use of clearing facilities, and in this way new par points have been added to the list.

Further to extend the number of par points, we have permitted State banks to remit to us in eastern exchange in payment of letters—it being impossible to get any of these in Atlanta exchange, since the banks that have agreed to remit in some cases had no Atlanta account. In doing this, however, we of necessity had to give the same privilege to our member banks and in this way our “float” has increased to a certain extent. We believe that later on it will be possible to arrange with our member banks to send in their exchange on eastern points for credit and pay for items sent them either by remitting us check on ourselves or authorizing us to charge their account with outstanding letters, thus reducing the amount of “float” carried.

Another feature that has encouraged the use of the par collection facilities of this bank has been that beginning with September 1 we put into effect a rule whereby member banks are permitted to clear through us, without any charge whatsoever, checks to the number of 500 each month; over and above 500 being charged for at the rate of 1½ cents per item. An analysis of our transit department, prior to the interruption of the mail service on account of handling war supplies, shows that we were clearing points in the district on an average of two and three-quarters

days. This, however, has shown an increase within the last few months, requiring at the present time something like three days, or more, and it is possible that we may have to increase our time of deferred availability on items in this district, unless the mail service improves. The number of items handled shows a steady increase, and taken as a whole the system is working with general satisfaction.

STATE BANKS.

The State bank interest in the Federal Reserve System, culminated in the addition of a number of the larger banks in this district which quickly came into the system in response to the President's appeal. The State banks are better informed as to the working of the system and the advantages accruing from membership therein. The President's appeal forcefully drew public attention to the necessity of strengthening the Nation's financial structure through war's demands, and the advisability and practicability of unification for after-war world financing.

The recent amendments to the Federal Reserve Act, permitting State bank members to retain their State charters and exercise all statutory rights; to continue to make loans in excess of 10 per cent of their capital and surplus to any one borrower; and the acceptance by the Federal Reserve Banks of examination as conducted by State banking authorities have been instrumental in the change of view.

The State banks in the district eligible for membership in the system total 534, representing a total capital and surplus of \$17,640,437; divided into groups as follows:

Banks with capital and surplus not over \$30,000.....	\$3,652,550
Banks with capital and surplus \$30,000 to \$75,000, inclusive.....	12,800,387
Banks with capital and surplus over \$75,000.....	31,187,500

The eligible State banks are as follows: Alabama, 110; Florida, 47; Georgia, 237; Louisiana, 64; Mississippi, 20; Tennessee, 56.

The following State banks joined the Federal Reserve Bank of Atlanta in 1917:

Bank.	Location.	Capital and surplus.
Marion Central Bank.....	Marion, Ala.....	\$150,000
Citizens Bank & Trust Co.....	Tampa, Fla.....	750,000
American Trust Co.....	Jacksonville, Fla.....	210,000
Volusia County Bank.....	De Land, Fla.....	200,000
Citizens Bank.....	West Point, Ga.....	50,000
American State Bank.....	Athens, Ga.....	120,000
Central Bank & Trust Corporation.....	Atlanta, Ga.....	1,300,000
Trust Company of Georgia.....	do.....	2,000,000
Brunswick Bank & Trust Co.....	Brunswick, Ga.....	172,000
Citizens & Southern Bank.....	Savannah, Ga.....	2,000,000
Savannah Bank & Trust Co.....	do.....	1,200,000
Union Bank of Pike.....	Summit, Miss.....	29,000
Hibernia Bank & Trust Co.....	New Orleans, La.....	2,500,000
Interstate Bank & Trust Co.....	do.....	1,250,000
Metropolitan Bank.....	do.....	600,000
Canal Bank & Trust Co.....	do.....	700,000
Jefferson Trust & Savings Bank.....	Gretna, La.....	50,000

EFFECT OF STATE BANKS REMAINING OUT OF SYSTEM.

If the eligible State banks continue to remain out of the Federal Reserve System, it will materially affect the strength of the Federal Reserve Bank of Atlanta, because in the event of a great financial disturbance the Federal Reserve Bank of Atlanta will necessarily have to come to the assistance of the State banks through the medium of the member banks who act as their correspondents in the district.

It must be borne in mind that the eligible State banks in the sixth Federal reserve district that have not joined the system outnumber the member banks about $33\frac{1}{3}$ per cent; and in the event of trouble they would certainly call on their correspondents in the district for help, and we in turn would have to aid our member banks.

It is imperative that some means be found to bring into the system those State banks which to date have refrained from making application for membership either through indifference or lack of interest in the conditions that confront us.

EFFECT OF DISCOUNT-RATE POLICY OF THE BANK UPON GENERAL
MARKET RATES.

The discount policy of our bank has been an appreciable influence upon the general market rates of the district. When we advance rates, our advance, as recently evidenced, has materially stiffened rates charged by member banks, especially in the larger cities of the district. The rates of the banks in the smaller cities and towns, as a general thing, are little affected by a change of rates as fixed by the reserve bank, though of late we have noticed a tendency in cities ranging in population from 15,000 to 30,000 to offer lower rates to their customers. It is also quite noticeable that when we increase our rates it has the effect of causing member banks to reduce their loans, thereby contributing to a more healthy condition in the matter of credits.

INTERNAL MANAGEMENT OF THE BANK.

Little change has been made in the internal management of the bank as to division of work between the bank proper and the office of chairman of the board and Federal Reserve agent.

At the time of the last yearly report the force consisted of 51 employees, including officers, but due to the increased work in the bank itself and added work in connection with the fiscal agent's department the force was increased to 125. Out of the original 51, 15 enlisted in the Army and Navy and the difficulty in replacing these experienced men reduced the efficiency of the institution. In replacing these men it has been necessary to pay larger

salaries, and the higher cost of living has necessitated a general increase in the pay of all employees.

Mr. M. W. Bell, assistant cashier, has temporarily been relieved of his duties and detailed to act as manager of the fiscal agent's department, embracing the bond issue division, conversion division, securities division, and the war-savings and thrift stamp division. Mr. Jos. M. Slattery was appointed assistant Federal Reserve agent and elected secretary to the board of directors.

Mr. W. H. Toole resigned as a class A, group 3, director in October. No election was held to fill the vacancy until December 6. Mr. P. H. Saunders resigned as a class B, group 1, director in May, and Mr. Edgar B. Stern, of New Orleans, La., was elected to fill the vacancy. At the December election Mr. P. R. Kittles, of Sylvania, Ga., was elected a class A, group 3, director, and Mr. Edgar B. Stern reelected a class B, group 1, director, both for a term of three years.

After an absence of several months on special duty Mr. J. B. Pike returned to assume his duties as cashier of the bank. Mr. Jos. A. McCord was reelected governor of the bank for the year 1918. Mr. W. H. Kettig, of Birmingham, Ala., was reappointed a class C director for a term of three years, ending December 31, 1919.

BANK QUARTERS AND VAULT FACILITIES.

At the June meeting of the board of directors it was voted to authorize the erection of a building on the Marietta Street lot, previously purchased, at a cost not to exceed \$170,000, on a basis of labor and materials in prewar times. Work was begun on the excavation and building during July, the building to be ready for occupancy prior to August, 1918. The building will be two stories, reinforced concrete with granite exterior, fireproof, and equipped with all the latest devices for protection. Work is progressing well and it is expected that the building will be ready within the allotted time.

Contracts for the vaults were let separately. Considerable investigation and thought were given to the matter of vaults, and it was determined to erect vaults along the latest lines of construction, with all the improved electrical burglar-proof devices.

The present quarters of the bank are wholly inadequate, both in floor space and vault room; and it has been necessary to rent additional space in the office building of our present location, and vault space in outside banks.

NEW ORLEANS BRANCH OF THE FEDERAL RESERVE BANK.

The number of banks allotted to the New Orleans branch has been increased during the year by the addition of four banks in the city

of New Orleans and two outside of the city, representing a capital and surplus of \$5,129,000. Little change has been made in the operation of the branch, and the results have been satisfactory during the year. In order to permit of a more intelligent comparison of the operating results of the branch and the parent bank, an agreement was reached as to the proper adjustment of administrative expenses.

The branch bank serves the territory allotted to it in the same manner as the parent bank, subject to supervisory control of the parent bank. It retains all collateral deposited for Government deposits; holds all paper discounted and paper bought, and handles subscriptions to Treasury certificates and Liberty loan bonds as a separate unit. Federal Reserve notes are kept on hand in the United States subtreasury and issued on order from the Comptroller of the Currency by request of the Federal Reserve agent at Atlanta. The clerical force of the branch consists of 17 employees.

THE FEDERAL RESERVE BANK AND THE GOVERNMENT.

The exigencies of Government financing in connection with the war has called into play to the fullest possible extent all of the admirably designed machinery of the Federal Reserve Banks, which has been employed in the handling of the various issues of Treasury certificates of indebtedness and subscriptions to the first and second Liberty loans of 1917. The Federal Reserve Banks are required by provision of the Federal Reserve Act to discharge, in the discretion of the Secretary of the Treasury, the functions of fiscal agent of the United States Government, and while the authors of the Federal Reserve Act probably did not have in view the necessity for using the system to the extent that war conditions have incurred, and preparations were not made in advance for the transaction of business in volume such as the war financing has developed, the Federal Reserve Banks have been equal to the responsibilities and have developed organizations and perfected machinery for the handling of financial operations that have exceeded any previously experienced by Government agencies or departments since the foundation of our Government.

The Federal Reserve Bank of Atlanta and its New Orleans branch have, without stint or restraint, given to the Government the use of their facilities in successfully handling and discharging the responsibility of properly putting before the public—through the instrumentality of its member banks, nonmember banks, trust companies, and other agencies in the sixth Federal Reserve district—every

facility for subscribing to and paying for certificates of indebtedness, Liberty loan bonds, war-savings, and thrift stamps, the sale of which securities have approximated \$200,000,000 from April 25 1917. to the end of the year.

The officers and employees of the Federal Reserve Bank of Atlanta and its New Orleans branch, assisted by numerous public-spirited citizens, have worked with patriotic devotion to make war financing a success in the district; and while the results accomplished did not largely surpass expectations, they exceeded the anticipation of those in position to know the conditions financially and what the people of the district might be reasonably expected to do in lending to the Government the use of their financial resources in investing in Government securities.

It has been necessary to increase the clerical force of the bank about 150 per cent during the past six months. This involved the organization of seven new departments and the employing of a clerical force almost entirely untrained and inexperienced in this character of work. The matter of subscriptions to first and second Liberty loan bonds are about completed, but the details of conversion, sale of war savings certificates and thrift stamps and the formulation of plans for the handling of new issues of Government securities are engaging the attention of these new departments.

The experience gained has been invaluable to the Federal Reserve Bank and will enable it to render much more efficient and effective services in the future. Our facilities and organization will be devoted with even greater patriotic devotion to the interests of our Government as the financing of the war progresses; and we know that the banks and other organizations, as well as the patriotic citizens who have given so freely of their time and talents, can be counted on to make additional sacrifices in the future.

LIBERTY LOAN ORGANIZATIONS.

The first Liberty loan campaign opened on May 14 and closed on June 15, 1917. The second Liberty loan campaign opened on October 1 and closed on October 27, 1917.

The district was thoroughly organized on the plan of subdividing each State into a number of zones, with a chairman in charge of each zone. These zones reported direct to the Liberty loan committee for the entire district, with headquarters in the Federal Reserve Bank, Atlanta, Ga.

SUBSCRIPTIONS TO LIBERTY LOAN BONDS.

First Liberty loan:

Subscription	\$57, 878, 550
Allotment	\$46, 283, 150
Number of subscriptions handled by Federal Reserve Bank of Atlanta—	
Nonmember banks.....	636
Member banks.....	397
Individuals subscribed direct through this bank.....	1, 632
Estimated number of purchasers of the first Liberty loan....	150, 000

Second Liberty loan:

Subscription	\$92, 140, 000
Allotment	\$83, 065, 600
Number of subscriptions handled by Federal Reserve Bank of Atlanta—	
Nonmember banks.....	878
Member banks.....	484
Individuals subscribed direct through this bank.....	398
Estimated number of purchasers of the second Liberty loan....	275, 000

Total amount of certificates of indebtedness of all issues allotted to subscribers in the sixth Federal Reserve district.

Amount allotted to subscriber.	Number of subscribers in each group.	Total amounts allotted to each group.
\$25,000 and less.....	454	\$5, 333, 000
Over \$25,000 to \$50,000.....	112	5, 666, 000
Over \$50,000 to \$100,000.....	94	8, 288, 000
Over \$100,000 to \$250,000.....	60	10, 713, 000
Over \$250,000 to \$500,000.....	19	7, 047, 000
Over \$500,000 to \$1,000,000.....	3	2, 500, 000
Over \$1,000,000.....	6	8, 848, 000
Total.....	748	48, 495, 000

The extent of Federal Reserve Bank's ownership of Treasury certificates and Government bonds amounts to..... \$8, 281, 900.

The amount of loans made by Federal Reserve Bank upon United States bonds and Treasury certificates as collateral amounts to.. 22, 772, 600.

There are 55 special employees engaged in the bond department, and there is attached as a part of this report a statement showing the expenditures in the conduct of Liberty loan operations, and the extent of the bank's reimbursement by the Treasury Department for the outlay—Schedule No. 8.

The subscriptions for the Liberty loan bonds did not materially affect finances of either banks or business houses in the district. Deposits are greater now than they were before the first Liberty loan, eliminating the amount of Government deposits still held by banks as a result of the second Liberty loan. The expenditures of the Government for materials and provisions bought in the district about offset Government withdrawals as a result of purchase of Liberty bonds.

SCHEDULE 1.—Comparative statement of earnings and expenses.

	1917	1916
COMBINED EARNINGS.		
Bills discounted and bought:		
Bills discounted—members.....	\$231,635.57	\$141,774.27
Acceptances bought in open market.....	102,311.56	52,473.79
Investments:		
United States securities.....	140,820.48	40,725.41
Municipal warrants.....	3,629.26	5,101.85
Profits realized on United States securities.....	25,568.99	
Transfers—net earnings.....	17,134.05	
Commissions received.....		153.07
Purchase of United States bonds.....		1,530.27
Deficient reserve penalties (including interest).....	13,526.88	
Sundry profits.....	6,758.45	20,185.94
Total earnings.....	541,385.24	261,944.60
EXPENSES.		
Assessments, expenses Federal Reserve Board.....	9,442.27	8,546.82
Federal Advisory Council.....	466.63	357.68
Governors' conferences.....	299.98	1,035.89
Federal Reserve agents' conferences.....		182.60
Salaries:		
Officers.....	36,470.63	31,016.63
Clerks.....	37,892.48	31,317.33
Special officers and watchmen.....	3,424.10	3,258.15
Directors' fees.....	2,188.08	2,790.00
Directors' per diem.....	2,540.00	2,038.00
Directors' traveling expenses.....	2,471.42	2,251.46
Officers and clerks traveling expenses.....	1,066.94	1,293.44
Legal fees.....	600.00	1,400.00
Rent.....	12,152.92	11,572.18
Taxes and fire insurance.....	1,210.64	
Telephone.....	535.05	348.60
Telegraph.....	842.86	560.63
Postage.....	6,825.77	4,569.70
Expressage.....	2,483.33	661.87
Insurance and premiums on fidelity bonds.....	1,801.90	1,192.23
Light, heat and power.....	174.67	141.76
Printing and stationery.....	7,062.67	4,240.33
Repairs and alterations.....	27.86	205.55
All other expenses.....	16,494.72	7,427.05
Total expenses of operation.....	146,475.22	116,482.99
Cost of Federal Reserve notes issued.....	54,803.22	12,166.93
Cost of Federal Reserve notes unissued (on hand).....	14,329.00	
Depreciation:		
Furniture and equipment.....	8,177.80	3,830.71
Bank premises.....	2,599.00	
Total current expenses.....	228,281.24	132,480.63
Gross earnings.....	541,385.24	261,944.60
Less total expenses.....	228,281.24	132,480.63
Net earnings.....	313,104.00	129,463.97

SCHEDULE NO. 1A.—Statement of capital stock and dividend of the Federal Reserve Bank of Atlanta.

State.	Number of banks.	Paid in capital stock.	Accrued dividend to Dec. 31, 1917.
Alabama.....	95	\$544,200.00	\$32,271.65
Florida.....	57	319,100.00	16,595.47
Georgia.....	107	854,250.00	39,696.75
Louisiana.....	25	481,450.00	20,530.75
Mississippi.....	18	116,600.00	6,945.41
Tennessee.....	90	497,150.00	29,125.53
Total.....	392	2,812,750.00	145,465.61

SCHEDULE No. 2.—*Statement of the condition of the Federal Reserve Bank of Atlanta.*

	Dec. 31, 1917.	Dec. 30, 1916.
COMBINED RESOURCES.		
Bills discounted—members.....	\$11,895,589.16	\$2,414,133.02
Member banks' collateral notes.....	2,628,250.00	550,090.00
Acceptances bought in open market.....	6,497,061.67	4,447,696.96
Total bills discounted and bought.....	21,020,900.83	7,411,829.98
Other United States bonds owned.....	2,397,000.00	1,710,000.00
One-year Treasury notes.....	1,491,000.00	824,000.00
Municipal warrants.....	284,372.00	401,509.00
Bill of lading drafts.....	503,831.60	.....
Interest accrued on United States securities.....	25,814.07	14,886.66
Total.....	4,702,017.67	2,949,895.66
Cost of unissued Federal Reserve currency.....	588.24	20,314.87
Other deferred charges.....	2,237.36	517.43
Furniture and equipment.....	.....	12,282.26
Bank premises.....	140,875.20	102,500.00
Expense:		
Liberty loan.....	44,514.02	.....
War savings.....	1,180.05	.....
Total.....	189,394.87	135,614.56
Due from other Federal Reserve banks, collected funds.....	2,182,401.91	5,312,435.71
Due from member banks—overdrafts.....	.....	4,819.11
Due from branches and offices.....	354,061.46	.....
Due from banks and bankers.....	.....	341,704.52
Exchanges for clearing house.....	2,552,616.60	825,242.33
Checks and other cash items.....	56,940.23	21,866.71
National bank notes and notes of other Federal Reserve banks.....	2,395,950.00	.....
Other mutilated currency for redemption.....	232,250.00	.....
Deferred debits.....	.....	5,117,731.24
Federal Reserve banks—		
Transfers bought.....	803,000.00	.....
Other items.....	3,668,787.55	.....
Branches and offices.....	674,174.47	.....
Member banks.....	8,345,185.16	.....
Nonmember banks and bankers.....	519,945.77	.....
Total.....	21,785,312.95	11,623,739.62
National bank notes and Federal Reserve notes of other banks.....	.....	1,677,795.00
Federal Reserve notes on hand.....	1,909,030.00	1,241,765.00
Mutilated Federal Reserve notes forwarded for redemption.....	43,500.00	180,000.00
Nielsens and cents.....	407.51	160.83
Total.....	1,952,937.51	3,099,720.83
Gold settlement fund.....	12,482,000.00	7,439,000.00
Due from United States Treasury gold redemption fund.....	1,119,140.98	348,778.29
Gold bullion and coin.....	1,548,322.72	1,354,671.07
Gold certificates (including clearing-house certificates).....	4,169,000.00	3,891,860.00
Silver certificates (including clearing house certificates).....	397,889.00	67,467.00
Legal-tender notes (including clearing-house certificates).....	13,200.00	13,752.00
Silver coin.....	4,626.00	1,407.00
Bank of England—Sterling gold account.....	1,575,000.00	.....
Gold with Federal Reserve agent.....	50,701,320.00	.....
Total reserve.....	72,010,498.70	13,116,935.36
Total resources.....	121,661,062.53	38,337,736.01
COMBINED LIABILITIES.		
Capital paid in.....	2,812,750.00	2,450,000.00
Profit and loss.....	80,000.00	10,120.04
Total.....	2,892,750.00	2,460,120.04
Unearned discount:		
Bills discounted, members.....	37,292.75	9,522.43
Acceptances bought in open market.....	26,635.01	12,631.55
Unearned interest on municipal warrants.....	1,229.25	1,557.47
Reserved for sundry expenses.....	59,492.92	460.64
Service charges (net receipts).....	.....	2,483.24
Total.....	124,649.93	26,655.33

SCHEDULE No. 2.—*Statement of the condition of the Federal Reserve Bank of Atlanta—Continued.*

	Dec. 31, 1917.	Dec. 30, 1916.
United States Government deposits.....	\$4,476,782.74	\$3,821,076.20
Due to member banks, reserve account.....	36,849,923.90	21,812,983.12
Due to other Federal Reserve Banks.....	1,334,971.71	5,762,247.41
Cashier's checks.....	13,783.26	52,828.06
Expense checks.....	2,195.47	1,007.16
Dividend checks.....	145,465.61	70,941.30
Federal Reserve Bank drafts.....	115,280.00	.....
Due to nonmember banks and bankers.....	97,903.27	.....
Deferred credits.....	.....	58,727.49
Federal Reserve banks.....	3,094,279.53	.....
Branches and offices.....	222,655.30	.....
Member banks.....	5,376,124.80	.....
Miscellaneous.....	.....	33
Nonmember banks.....	46,876.38	.....
Return item checks.....	.....	50.00
Total.....	51,776,242.60	31,579,860.64
Federal Reserve notes outstanding.....	66,867,420.00	4,271,100.00
Total liabilities.....	121,661,062.53	38,337,736.01

SCHEDULE No. 3.—*Earnings and expenses for calendar year 1917; also profit and loss, Dec. 31, 1917.*

Earnings for 1917, as shown by Form 95.....	\$541,385.24	
Discount on United States bonds.....	437.50	
Total earnings for 1917.....		\$541,822.74
Expenses of operation (bank proper).....	146,475.22	
Cost of Federal Reserve notes issued.....	54,808.22	
Cost of Federal Reserve notes on hand and unissued.	14,320.00	
Depreciation:		
Furniture and equipment.....	8,177.80	
Bank premises.....	2,500.00	
Transit department disbursements in excess of service charges.....	2,277.04	
Reserved for depreciation of securities.....	24,909.00	
Difference account.....	272.01	
Total expenses for 1917.....		259,739.29
Net earnings for 1917.....		288,083.45
Profit and loss, Jan. 1, 1917.....		10,120.04
Total.....		298,203.49
Dividend paid July 1, 1917, period covered July 1, 1916-Dec. 31, 1916.....	70,506.87	
Dividend paid Jan. 1, 1918, period covered Jan. 1, 1917-Dec. 31, 1917.....	145,465.61	
Premium on surrendered stock in 1917.....	2,231.01	
Total.....		218,203.49
Profit and loss Jan. 1, 1918.....		80,000.00
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Total profits to date:

Dividend No. 1, paid June 30, 1916, covering period Nov. 14, 1914-Dec. 31, 1915-----	\$129,198.00
Dividend No. 2, paid Dec. 31, 1917, covering period Jan. 1, 1916-June 30, 1916-----	70,949.30
Dividend No. 3, paid July 1, 1917, covering period June 30, 1916-Dec. 31, 1916-----	70,506.87
Dividend No. 4, paid Jan. 1, 1918, covering period Jan. 1, 1917-Dec. 31, 1917-----	145,465.61
Premium paid on surrendered capital stock, 1913-----	2,879.17
Premium paid on surrendered capital stock, 1917-----	2,231.01
	<u>5,110.18</u>
Total dividend to date-----	421,229.93
Undivided profits, Dec. 31, 1917-----	80,000.00
Total net profits to date-----	<u>501,229.96</u>

SCHEDULE No. 4.—*Bills discounted and member banks' collateral notes for 1917.*

Member banks' collateral notes:

Secured by—

Liberty loan bonds or certificates of indebtedness-----	\$18,399,800.00
Bills receivable-----	30,679,856.00

Bills discounted—members:

Within 15 days-----	14,014,698.34
Within 30 days-----	6,745,886.20
Within 60 days-----	14,096,707.66
Within 90 days-----	9,498,642.83
Over 90 days-----	1,052,151.67
Total-----	<u>95,114,742.70</u>

Bills bought in the open market during 1917:

Bankers' acceptances—

Foreign and domestic-----	26,373,464.00
Trade acceptances-----	19,100.00
Total-----	<u>26,392,564.00</u>

United States securities (exclusive of bonds held under repurchase agreements shown below) held Dec. 31, 1917:

United States bonds—

2 per cent consols 1930-----	640,600.00
2 per cent Panama bonds 1916-36-----	21,000.00
3 per cent conversion bonds-----	10,300.00
3 per cent one-year Treasury gold notes-----	1,491,000.00
3½ per cent United States Liberty loan bonds-----	215,900.00
4 per cent United States Liberty loan bonds-----	9,200.00
Total bonds-----	<u>2,388,900.00</u>

United States certificates of indebtedness:

2 per cent:		
Bought.....	\$1,750,000.00	
Sold.....	250,000.00	
		\$1,500,000.00
3½ per cent:		
Bought.....	1,066,000.00	
Sold.....	933,000.00	
		73,000.00
3 per cent, bought.....		506,000.00
3½ per cent, bought.....		4,293,000.00
4 per cent:		
Bought.....	4,781,000.00	
Sold.....	410,000.00	
		4,371,000.00

Total United States certificates of indebtedness on which
accrued interest was collected at maturity..... 10,743,000.00

United States Liberty loan bonds bought under repurchase
agreement:

	4 per cent.	3½ per cent.
Total bought to Dec. 31, 1917.....	6,464,400.00	75,000.00
Total repurchased by member banks.....	5,039,400.00	
Total held Dec. 31, 1917.....	1,425,000.00	75,000.00

Investments in municipal warrants made during 1917:

Within 30 days.....	61,000.00
Within 60 days.....	20,479.00
Within 90 days.....	57,937.00
Over 90 days.....	276,019.00
Total.....	415,435.00

SCHEDULE No. 5.—Due to member banks at the close of business Dec. 31, 1917.

	Number of banks.	Gross balance.
Alabama.....	94	\$6,132,734.05
Florida.....	57	3,830,533.29
Georgia.....	107	12,595,666.18
Tennessee.....	90	7,036,223.59
New Orleans.....	44	12,630,891.59
Total.....	392	42,226,048.70

Due to nonmember banks, clearing account, \$144,759.65.

SCHEDULE No. 6.—Federal Reserve notes.

TOTAL NUMBER OF NOTES ISSUED IN 1917 AND 1916.

	1916		1917		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
Fives.....	604,000	\$3,020,000	2,280,000	\$11,400,000	2,884,000	\$14,420,000
Tens.....	344,000	3,440,000	1,880,000	18,800,000	2,224,000	22,240,000
Twenties.....	192,000	3,840,000	848,000	16,960,000	1,040,000	20,800,000
Fifties.....	13,400	670,000	22,200	1,110,000	35,600	1,780,000
Hundreds.....	4,000	400,000	1,500	150,000	5,500	550,000
Total.....	1,157,400	11,370,000	5,031,700	48,420,000	6,189,100	59,790,000

SCHEDULE No. 6.—*Federal Reserve notes*—Continued.

ON HAND DEC. 31, 1917.

	Number.	Amount.
Fives.....	503, 800	\$2, 519, 000
Tens.....	233, 650	2, 336, 500
Twenties.....	163, 725	3, 274, 500
Fifties.....	29, 800	1, 490, 000
Hundreds.....	22, 500	2, 250, 000
Total.....	953, 475	11, 870, 000

SCHEDULE 7A.—*Revenue and expenses of the transit department.*

	1917.	July 15 to Dec. 30, 1916.
REVENUE.		
Service charges (net receipts).....	\$45, 484. 29	\$20, 058. 77
Service charges—balance 1916.....	2, 483. 24	.....
Total.....	47, 967. 53	20, 058. 77
EXPENSES.		
Salaries:		
Officers.....	468. 77	850. 00
Clerks.....	20, 278. 53	8, 421. 00
Officers' and clerks' traveling expenses.....		546. 25
Legal fees.....	185. 00	.....
Rent.....	2, 750. 04	1, 273. 02
Telephone.....	36. 25	12. 80
Telegraph.....	15. 66	3. 79
Postage.....	8, 278. 98	3, 364. 48
Expressage.....	147. 75	2. 20
Light, heat, and power.....	10. 80	13. 65
Printing and stationery.....	2, 293. 82	1, 232. 77
All other expenses.....	5, 032. 75	1, 238. 81
Total expenses of operation.....	39, 498. 35	16, 963. 77
Depreciation—furniture and equipment.....	10, 746. 22	611. 76
Total transit department expense.....	50, 244. 57	17, 575. 53
Total revenue received.....	47, 967. 53	20, 058. 77
Less expense.....	50, 244. 57	17, 575. 53
Excess.....	.....	2, 483. 24
Deficit.....	2, 277. 04	.....

SCHEDULE No. 7-B.—*Transit department operations.*

NUMBER OF ITEMS CLEARED.

	Clearing house.	Within district.	Other districts.	Total.
January.....	31, 807	268, 881	42, 816	343, 504
February.....	23, 396	228, 466	40, 541	292, 403
March.....	27, 747	267, 534	45, 454	340, 735
April.....	28, 058	253, 849	39, 088	320, 995
May.....	29, 165	242, 621	36, 499	308, 285
June.....	30, 651	231, 258	34, 134	296, 043
July.....	29, 557	225, 321	34, 183	289, 061
August.....	30, 064	225, 621	34, 139	289, 824
September.....	28, 714	231, 197	35, 066	294, 977
October.....	34, 806	296, 883	37, 791	369, 480
November.....	37, 267	305, 046	34, 014	376, 327
December.....	38, 196	306, 311	38, 018	382, 525
Total.....	369, 428	3, 082, 988	451, 743	3, 904, 159

SCHEDULE 7-B.—*Transit department operations*—Continued.

AMOUNTS CLEARED.

	Clearing house.	Within district.	Other districts.	Total.
January.....	\$27,825,651.51	\$47,587,689.44	\$34,117,698.13	\$109,531,039.08
February.....	17,633,626.06	37,454,504.79	28,516,879.66	83,605,028.51
March.....	20,833,334.68	44,779,542.44	37,086,899.83	102,699,776.95
April.....	25,165,742.17	46,036,180.98	41,665,839.85	112,867,763.00
May.....	29,459,619.00	45,541,331.01	36,453,216.82	111,454,166.83
June.....	27,607,361.38	41,073,446.12	36,957,908.66	105,638,716.16
July.....	28,013,801.65	41,469,304.45	44,112,210.92	113,595,317.02
August.....	26,264,544.39	44,371,427.31	35,869,246.00	106,505,217.70
September.....	30,841,993.37	52,044,034.71	39,333,788.35	122,219,816.43
October.....	47,703,371.19	76,776,793.76	56,537,781.25	181,017,946.20
November.....	61,830,910.53	74,843,193.93	57,779,171.28	194,458,275.74
December.....	61,355,280.72	69,414,140.17	71,766,475.11	202,535,896.00
Total.....	404,535,236.65	621,396,589.11	520,197,115.86	1,546,128,959.62

Average number of items handled daily..... 12,514
 Average amount of items handled daily..... \$5,085,950.52

GOVERNMENT CHECKS HANDLED FROM MAR. 16 TO DEC. 31, 1917.

	Number of items drawn on U. S. Treasurer.	Amount of items drawn on U. S. Treasurer.
March.....	2,275	\$285,181
April.....	8,664	920,772
May.....	12,714	1,181,112
June.....	10,802	13,578,654
July.....	12,057	13,823,742
August.....	13,227	6,622,022
September.....	13,512	7,723,104
October.....	19,680	11,775,962
November.....	18,500	16,101,691
December.....	15,868	18,173,875
Total.....	127,299	90,186,115

SCHEDULE No. 8.—*Expense of the first and second Liberty loan, to the close of business Dec. 31, 1917.*

Salaries:

Bank officers.....	\$2,985.00
Clerical staff.....	16,834.61
Officers' and clerks' traveling expenses.....	2,053.13
Rent.....	641.27
Telephone.....	464.33
Telegraph.....	4,025.30
Postage.....	4,837.44
Expressage.....	206.66
Printing and stationery.....	16,074.24
Advertising.....	3,978.76
All other expenses.....	17,099.66
Total expenses.....	69,200.40
Less reimbursements.....	24,686.38
	<u>44,514.02</u>

WAR-SAVINGS CERTIFICATE AND STAMP ACCOUNT.

Salaries, clerks	\$922.94
Officers' and clerks' traveling expenses	63.41
Telegraph	.65
Postage	26.00
Printing and stationery	35.05
All other expenses	132.00
Total expenses of operation	<u>1,180.05</u>

DISTRICT NO. 7—CHICAGO.

WM. A. HEATH, Chairman and Federal Reserve Agent.

GENERAL BUSINESS CONDITIONS.

The beginning of 1917 found generally satisfactory business conditions in the seventh Federal Reserve district, with some indications of increasing activity and a plentiful supply of money at low rates. The entrance of the United States into the war constituted a factor which up to that time had not been taken into serious consideration and necessarily brought about a great deal of readjustment.

The promotion of new enterprises was, of course, greatly curtailed, and as the year advanced it was increasingly evident that expansion of already existing activities should be carefully guarded, except as necessitated by the demands of the Government in connection with carrying on the conflict.

Some lines of commercial operation have suffered greatly. The distilling business, because of legislation enacted by the last Congress, has greatly diminished. The seventh Federal Reserve district has felt this for the reason that a large amount of such business was conducted within its bounds, perhaps the largest internal revenue producing district in the country being located within its limits. Building, construction, and engineering lines have also been very quiet and their operations much reduced.

Those lines of business, however, which have been directly affected through Government contracts for food, clothing, munitions, and other supplies have seen greatly increased activity. Bank clearings have increased and indications are that the current year will show largely increased profits for banking institutions in general, except along the line of investment banking. Legitimate business, except as above noted, has, of course, felt the effects of the war, but it is becoming increasingly evident that the business public is adjusting itself to the situation and that the people are learning that commerce and trade may, notwithstanding such conditions, be transacted, if not as usual, at least on a sane and conservative basis.

Notwithstanding the fact that some of the greatest industrial centers of this country are located within its borders, the district, as a

whole, is largely an agricultural one. The rural communities have been the last to appreciate that the country was really and actually in war and to comprehend the seriousness of the situation which confronts the Nation.

In the northerly States of the district beans, potatoes, and other vegetables constitute this year a large part of the farm product, and these suffered from early frosts. The wheat crop for the district was probably not more than two-thirds of an average yield. The prices for the above-mentioned articles, however, were so satisfactory that the financial return will probably equal that of the ordinary 100 per cent crop. The hay crop was somewhat below normal, but prices were good. The oats crop was the largest on record all over the district, and prices were more than satisfactory. While the corn crop is rated as the largest on record the quality can not yet be determined. Much of it is not fully matured owing to unseasonable summer conditions and early frosts. Much of that which is at present unmarketable can, however, by proper handling and treatment, be made of commercial value, but a goodly proportion of the crop is available only for stock-feeding purposes, and within the last month or two a very strong demand has arisen in the country districts for funds for purchasing cattle and hogs to thus utilize this otherwise useless product. Prices are such, however, that notwithstanding the poor quality of much of the crop the returns will be very satisfactory, and all kinds of live stock are selling at high figures.

Whatever the complete returns may demonstrate, the impression is general that money paid out on account of the war is slow in returning to this district, and with the value of our great staple, corn, yet undetermined, it is evident that a comprehensive forecast of conditions in the district might widely miss the mark.

LOANS AND REDISCOUNT OPERATIONS.

Applications for loans (including advances on bill of lading drafts) and rediscounts to the number of 3,747 were approved, amounting to \$521,771,070, at 3 to 5½ per cent basis from 541 banks, as follows:

Illinois, 156 banks.....	\$287, 592, 763
Indiana, 88 banks.....	28, 067, 829
Iowa, 198 banks.....	53, 923. 991
Michigan, 51 banks.....	89, 486, 872
Wisconsin, 48 banks.....	62, 699, 615

Trade acceptances amounting to \$429,845.08 are included in the above total. Loans and rediscounts secured by Liberty bonds and Treasury certificates of indebtedness amounting to a total of \$191,757,389.66 are also included in the above figures. Loans and redis-

counts were at their lowest ebb on April 23, when the combined total was but \$780,423.38. The highest point reached was on December 26, the combined figure being \$112,164,286.96.

OPEN-MARKET OPERATIONS.

Investments.—Municipal warrants amounting to \$2,164,488.64, representing the obligations of seven municipalities, all maturing within six months, were purchased during the year at $2\frac{5}{8}$ to 4 per cent.

Acceptances.—Bankers' acceptances and foreign trade acceptances totaling \$66,714,060.14 were purchased during the year at $2\frac{1}{4}$ to 4 per cent, all represented by bills drawn in connection with imports or exports, these being acceptances by 89 institutions of known responsibility and purchased in the open market.

United States Government bonds.—Two per cent consols and Panamas to the extent of \$1,461,500 were purchased and converted during the year. Three and one-half per cent Liberty loan bonds amounting to \$39,524,260 were purchased and sold by the bank during the year.

Treasury certificates of indebtedness purchased by the bank.

Date.	Amount.	Rate.	Date.	Amount.	Rate.
		<i>Per cent.</i>			<i>Per cent.</i>
Mar. 31.....	\$5,000,000	2	Sept. 17.....	\$2,060,000	$3\frac{1}{2}$
Apr. 25.....	785,000	3	Sept. 26.....	5,150,000	4
May 10.....	1,252,000	3	Oct. 18.....	250,000	4
Aug. 9.....	1,000,000	$3\frac{1}{2}$			
Aug. 28.....	1,000,000	$3\frac{1}{2}$	Total.....	16,497,000	.....

The above figures include the bank's own direct subscriptions to the various issues.

OFFICERS AND DIRECTORS.

An amendment to the Federal Reserve act was passed during the current year abolishing the office of deputy Federal Reserve agent and authorizing the Federal Reserve agent to appoint one or more assistants. Mr. W. F. McLallen, who held the office of deputy Federal Reserve agent, was at once appointed assistant Federal Reserve agent for the remainder of the calendar year. Toward the close of the year Mr. Mark A. Lies was appointed an additional assistant Federal Reserve agent. Mr. McLallen was also designated by the Federal Reserve Board as deputy chairman of the board of directors.

Additional assistant cashiers were appointed during the year as follows: Mr. F. J. Carr, Mr. Clarke Washburne, and Mr. D. A. Jones.

At the annual election for directors in December, 1917, Mr. E. L. Johnson was elected to succeed himself for the full three-year term as a director of class A, group 3, and Mr. M. B. Hutchison was elected to succeed himself for the full three-year term as a director of class B, group 2.

On December 19 the Federal Reserve Board elected Mr. James Simpson, of Chicago, class C director for three years and designated him deputy chairman for one year.

On December 21 the Federal Reserve Board redesignated the present incumbent as chairman and Federal Reserve agent of the Federal Reserve Bank of Chicago for a period of one year, dating from January 1, 1918.

MEETINGS.

Directors.—The board of directors has held 12 regular meetings during the year.

Executive committee.—The executive committee is composed of Gov. McDougal, Mr. W. F. McLallen, Mr. J. B. Forgan, Mr. G. M. Reynolds, and the Federal Reserve agent. This committee has held regular meetings once each week, but the great increase of business toward the close of the year has necessitated two regular meetings each week.

Membership.—This committee is composed of Gov. McDougal, Mr. A. H. Vogel, and the Federal Reserve agent.

Officers.—Early in the year there was inaugurated a plan of holding informal meetings of the officers daily before business hours. This plan has been followed throughout the year except as it has been interfered with to some extent through unusual activities in connection with the Liberty loan campaigns and other emergencies.

MEMBERSHIP.

Seven national banks have surrendered their charters during the year, the total reduction of Federal Reserve Bank stock from this source amounting to \$45,400.

Twelve new national banks have been organized during the year. Applications for membership from 63 State banks have been approved during the same period. Of these, 51 have paid in their capital stock and reserve. Three have paid in their capital only. The remaining nine were approved so recently that their payments could not be made before the first of the year. Fifty-two banks were transferred to this district from the Minneapolis district at the beginning of the year. Membership December 31, 1916, 993; December 1, 1917, 1,100. The net increase in the stock of the Federal Reserve Bank of Chicago from all sources during the year has

been \$2,408,150. A complete list of State bank members will be found in the appendix.

The prospect for a branch of the Federal Reserve Bank at Detroit, Mich., has had a stimulating effect on State bank membership in that city. In November a special session of the Michigan Bankers' Association was held at Lansing, Mich., at the instance of the governor of the State, the bank commissioner, and the president of the bankers' association, for the special purpose of arousing interest among State banks concerning membership in the Federal Reserve system. Addresses were made at this session by the above-named officials, and also by Mr. Frederick R. Fenton, Federal Reserve chairman for Michigan; and the results were most gratifying, as will be seen by the increased membership from that State.

The appeal of the President of the United States urging State banks to join the system has not, up to this time, met with a generous response. Two or three of the larger State institutions in Chicago and a few scattering banks throughout the district came in as a direct result of that appeal. There are, however, approximately 2,000 State banks in the district which are eligible for membership and less than 100 applications, all told, have been received up to this time. It is nevertheless evident that greater interest in this subject is being manifested throughout the district than heretofore. Many of the larger State institutions are seriously considering the matter, and some of them have signified their intention of applying for membership in the near future.

BANKING QUARTERS.

The Federal Reserve Bank of Chicago has very inadequate quarters, both as to working space and vault capacity. At the present time the bank is occupying space in four different buildings in Chicago. The executive committee has been instructed to investigate the question of new and adequate quarters for the bank, but there is nothing available in Chicago at the present time and no one seems willing to take the responsibility of constructing an entirely new building until after the war is over.

BRANCHES.

The board of directors at its regular meeting on November 27 authorized the establishment of a branch of the Federal Reserve Bank of Chicago to be located in the city of Detroit, Mich. The following have been chosen as directors of the branch: Mr. Robert B. Locke, at present manager of the Detroit Clearing House Association; Mr. John Ballantyne, president of the Merchants' National Bank, Detroit; Mr. Charles H. Hodges, president of the Detroit Lubricator

Co., Detroit; Mr. Emory W. Clark, president of the First and Old Detroit National Bank; Mr. Julius H. Haass, president of the Wayne County and Home Savings Bank, Detroit. Mr. Robert B. Locke will be the manager of the branch. It is the expectation that this branch will be formally opened for business shortly after the first of the year.

PUBLICITY WORK.

The publicity work of the bank during the past year has been conducted through personal interviews, correspondence, and attendance by the bank's officers at many bankers' conventions and group meetings. The monthly business reports of the bank have been circulated as bulletins. A special pamphlet on trade acceptances has been printed and widely circulated, and Mr. Clarke Washburne, assistant cashier, has made a number of informal talks to various trade organizations on that subject.

FEDERAL RESERVE TRANSFER AND EXCHANGE DRAFTS.

During the year five banks in this district have ordered a supply of Federal Reserve transfer and exchange drafts. But one of the banks is using the plan. Twelve member banks in other districts have drawn Federal Reserve transfer drafts on this bank. The total transactions have been small.

GOLD SETTLEMENT FUND.

A complete statement showing the volume of transactions through this fund on a basis of weekly averages appears in the appendix.

FEDERAL RESERVE NOTES.

The Federal Reserve agent maintains in Chicago constantly a reserve supply of Federal Reserve notes amounting to \$41,500,000. There is held in the subtreasury in Chicago an additional reserve supply of Federal Reserve notes amounting to \$26,160,000, and in Washington, printed or in process of printing, in round numbers, \$185,000,000, it being the desire of the board of directors to keep always in sight a total reserve stock of over \$250,000,000. In addition to the above there are \$5,000,000 of Federal Reserve bank notes printed and held in stock in Washington. An exhibit in detail of the various issues appears in the appendix.

NONMEMBER BALANCES—CHICAGO CLEARINGS.

During the summer a plan was agreed upon whereby all nonmember banks belonging to the Chicago Clearing House should open accounts with the Federal Reserve Bank and clearing house balances

be settled by certified check on the Federal Reserve Bank. This plan became operative September 1 and seems to have worked to the satisfaction of all concerned. Eleven nonmember banks at that time opened accounts with the Federal Reserve Bank. Four of these have since that date entered the Federal Reserve system, leaving seven nonmember banks still carrying balances with us. These balances total about \$5,000,000 on the average. One of these nonmember banks is using the Federal Reserve collection system.

FIDUCIARY POWERS.

Permits have been issued during the year to a number of institutions for the exercise of various trust functions which are permitted under the Federal Reserve act. A detailed list of these permits appears in the appendix.

PERMITS TO ACCEPT UP TO 100 PER CENT.

During the current year the Federal Reserve Board has granted to the National Bank of the Republic of Chicago, and the Continental and Commercial National Bank of Chicago, the right to accept up to 100 per cent of their capital and surplus.

RESERVES.

Fluctuation in reserves during the year is indicated as follows:

Against deposits:

Gold (high), 81.5 per cent on February 2, 1917.

Gold (low), 50.9 per cent on June 20, 1917.

Gold and lawful money (high), 83.2 per cent on February 2, 1917.

Gold and lawful money (low), 52.2 per cent on June 20, 1917.

Against Federal Reserve notes:

Gold (high), 157 per cent on January 2, 1917.

Gold (low), 59.5 per cent on November 23, 1917.

Against combined note and deposit liability:

Cash reserve (high), 85.9 per cent on February 2, 1917.

Cash reserve (low), 60.6 per cent on November 23, 1917.

DIVIDENDS AND EARNINGS.

During the year dividends amounting in all to 12 per cent have been paid. All dividends accrued to December 31, 1917, are therefore paid in full. Also payment to the United States Treasury of its pro rata of surplus earnings has been made, amounting to \$215,-799.18.

Furniture and fixtures, depreciation on bonds and the cost of Federal Reserve notes issued to the bank have all been charged off in full. A detailed statement of profit and loss appears in the appendix.

OPERATIONS OF THE FEDERAL RESERVE COLLECTION SYSTEM.

There have been handled during the year 7,532,366 items as follows:

	Items.	Amount.	Total cost.	Cost per item.	Cost per \$1,000.	Service charge per item.
Items on banks in Chicago.....	1,807,728	\$3,985,878,000	\$7,200.00	\$0.004	\$0.0018	\$0.0
Items on banks in district outside of Chicago.....	4,362,436	937,821,000	60,885.87	.0125	.0518	.015
Items on banks in other districts.....	511,438	187,450,000		.0125	.0518	
Government checks.....	850,764	202,461,000	4,800.00	.0056	.0237	.0
Total.....	7,532,366	5,363,610,000	72,885.87	.00967	.0136	.....

The disbursements or expenses of the transit department made necessary by and in connection with the handling of items drawn on "Banks in district outside of Chicago," and "Items on banks in other districts," total \$60,885.87, while the net service charges assessed against the member banks and other Federal Reserve Banks covering same total \$62,449.87, a net profit in handling these two classes of transit items during the year of \$1,564. Adding, however, the cost of handling items on banks in Chicago (\$7,200) and Government checks (\$4,800) it increases the total expenses (\$12,000) to a total of \$72,885.87, or a net cost for the year in handling the above four classifications of \$10,436. There have been added to the Federal Reserve par list from January 1 to December 31, 1917, 618 points or towns and 1,082 banks—975 nonmembers and 107 members. The bank has handled a small amount of collections, drafts, notes, etc., for its customers during the year on a basis of actual cost. But one nonmember bank carrying an account with the Federal Reserve Bank is making use of its collection system.

FISCAL AGENCY OPERATIONS.

FIRST LIBERTY LOAN.

When the Secretary of the Treasury offered the first issue of \$2,000,000,000 of 3½ per cent bonds, a meeting of representatives of prominent banks, trust companies, and bond houses was called to consider ways and means for its sale. There were present at this meeting some 50 or 60 representatives. This body appointed an executive committee, which committee in turn organized itself into a publicity committee. The publicity committee took charge of the selling campaign and appointed an assistant to the chairman, a corresponding secretary, and a recording secretary. The assistant to the chairman was the active officer in the conduct of the campaign.

Another important committee appointed was the distribution committee, which consisted of a chairman and six other members, one being named for each State in the district and one for the Chicago territory.

These chairmen for the various sections secured the services of several hundred experienced bond salesmen and sent them out all over the district, building up working organizations in every section. These organizations were by counties, cities, and towns. The chairman for Chicago organized a flying squadron of several hundred volunteers and these men made an office-to-office canvass within the "loop district."

Among other committees covering district-wide activities were the following: Public speakers, advertising, foreign-language papers, posters, insurance companies, churches, moving pictures and four-minute men, fraternal societies, public utilities, etc. The governors of all five States united in issuing proclamations making one week "Liberty loan week." Partial payment plans were devised for banks and other organizations to carry those subscribers who were not prepared to meet their subscriptions in full. Secretary McAdoo visited the district during the campaign and spoke in several cities. The district's quota of bonds was oversubscribed.

SECOND LIBERTY LOAN.

This campaign was organized by an executive committee composed of the same members as the former executive and publicity committees and with the same chairman as the old publicity committee. Several additions were made, however, to the membership before the campaign began. An executive secretary was chosen and placed in active charge of the campaign.

The active work of the campaign was carried on under the following divisions: Department of sales; department of publicity; department of public speaking; and woman's work. Additional committees covering district-wide activities were appointed as in the first campaign and the same chairmen served as before for Chicago and the various States. The unit of organization for the second campaign was the county, and this organization was subdivided so as to reach down to the city, the town, the school district, and in some cases the voting precinct. In addition thereto, all of the larger cities formed their own organizations. Volunteer workers from banks, bond houses, stock exchange firms, commercial paper houses, insurance companies, and so on, canvassed the entire district, encouraging local workers and doing pioneer work in different communities.

In each State an advisory committee was formed, consisting of the Governor, the State superintendent of banks, the president of the State bankers' association and representatives of labor, religion, agriculture, commerce, industry, State council of defense and others.

The district's quota of the four billions of bonds offered was oversubscribed.

The work of the second Liberty loan campaign was much better organized and more efficiently conducted than that of the first. It is a matter of regret that space forbids personal recognition of the many workers and instrumentalities cooperating toward the success of the two campaigns. They are numbered by the thousands. Their names are on file with the Federal Reserve Bank and the result of their effective labors will not be forgotten. A list of officers and executive committees is given in the appendix.

GOVERNMENT BOND DEPARTMENT.

The Federal Reserve Bank organized a Government bond department through which the actual accounting for and distribution of Liberty bonds has been handled. A statement of the expenses of this department appears in the appendix.

In the appendix will be found an exhibit of the result of both the first and second Liberty loan campaigns.

TREASURY CERTIFICATES OF INDEBTEDNESS.

A table showing the sales of the different issues of these certificates will be found in the appendix.

WAR-SAVINGS CERTIFICATES.

The Secretary of the Treasury has designated the Federal Reserve Banks as fiscal agents for the distribution of war-savings certificates and stamps. The Federal Reserve Banks become the warehouses to which banks, express companies, railways, and other authorized agents go to receive their supplies and to whom they account for the proceeds.

Up to and including December 31 the Federal Reserve Bank of Chicago has accounted for \$915,725 par value from the proceeds of these certificates.

DEPOSITORIES FOR PROCEEDS OF LIBERTY BONDS AND TREASURY CERTIFICATES.

Many banks throughout the district qualified as depositories under the regulations prescribed by the Treasury Department. In order to accommodate the various sections of the district, securities committees and custodians for collateral were appointed in each State, serving without compensation. A list of such securities committees and custodians appears in the appendix.

CONCLUSION.

The Federal Reserve system has already justified the expectation of those who were instrumental in framing the act and responsible

for its enactment. Through it the reserves of the country have been largely mobilized and much of the free gold brought into its coffers. As a result of its establishment public confidence exists and the integrity of our business fabric has been maintained, although our country has entered upon what is perhaps the most momentous epoch in its history.

In all this the Federal Reserve Bank of Chicago has borne its part. With all other Federal Reserve Banks its note issues have largely increased during the year. Much of this increase has been directly against gold, and the greater demands of business have necessitated the remainder.

The board of directors of this bank, slow in the beginning to make use of this issue power, have not hesitated to avail themselves of it when the situation demanded, and yet further use of it will be inevitable during the continuance of the war. The problem of differentiating between necessary expansion on the one hand and dangerous inflation on the other is yet to be solved. The wise conservatism which has thus far directed the operation of the Federal Reserve Banks and the administration of the system may be trusted to handle this situation in a satisfactory manner when it is presented for solution.

EXHIBIT A.—Comparative yearly statement.

	Dec. 31, 1917.	Dec. 31, 1916.
ASSETS.		
Bills discounted, members.....	\$105,923,175.99	\$4,437,460.35
Bills discounted, bought.....	9,182,429.93	10,337,161.09
United States bonds and notes.....	10,384,600.00	10,375,100.00
Investments.....		1,325,760.88
Total.....	125,490,205.92	26,475,482.32
Interest accrued on United States bonds and notes.....	63,695.00	50,896.48
Premium on United States bonds.....		193,311.66
Liberty loan bonds—\$10-participation certificates.....	163,100.00	
Furniture and fixtures.....		28,304.53
Cost of unissued Federal Reserve notes.....		67,957.83
Due from member banks, overdrafts.....	330,615.85	1,723.57
Due from Federal Reserve Banks.....	5,992,720.41	29,913,819.08
Federal Reserve Banks, transfers bought.....	8,178,412.26	
Transit and exchanges for clearing house.....	19,868,657.09	4,692,553.71
Federal Reserve and national bank notes.....	10,635,500.00	2,986,185.00
Gold coin and gold certificates.....	32,189,305.00	27,600,625.00
Bank of England sterling gold account.....	7,350,000.00	
Other lawful money.....	963,872.27	396,102.95
Gold settlement fund.....	58,960,460.00	26,183,000.00
Gold with Federal Reserve agent.....	130,723,530.00	
Five per cent redemption fund.....	646,490.00	200,000.00
Total cash reserve.....	230,833,657.27	54,379,727.95
Other assets.....	349,181.34	
	401,905,745.14	118,789,962.13

EXHIBIT A.—*Comparative yearly statement*—Continued.

	Dec. 31, 1917.	Dec. 31, 1916.
LIABILITIES.		
Capital paid in.....	\$9,091,700.00	\$6,683,550.00
Surplus.....	215,799.18	61,978.07
Profit and loss.....		
Discount on United States bonds.....	77,603.50	46,451.23
Unearned discount.....	318,087.33	6,051.22
Unearned interest—investments.....		5,391.08
Reserved for sundry expenses.....	4,833.62	
Difference account.....	254.61	
Federal Reserve notes outstanding.....	190,788,530.00	
Federal Reserve bank drafts.....	1,471,347.45	
Liberty loan—\$10-participation certificates sold.....	163,100.00	
Uncollected funds.....	18,183,306.82	
United States Government deposits.....	3,052,436.84	2,045,784.95
Due to Federal Reserve Banks.....	6,165,983.77	14,550,742.93
Due to member banks—reserves.....	169,174,348.05	95,390,012.65
Due to nonmember clearing banks.....	3,198,413.97	
	<u>401,905,745.14</u>	<u>118,789,962.13</u>
Gold reserve against net deposit liabilities (per cent.).....	59.2	69.8
Cash reserve against net deposit liabilities (per cent.).....	59.7	70.3
Gold reserve against Federal Reserve notes in circulation (per cent.)..	72.7	158.0

EXHIBIT B.—*Earnings and expenses for calendar year 1917; also profit and loss on Dec. 31, 1917.*

Earnings for 1917, as shown on Form 95.....	\$2,020,714.10	
Net service charges in excess of transit department disbursement.....	1,564.00	
Total.....		\$2,022,278.10
Expense of operation of bank proper.....	320,357.29	
Cost of Federal Reserve currency issued (including expressage, insurance, etc.).....	157,510.57	
Cost of Federal Reserve currency unissued, charged off.....	43,001.01	
Miscellaneous charges account note issues.....	2,314.11	
Depreciation on furniture and equipment.....	32,225.53	
Depreciation United States bonds.....	237,118.24	
Total.....		792,526.75
Net earnings for year.....		1,229,751.35
Profit and loss, Jan. 1, 1917.....		61,978.07
Amount paid by Federal Reserve Bank, Minneapolis, Jan. 30, 1917, to equalize stock of said bank transferred to Federal Reserve Bank of Chicago capital stock.....		2,127.22
Total.....		1,293,856.64
Dividends paid:		
Date paid June 29, 1917, period covered Jan. 1, 1916, to June 30, 1916, inclusive, amount.....	\$205,710.22	
Date paid Dec. 28, 1917, period covered July 1, 1916, to Dec. 31, 1917, inclusive, amount.....	654,347.08	
Interest paid on stock surrendered.....	2,200.98	
		<u>862,258.28</u>
Profit and loss—Dec. 31, 1917.....		431,598.36
Distribution of profit and loss:		
One-half of balance Dec. 31, 1917, remitted to United States Treasury—franchise tax paid United States Government.....	215,799.18	
One-half of balance transferred to surplus fund.....	215,799.18	
		<u>431,598.36</u>

EXHIBIT C.—*Transactions through the gold-settlement fund weekly.*

[000's omitted.]

Week ending—	Debits.	Credits.	Balance.
1917.			
Jan. 3.....	\$36,705	\$29,668	\$33,220
Jan. 10.....	42,545	43,911	31,854
Jan. 17.....	38,225	36,087	34,982
Jan. 24.....	38,210	39,688	33,504
Jan. 31.....	42,329	36,913	38,920
Feb. 7.....	40,607	42,929	36,598
Feb. 14.....	38,004	34,554	40,048
Feb. 21.....	32,352	39,706	32,694
Feb. 28.....	41,375	29,686	44,383
Mar. 7.....	43,094	40,391	47,086
Mar. 14.....	33,111	32,704	47,493
Mar. 21.....	36,584	40,207	43,870
Mar. 28.....	32,368	41,109	35,129
Apr. 4.....	33,794	35,466	33,457
Apr. 11.....	45,617	42,095	36,979
Apr. 18.....	52,304	48,531	40,752
Apr. 25.....	46,735	65,540	21,947
May 2.....	68,944	57,446	33,445
May 9.....	59,718	68,082	25,081
May 16.....	75,741	70,614	30,208
May 23.....	59,791	53,417	36,582
May 30.....	58,235	67,661	27,156
June 6.....	53,944	45,587	35,513
June 13.....	60,305	72,705	23,113
June 20.....	85,672	85,008	23,777
June 27.....	76,628	61,133	39,272
Subtotal.....	1,273,937	1,260,848	.....
July 4.....	87,051	54,661	71,662
July 11.....	87,111	84,045	74,723
July 18.....	69,563	85,890	58,401
July 25.....	105,694	111,159	52,936
Aug. 1.....	72,032	99,326	25,642
Aug. 8.....	80,092	60,819	44,915
Aug. 15.....	72,749	77,592	40,072
Aug. 22.....	75,508	67,984	47,596
Aug. 29.....	79,741	66,681	60,656
Sept. 5.....	76,009	56,454	80,211
Sept. 12.....	94,597	104,320	70,488
Sept. 19.....	77,424	92,864	55,013
Sept. 26.....	97,064	100,034	52,078
Oct. 3.....	80,385	98,027	34,436
Oct. 10.....	96,884	76,345	54,975
Oct. 17.....	92,012	80,947	66,040
Oct. 24.....	113,536	107,828	71,748
Oct. 31.....	102,053	126,580	47,221
Nov. 7.....	119,920	107,316	59,825
Nov. 14.....	102,504	103,579	58,750
Nov. 21.....	173,061	166,149	65,062
Nov. 28.....	125,307	125,771	65,198
Dec. 5.....	107,425	110,780	61,843
Dec. 12.....	98,909	101,001	59,751
Dec. 19.....	155,930	157,816	57,865
Dec. 26.....	124,405	132,109	50,161
Total.....	3,840,903	3,816,925	.....
Total, 1916.....	798,567	774,570	.....
Increase, 1917.....	3,042,336	3,042,355	.....

EXHIBIT D.—*Federal Reserve notes.*

Notes outstanding Dec. 31, 1916:

683,839 fives.....	\$3,419,195
67,780 tens.....	677,800
125,850 twenties.....	2,517,000
3,490 fifties.....	174,500
3,950 hundreds.....	395,000

\$7,183,495

Notes issued to bank during year 1917:

3,496,000 fives.....	17,480,000
6,924,000 tens.....	69,240,000
4,004,000 twenties.....	80,080,000
228,000 fifties.....	11,400,000
104,000 hundreds.....	10,400,000

188,600,000

Total.....

195,783,495

Notes retired during year 1917:

350,829 fives	\$1,754,145
147,853 tens	1,478,530
76,212 twenties	1,524,240
3,923 fifties	196,150
419 hundreds	41,900
	<u>\$4,994,965</u>

Notes outstanding Dec. 31, 1917 190,788,530

Notes outstanding Dec. 31, 1917:

3,829,010 fives	19,145,050
6,843,927 tens	68,439,270
4,053,638 twenties	81,072,760
227,567 fifties	11,378,350
107,531 hundreds	10,753,100
	<u>190,788,530</u>

Total notes retired since organization:

626,990 fives	3,134,950
156,073 tens	1,560,730
86,362 twenties	1,727,240
4,433 fifties	221,650
469 hundreds	46,900
	<u>6,691,470</u>

Total notes returned to agent since organization:

Unfit notes—128,000 fives	640,000
Fit notes—	
10 fives	50
30 twenties	600
5 fifties	250
1 hundred	100
	<u>641,000</u>
	<u>198,121,000</u>

Total notes issued and reissued since organization:

4,584,010 fives	22,920,050
7,000,000 tens	70,000,000
4,140,030 twenties	82,800,600
232,005 fifties	11,600,250
108,001 hundreds	10,800,100
	<u>198,121,000</u>

Total notes on hand by agent Dec. 31, 1917:

1,236,000 fives	6,180,000
760,000 tens	7,600,000
716,000 twenties	14,320,000
100,000 fifties	5,000,000
44,000 hundreds	4,400,000
	<u>37,500,000</u>

EXHIBIT E.—Member banks in seventh Federal Reserve district to whom permits have been granted for the exercise of trust powers.

City.	State.	Name of bank.	Date of permit.
Anderson	Indiana	Peoples State National Bank	June 8, 1915
Batesville	do.	First National Bank	Sept. 13, 1916
Battle Creek	Michigan	Central National Bank	Oct. 6, 1917
Do	do.	Old National Bank	Apr. 29, 1915
Bay City	do.	First National Bank	Apr. 13, 1915
Beaver Dam	Wisconsin	Old National Bank	Apr. 29, 1915
Belvidere	Illinois	Second National Bank	Do.
Benton Harbor	Michigan	Farmers & Merchants National Bank	Aug. 18, 1917
Birmingham	do.	First National Bank	Sept. 22, 1917
Bloomington	Illinois	State National Bank	Jan. 18, 1916
Boone	Iowa	First National Bank	Oct. 9, 1916
Boone City	Michigan	do.	June 1, 1915
Brazil	Indiana	do.	Oct. 13, 1916
Do	do.	Riddell National Bank	Apr. 29, 1915
Brookville	do.	Franklin County National Bank	Sept. 30, 1915
Do	do.	National Brookville Bank	Aug. 23, 1916
Casey	Illinois	First National Bank	Dec. 30, 1915
Cedar Rapids	Iowa	Cedar Rapids National Bank	May 9, 1916
Do	do.	Merchants National Bank	Apr. 24, 1915
Chicago	Illinois	National City Bank	Aug. 9, 1915
Clarence	Iowa	First National Bank	Apr. 19, 1916
Clinton	do.	City National Bank	Nov. 8, 1915
Coon Rapids	do.	First National Bank	Dec. 29, 1916
Council Bluffs	do.	City National Bank	June 8, 1915
Do	do.	First National Bank	Mar. 9, 1917
Crawfordsville	Indiana	Citizens National Bank	May 5, 1917
Decatur	Illinois	Millikin National Bank	Jan. 18, 1916
Decorah	Iowa	National Bank of Decorah	Sept. 20, 1917
Des Moines	do.	Des Moines National Bank	July 20, 1916

EXHIBIT E.—Member banks in seventh Federal Reserve district to whom permits have been granted for the exercise of trust powers—Continued.

City.	State.	Name of bank.	Date of permit.
Dubuque.	Iowa.	First National Bank.	May 5, 1917
Dyer.	Indiana.	do.	June 8, 1915
Emmetsburg.	Iowa.	Emmetsburg National Bank.	May 6, 1917
Flint.	Michigan.	First National Bank.	Dec. 26, 1917
Fonda.	Iowa.	do.	July 26, 1915
Franklin.	Indiana.	Franklin National Bank.	do.
Freeport.	Illinois.	First National Bank.	Apr. 26, 1915
Gladbrook.	Iowa.	do.	Aug. 27, 1917
Grand Rapids.	Michigan.	Old National Bank.	Apr. 29, 1915
Greencastle.	Indiana.	First National Bank.	Oct. 9, 1916
Humboldt.	Iowa.	do.	Jan. 18, 1916
Independence.	do.	do.	Aug. 26, 1915
Indianola.	do.	do.	Jan. 18, 1916
Janesville.	Wisconsin.	do.	May 5, 1915
Joliet.	Illinois.	do.	Apr. 15, 1915
Kanawha.	Iowa.	do.	Jan. 25, 1917
Kokomo.	Indiana.	Citizens National Bank.	Jan. 26, 1916
Do.	do.	Howard National Bank.	Aug. 26, 1915
Lansing.	Michigan.	Capital National Bank.	Aug. 15, 1917
La Porte.	Indiana.	First National Bank.	June 8, 1915
Le Mars.	Iowa.	do.	July 20, 1916
Liberty.	Indiana.	Union County National Bank.	June 4, 1915
Logansport.	do.	First National Bank.	Oct. 13, 1916
Macomb.	Illinois.	Union National Bank.	Apr. 13, 1915
Manchester.	Iowa.	First National Bank.	Dec. 1, 1917
Marengo.	do.	do.	Oct. 9, 1916
Marion.	Indiana.	do.	Aug. 26, 1915
Do.	do.	Marion National Bank.	Feb. 21, 1916
Marselles.	Illinois.	First National Bank.	Apr. 13, 1915
Mattoon.	do.	National Bank of Mattoon.	Dec. 29, 1915
Michigan City.	Indiana.	Merchants National Bank.	Oct. 18, 1916
Mishawaka.	do.	First National Bank.	Mar. 7, 1917
Monroe.	Wisconsin.	do.	Apr. 29, 1915
Monrovia.	Indiana.	do.	Oct. 6, 1917
Montezuma.	Iowa.	do.	Oct. 9, 1916
Moweaqua.	Illinois.	do.	Jan. 17, 1916
Muncie.	Indiana.	Merchants National Bank.	Mar. 14, 1917
Odebolt.	Iowa.	First National Bank.	Sept. 13, 1915
Oskaloosa.	do.	Oskaloosa National Bank.	Jan. 17, 1916
Peterson.	do.	First National Bank.	Aug. 10, 1916
Petoskey.	Michigan.	do.	Dec. 2, 1915
Port Huron.	do.	do.	Feb. 23, 1916
Rod Oak.	Iowa.	do.	June 15, 1917
Richmond.	Indiana.	do.	Apr. 29, 1915
Do.	do.	Second National Bank.	Apr. 24, 1915
Rochester.	do.	First National Bank.	Oct. 18, 1916
Do.	Michigan.	do.	July 26, 1915
Rockford.	Illinois.	Rockford National Bank.	June 1, 1915
Do.	do.	Third National Bank.	Apr. 29, 1915
Rockville.	Indiana.	Rockville National Bank.	June 8, 1915
Rushville.	do.	Rush County National Bank.	Apr. 13, 1915
Do.	do.	Rushville National Bank.	June 8, 1915
Russiaville.	do.	First National Bank.	Apr. 29, 1915
St. Clair Heights.	Michigan.	Michigan National Bank.	Feb. 21, 1916
Saginaw.	do.	Second National Bank.	Apr. 15, 1915
Sheridan.	Indiana.	Farmers National Bank.	Apr. 7, 1916
Do.	do.	First National Bank.	Dec. 27, 1916
Sibley.	Iowa.	do.	Apr. 13, 1915
Sioux Rapids.	do.	do.	Mar. 28, 1916
South Bend.	Indiana.	do.	Feb. 21, 1916
Stanton.	Iowa.	do.	Aug. 9, 1916
Story City.	do.	do.	June 8, 1915
Tipton.	Indiana.	Citizens National Bank.	Sept. 13, 1915
Traverse City.	Michigan.	First National Bank.	Nov. 8, 1915
Valparaiso.	Indiana.	Farmers National Bank.	May 14, 1915
Wabash.	do.	Farmers & Merchants National Bank.	Dec. 2, 1915
Waterloo.	Iowa.	Commercial National Bank.	Aug. 9, 1915
Do.	do.	Leavitt & Johnson National Bank.	Dec. 29, 1916
Waukesha.	Wisconsin.	National Exchange Bank.	Apr. 24, 1915
Waverly.	Iowa.	First National Bank.	June 15, 1917
Webster City.	do.	Farmers National Bank.	June 8, 1915
Whiteland.	Indiana.	Whiteland National Bank.	Nov. 25, 1916
Wilkinson.	do.	Farmers National Bank.	July 1, 1915

NOTE.—National banks in the State of Illinois are not as yet exercising trust powers. It is understood that the supreme court of the State is shortly to pass on a test case now pending, to determine whether the State laws permit the exercise of such powers by national banks.

EXHIBIT F.—*State member banks in seventh Federal Reserve district.*

ILLINOIS.

Austin State Bank, Chicago.
Central Trust Co. of Illinois¹ (1914), Chicago.
Chicago Savings Bank & Trust Co., Chicago.
First Trust & Savings Bank, Chicago.
Foreman Bros. Banking Co., Chicago.
Harris Trust & Savings Bank, Chicago.
Hyde Park State Bank, Chicago.
Kaspar State Bank, Chicago.
Merchants' Loan & Trust Co., Chicago.
Noel State Bank, Chicago.
Standard Trust & Savings Bank, Chicago.
State Bank of Chicago, Chicago.
Union Trust Co., Chicago.
United State Bank, Chicago.
Kirchman State Bank, Cicero.
Elmhurst State Bank¹ (1915), Elmhurst.
State Bank of Evanston, Evanston.
Commercial Trust & Savings Bank¹ (1915), Joliet.
Joliet Trust & Savings Bank, Joliet.
Union State Savings Bank & Trust Co., Kewanee.
Martinsville State Bank,² Martinsville.
Suburban Trust & Savings Bank, Oak Park.

INDIANA.

St. Joseph Valley Bank, Elkhart.
Discount & Deposit State Bank, Kentland.

IOWA.

Security Trust & Savings Bank, Cedar Falls.
Peoples' Trust & Savings Bank, Clinton.
Iowa Loan & Trust Co., Des Moines.
Citizens' Savings Bank, Gilman.
Commercial Savings Bank, Mason City.
Ottumwa Savings Bank, Ottumwa.
Bankers' Loan & Trust Co.,¹ (1916), Sioux City.
First Savings Bank,² Sutherland.
Farmers State Bank,² Vail.

MICHIGAN.

Commercial & Savings Bank¹ (1915), Albion.
Eaton County Savings Bank, Charlotte.
American State Bank,² Detroit.
Central Savings Bank, Detroit.
Detroit Savings Bank, Detroit.
Dime Savings Bank, Detroit.
First State Bank, Detroit.

¹ Banks which joined the system before 1917.

² Banks approved; capital and reserve not paid.

³ Banks approved; capital paid, reserve not paid.

Peoples State Bank, Detroit.
 Wayne County & Home Savings Bank, Detroit.
 Peninsular State Bank,¹ Detroit.
 Citizens Commercial & Savings Bank, Flint.
 Industrial Savings Bank, Flint.
 Union Trust & Savings Bank, Flint.
 Old State Bank,² Fremont.
 Grand Haven State Bank, Grand Haven.
 Grand Rapids Savings Bank, Grand Rapids.
 Kent State Bank, Grand Rapids.
 Oceana County Savings Bank,² Hart.
 Highland Park State Bank, Highland Park.
 Boies State Savings Bank, Hudson.
 Central State Bank, Jackson.
 Union Bank, Jackson.
 Lansing State Savings Bank,² Lansing.
 Lapeer Savings Bank, Lapeer.
 B. Dansard & Sons State Bank,¹ Monroe.
 Exchange Savings Bank, Mount Pleasant.
 Niles City Bank, Niles.
 H. C. McLachlin & Co. State Bank, Petersburg.
 St. Clair County Savings Bank, Port Huron.
 Rochester Savings Bank,² Rochester.
 Romeo Savings Bank, Romeo.
 Fruit Growers State Bank³ (1915), Saugatuck.
 Commercial & Savings Bank,² St. Clair.

WISCONSIN.

Citizens Bank, Clinton.
 Bank of Wisconsin³ (1914), Madison.
 American Exchange Bank,² Milwaukee.
 Badger State Bank³ (1915), Milwaukee.
 Marshall & Ilsley Bank, Milwaukee.

Banks admitted previous to 1917:

Illinois.....	3
Iowa.....	1
Michigan.....	2
Wisconsin.....	2
Total	8

Banks admitted during 1917:

Illinois.....	19
Indiana.....	2
Iowa.....	8
Michigan.....	31
Wisconsin.....	3
Total	63

Total State banks in Federal Reserve system, 71.

Applications in process of examination, 22.

¹ Banks approved; capital paid, reserve not paid.

² Banks approved; capital and reserve not paid.

³ Banks which joined the system before 1917.

EXHIBIT G.—*Liberty loan.*

FIRST LIBERTY LOAN, SUBSCRIPTIONS BY STATES.

Illinois.....	\$197,315,150
Indiana.....	35,323,100
Iowa.....	31,343,850
Michigan.....	62,538,800
Wisconsin.....	30,866,100
Total.....	357,387,000

Allotment by States.....	Not available.
Allotment for district.....	\$272,202,100
Number of subscribers.....	Not available.
Number of banks subscribing.....	About 4,000

UNITED STATES GOVERNMENT LIBERTY LOAN BOND PARTICIPATION
CERTIFICATES.

The Federal Reserve Bank of the seventh district issued \$1,000,000 of the above certificates, subscribing for \$1,000,000 of bonds to be used in redemption thereof. The purchaser of five of these certificates was privileged to exchange them for a \$50 bond.

Second Liberty loan subscriptions, allotments, and subscribers, by States.

	Subscriptions by member banks.	Subscriptions by nonmember banks.	Total subscriptions.	Allotment.	Subscribers.
Illinois.....	\$92,927,150	\$151,275,650	\$244,202,800	\$206,121,800	451,152
Indiana.....	35,895,350	33,457,350	69,352,700	67,047,100	172,124
Iowa.....	37,018,200	45,841,650	82,859,850	79,857,550	247,167
Michigan.....	68,296,750	37,765,700	106,062,450	95,473,650	323,227
Wisconsin.....	50,199,750	27,494,550	77,694,300	72,809,300	198,551
Filed by individuals and corporations direct with Federal Reserve Bank.....		5,681,250	5,681,250	4,741,450	4,981
Total.....	284,337,200	301,516,150	585,853,350	526,050,850	1,397,202

NOTE.—\$450,473,740 had been paid in on the above allotment of \$526,050,850 up to and including Dec. 31, 1917.

Expense of the first Liberty loan of 1917 incurred up to and including Dec. 31, 1917.

	Postage.	Telephone and telegraph.	Salaries.	Traveling.	Printing, stationery, and minor supplies.	Expressage.
Bond department.....	\$10,681.02	\$6,995.25	\$80,254.73	\$616.55	\$15,944.72	\$355.39
Publicity and distribution committees.....	1,564.44	1,538.90	2,337.25	11,327.61	19,378.47	675.33
Total.....	12,245.46	8,534.15	82,591.98	11,944.16	35,323.19	1,000.72

Expense of the first Liberty loan of 1917 incurred up to and including Dec. 31, 1917—Continued.

	Furniture and equip- ment.	Rent.	Supper money, account overtime work.	Miscel- laneous.	Total.
Bond department.....	\$4,604.58	\$651.65	\$2,053.65	\$14,001.32	\$136,188.86
Publicity and distribution committees.....		44.00	6.00	10,086.78	46,958.78
Total.....	4,604.58	695.65	2,059.65	24,088.10	183,147.64

Total expense.....	\$183,147.64
Reimbursed from the Treasury Department up to and including Jan. 3, 1918.....	169,417.34
Balance due from Treasury Department.....	13,730.30

AVERAGE NUMBER OF EMPLOYEES DURING THE FIRST LIBERTY LOAN CAMPAIGN IN CHICAGO.

Bond department.....	125
Publicity and distribution committees.....	25
Total.....	150

Expense of the second Liberty loan of 1917 incurred up to and including Dec. 31, 1917.

	Postage.	Telephone and telegraph.	Salaries and overtime.	Traveling.	Printing, Stationery and minor supplies.	Express- age.	Furniture and equip- ment.
Bond department.....	\$8,991.59	\$500.97	\$75,378.05	.....	\$11,863.29	\$591.75	\$10,154.35
Executive committee.....	2,746.66	10.00	13,457.88	\$142.35	1,816.53	181.50	238.00
Publicity committee.....	1,345.24	357.41	14,196.87	584.06	44,214.18	289.05	4,933.25
Public speaking com- mittee.....	64.26	48.97	808.10	1,480.89	198.67	3.00	.....
Women's committee.....	20.06	.....	941.99	300.09	1,405.32	10.00	.....
Chicago committee.....	1,532.38	.....	10,605.83	4.20	3,813.92	27.25	58.50
Illinois committee.....	99.03	3.45	279.52	101.82	334.78	.....	.....
Indiana committee.....	18.24	.....	.....	.....	156.45	.....	.....
Iowa committee.....	245.36	14.85	741.00	.....	259.81	.....	.....
Michigan committee.....	520.64	248.57	1,496.67	7,222.25	308.54	.....	.....
Wisconsin committee.....	471.93	.....	.....	.....	112.58	.....	.....
Total.....	14,055.39	1,184.22	117,905.91	9,835.66	64,484.07	1,102.55	15,384.10

	Rent.	Magazines, news- papers and directories.	Miscel- laneous.	Subtotal.	Undis- tributed.	Grand total.
Bond department ¹	\$2,985.00	\$30.00	\$4,846.20	\$113,341.20	.....	\$113,341.20
Executive committee.....	450.00	2.00	459.49	19,504.41	.....	19,504.41
Publicity committee.....	490.00	1,410.50	26,417.86	94,238.42	.....	94,238.42
Public speaking committee.....	.....	.....	1,774.86	4,378.75	.....	4,378.75
Women's committee.....	86.00	.....	305.20	3,068.66	.....	3,068.66
Chicago committee.....	1,642.20	36.00	2,603.12	20,323.40	\$8,000.00	28,323.40
Illinois committee.....	.....	.....	.....	818.60	8,000.00	8,818.60
Indiana committee.....	.....	.....	.....	174.69	9,742.40	9,917.09
Iowa committee.....	.....	.....	32.40	1,293.42	8,322.53	9,615.95
Michigan committee.....	.....	.....	86.06	9,882.73	2,419.04	12,301.77
Wisconsin committee.....	.....	.....	.....	584.51	18,011.83	18,596.34
Total.....	5,653.20	1,478.50	36,525.19	267,608.79	54,495.80	322,104.59

¹ Bond department includes depository bank department, fiscal agent department, etc., excluding various Liberty loan committees.

NOTE.—Up to and including Jan. 3, 1918, we have not received reimbursement from the Treasury Department for any of the above expense.

Number of employees in the service of the bond department and various Liberty loan committees in Chicago at the present time, and average number employed during the second Liberty loan campaign.

	Present number (as of Dec. 31, 1917).	Average.
Bond department.....	166	188
Executive committee.....	14	28
Publicity:		
Publicity committee.....	4	20
Publicity mailing.....	4	120
	8	140
Public speaking committee.....		4
Women's committee.....		10
Chicago committee.....	16	66
Illinois committee.....		10
Indiana committee.....		10
Iowa committee.....		8
Michigan committee.....	1	3
Wisconsin committee.....		4
Total.....	205	471

Expense of various issues of certificates of indebtedness incurred up to and including Dec. 31, 1917.

Applicable to first Liberty loan of 1917:

\$200,000,000 certificates of indebtedness (3 per cent) dated Apr. 25, 1917; due June 30, 1917.....	\$431.42
\$200,000,000 certificates of indebtedness (3 per cent) dated May 10, 1917; due July 17, 1917.....	703.20
\$200,000,000 certificates of indebtedness (3½ per cent) dated May 25, 1917; due July 30, 1917.....	236.92
\$200,000,000 certificates of indebtedness (3½ per cent) dated June 8, 1917; due July 30, 1917.....	61.93
	¹ \$1,433.47

Applicable to second Liberty loan of 1917:

\$300,000,000 certificates of indebtedness (3½ per cent) dated Aug. 9, 1917; due Nov. 15, 1917.....	299.89
\$250,000,000 certificates of indebtedness (3½ per cent) dated Aug. 28, 1917; due Nov. 30, 1917.....	549.37
\$300,000,000 certificates of indebtedness (3½ per cent) dated Sept. 17, 1917; due Dec. 15, 1917.....	403.98
\$400,000,000 certificates of indebtedness (4 per cent) dated Sept. 26, 1917; due Dec. 15, 1917.....	426.34
\$300,000,000 certificates of indebtedness (4 per cent) dated Oct. 18, 1917; due Nov. 22, 1917.....	330.02
----- certificates of indebtedness (4 per cent) dated Oct. 24, 1917; due Dec. 15, 1917.....	292.99
----- certificates of indebtedness (4 per cent) dated Nov. 30, 1917; due June 25, 1918.....	220.90
	² 2,523.49
Total	3,956.96

¹ We have received reimbursement from the Treasury Department for this amount.

² Amount due from Treasury Department as of Jan. 3, 1918.

EXHIBIT H.—Certificate of indebtedness department.

	Date issue.	Due date.	Call date.	Per cent.	Total issue.	Subscription.	Allotment.	Number of subscribers.
Certificates issued to Federal Reserve Banks only.....	Mar. 31	June 29	.....	2	\$50,000,000	\$5,000,000	\$5,000,000	1
	Apr. 25	June 30	.....	3	268,205,000	16,400,000	16,400,000	135
Certificates issued in anticipation of first Liberty loan.....	May 10	July 17	.....	3	200,000,000	24,893,000	24,893,000	291
	May 25	July 30	.....	3½	200,000,000	23,117,000	16,600,000	503
	June 8	do.....	.....	3½	200,000,000	23,215,000	19,800,000	419
Total.....					868,205,000	87,625,000	77,693,000	1,348
Certificates issued in anticipation of second Liberty loan.....	Aug. 9	Nov. 15	.....	3½	300,000,000	18,870,000	15,600,000	381
	Aug. 28	Nov. 30	.....	3½	250,000,000	18,636,000	15,095,000	379
	Sept. 17	Dec. 15	Dec. 6	3½	300,000,000	21,169,000	21,169,000	595
	Sept. 26	do.....	Dec. 11	4	400,000,000	35,629,000	35,629,000	804
	Oct. 18	Nov. 22	.....	4	385,197,000	32,963,000	32,963,000	745
	Oct. 24	Dec. 15	.....	4	685,298,000	18,141,000	18,141,000	217
Total.....					2,320,493,000	145,408,000	138,597,000	3,121
Certificates issued in anticipation of taxes	Nov. 30	June 25	.....	4	691,622,000	30,139,500	30,139,500	89

FEDERAL RESERVE BANK SUBSCRIPTIONS.

Mar. 31.....	\$5,000,000
Aug. 9.....	1,000,000
Aug. 28.....	1,000,000
Sept. 17.....	2,060,000
Sept. 26.....	5,150,000
Oct. 18.....	250,000
Oct. 24.....	.....

CERTIFICATES OF INDEBTEDNESS.

	3 per cent issue of Apr. 25-June 30.		3 per cent issue of May 10-July 17.		3½ per cent issue of May 25-July 30.		3½ per cent issue of June 8-July 30.		Total.	
	Number of subscribers.	Amount allotted.	Number of subscribers.	Amount allotted.	Number of subscribers.	Amount allotted.	Number of subscribers.	Amount allotted.	Number of subscribers.	Amount allotted.
25,000 or less.....	70	\$1,280,000	414	\$4,631,000	224	\$2,380,000	325	\$3,583,000	1,033	\$11,874,000
25,000 to 50,000.....	22	1,020,000	36	1,545,000	29	1,274,000	50	2,234,000	137	6,073,000
50,000 to 100,000.....	13	1,235,000	25	2,312,000	16	1,490,000	23	2,143,000	77	7,180,000
100,000 to 250,000.....	17	3,650,000	14	2,825,000	8	1,545,000	6	1,300,000	45	9,320,000
250,000 to 500,000.....	8	3,600,000	8	2,410,000	8	3,300,000	5	3,915,000	34	13,225,000
500,000 to 1,000,000.....	8	5,615,000	6	11,170,000	6	6,611,000	10	6,625,000	22	30,021,000
Total.....	135	16,400,000	503	24,893,000	291	16,600,000	419	19,800,000	1,348	77,693,000

	Issue of Aug. 9.		Issue of Aug. 28.		Issue of Sept. 17.		Issue of Sept. 26.	
	Number of subscribers.	Amount allotted.	Number of subscribers.	Amount allotted.	Number of subscribers.	Amount allotted.	Number of subscribers.	Amount allotted.
1,000 to 25,000.....	296	\$3,736,000	297	\$3,429,000	508	\$5,214,000	647	\$6,743,000
26,000 to 50,000.....	49	2,204,000	46	2,042,000	45	2,055,000	91	3,933,000
51,000 to 100,000.....	15	1,475,000	14	1,350,000	16	1,573,000	30	2,714,000
101,000 to 250,000.....	15	2,710,000	14	2,303,000	16	2,938,000	16	3,180,000
251,000 to 500,000.....	2	750,000	4	1,601,000	5	2,400,000	8	3,040,000
501,000 to 1,000,000.....	3	2,475,000	2	1,290,000	2	2,000,000	7	4,835,000
1,001,000 and over.....	1	2,250,000	2	3,080,000	3	4,987,000	5	11,184,000
Total.....	381	15,600,000	379	15,095,000	595	21,169,000	804	35,629,000

EXHIBIT H.—*Certificate of indebtedness department*—Continued.

CERTIFICATES OF INDEBTEDNESS—Continued.

	Issue of Oct. 18.		Issue of Oct. 24.		Total.	
	Num- ber of sub- scrib- ers.	Amount allotted.	Num- ber of sub- scrib- ers.	Amount allotted.	Num- ber of sub- scrib- ers.	Amount allotted.
1,000 to 25,000.....	588	\$8,706,000	164	\$1,810,000	2,500	\$27,648,000
26,000 to 50,000.....	85	3,670,000	20	817,000	336	14,721,000
51,000 to 100,000.....	36	3,302,000	12	1,130,000	123	11,546,000
101,000 to 250,000.....	13	2,585,000	7	1,445,000	81	15,161,000
251,000 to 500,000.....	14	6,100,000	6	2,239,000	39	16,130,000
501,000 to 1,000,000.....	7	6,600,000	5	4,700,000	26	21,900,000
1,001,000 and over.....	2	4,000,000	3	6,000,000	16	31,501,000
Total.....	745	32,963,000	217	18,141,000	5,121	138,597,000

DISTRICT NO. 8.—ST. LOUIS.

WILLIAM McC. MARTIN, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

For the months of January, February, March, and April, 1916, the Federal Reserve Bank of St. Louis showed no net earnings, but in May of that year the earnings were \$1,888.47, and from that date steadily increased month by month until in December, 1916, the net earnings amounted to \$23,191.18.

For the month of January, 1917, the earnings amounted to \$18,971.82, and from that figure they steadily increased throughout the entire year. In this connection, it must be remembered that in this district January, February, March, and frequently April, are the lean months, and it must also be borne in mind that war was not declared until April of this year. It is therefore reasonable to presume that the earnings for these first four months in 1917 were not due especially to abnormal conditions but, it would seem, were due more particularly to the fact that banks had begun to realize how easily they could do business with the Federal Reserve Bank and were using its facilities.

Attached hereto, as Exhibit A, is a statement showing earnings and expenses, by months, for the years 1916 and 1917. This shows that during the year 1917 the percentage of expenses to earnings has decreased from 39.58 per cent to 25.93 per cent.

In 1917 the earnings of the Federal Reserve Bank of St. Louis amounted to \$738,713.38, and the expenses of the bank were \$236,557.34, leaving net earnings of \$502,156.04.

On March 31, 1917, the bank paid a dividend for the period from April 1, 1915, to June 30, 1915, and on June 30, 1917, it paid a dividend for the period from July 1, 1915, to December 31, 1915. On December 31 of this year the bank paid a dividend for the year 1916. This left a balance in the profit and loss account of \$230,338.58.

COMPARATIVE BALANCE SHEETS FOR DECEMBER 31, 1916 AND 1917.

These comparative balance sheets, which are attached to this report as Exhibit B, disclose an increase in the earning assets of this bank

of \$32,988,518.58. Last year a comparison of the balance sheets of 1915 and 1916 showed a large increase in earning assets of all classes of investments, excepting bills discounted for member banks. This year, as compared with 1916, the balance sheet shows a large increase in all items excepting that of municipal warrants. In 1916 the principal source of income was open-market purchases of bankers' acceptances. During this year the largest source of income has been from bills discounted for member banks, in which there has been a very large increase.

An increase is shown in capital, due in large measure to the admission of State banks into the system. There is also a large increase in deposits, both gross and net.

PROFIT AND LOSS STATEMENT FOR YEARS 1916 AND 1917.

During 1917 the earnings from bills discounted for member banks were much larger than those from any other source. The percentage of earnings derived from the various sources for 1916 and 1917 are as follows:

	1916	1917
Bills discounted for other Federal Reserve Banks		1
Bills discounted and loans to member banks	16	47
Acceptances	28	23
Municipal warrants	12	2
Interest on United States securities	23	15
Transfers bought	10	8
United States securities, profit and appreciation	9	
Sundry	1	4
Total	100	100

Attached hereto as Exhibit C is a comparative profit-and-loss statement covering the years 1916 and 1917.

GENERAL BUSINESS AND BANKING CONDITIONS IN THE DISTRICT.

During 1916, from month to month, business steadily increased until at the end of the year it was at an extremely high level. Prices also steadily increased, but at the end of the year they had not reached a point which had curtailed demand. It continued steady for both luxuries and necessities.

During the early part of 1917, business continued unabated and was not affected by the usual after Christmas dullness. However, in the early months of 1917, what we may call unrestrained buying which was in evidence in the latter part of 1916, began to lessen, and by the latter part of February buyers began to discriminate. Prices made them pause a little, both buyer and seller became more conservative, and speculative buying in this district was about eliminated. However, the buying power of the public continued very

large, especially in those sections of this district contiguous to Little Rock and Memphis.

During April, 1917, business, while still active, did not increase in the same ratio as in the past months. Reports from different houses throughout the district in describing their business, spoke of it as "good" and "extremely active," although on closer analysis it would seem that while business houses were doing a large business as measured by amounts, it was not so large when measured by the number of transactions. In other words, there were not as many buyers, but those who bought paid more for the product.

This country was declared to be at war with Germany in April, 1917, but business seemed to have discounted the emergency and was well prepared. It continued during May at a high level, its tone being one of conservatism, with a strong underlying feeling of confidence. A scarcity of canned goods became apparent and also a scarcity of sugar.

Building began to show the high cost of material, and while it had never been as active during the previous months as other lines, it now began to fall off perceptibly.

During June, July, and August the war showed its sobering effect, and reports from throughout the district showed a quieter condition in practically all lines, except munitions. Business was operated on a conservative basis during these months. While the volume of sales in wholesale lines continued to be large, they showed smaller increases than for the previous months. The demand for merchandise from dry-goods jobbers became less than it had been for a number of months previous. Prices continued to increase, and showed a decided effect on such articles as the public could conveniently do without. Previous to this the prices of luxuries had made the public pause, but now they began to make them stop buying. Doubtless the campaign for economy, which was then beginning, also had its effect. However, business held up well, and collections were good.

During the latter months of the year business in general has been active, the increase in dealings for supplies necessary for war bringing up the average. In October wholesalers and jobbers reported that they were doing a large business, and the consumption of goods was indicated rather than the accumulation of stocks in the hands of the retailer.

This year the wheat crop in this district was largely in excess of that of 1916, but below the five-year average. The oats and corn crops were well above those of 1916 and the five-year average. The cotton crop was only from 60 to 75 per cent of last year's crop. It was at least a month late, and was caught by a killing frost about October 8. It also moved very slowly, due in great measure to the lack of vessels to carry it from port.

The tobacco crop in general was good.

The price index of all crops was 46.1 per cent higher than a year ago, and 104.3 per cent higher than the average of the preceding five years. Throughout the year there has been large buying power in the rural communities, and business, measured in dollars, continues active. A number of country merchants are buying now for the future, apparently feeling that prices will not be lower.

Throughout the year there has been a shortage in cars. Until March there was little difficulty in handling shipments to the South and West, but there were serious delays in handling shipments to the East. The shortage has increased, and as the year closes transportation in all directions is in an extremely unsatisfactory condition.

Labor has been unsettled throughout the year, and there have been many small strikes and threats to strike.

At the beginning of the year the deposits of all banks in this district were at a high level and money was easy. Prevailing rates to customers in St. Louis were from 4 to $4\frac{1}{2}$ per cent, and in other sections of the district the rate was somewhat higher. As the year closes, deposits in the banks in this district are higher than at the same time last year. In the large centers the rates to customers range from $5\frac{1}{2}$ to 6 per cent, with rates in the outlying districts slightly higher. In brief, during 1917 the rates charged customers by banks in the larger centers have increased about $1\frac{1}{2}$ per cent. This country is engaged in the greatest war in history; two Liberty bond issues, aggregating \$5,808,766,150, have been sold. In December of this year, in this district, the Government withdrew from the banks over \$60,000,000, and many of the banks also had to make the second payment on the second issue of Liberty loan bonds approximately \$17,000,000. This showed its effect on the reserves of the banks throughout the district, but because they could rediscount with the Federal Reserve Bank of St. Louis, business felt little, if any, effect. In fact, the increase in rates to customers is probably due more to delay in transportation than to the bond issue. Mail in transit is all behind time, making the "float" in checks on the average a day late in this district. Cars can not be obtained for shipment, and this requires that the commodities, greater in value than for years previous, be carried longer. It is worth repeating again that in our first year of the war, rates to customers have increased only $1\frac{1}{2}$ per cent.

ACTIVITIES OF THE FEDERAL RESERVE BANK DURING THE YEAR.

DISCOUNT OPERATIONS.

The total rediscounts accepted by this bank during the year 1917 amounted to \$181,117,651.14. Of this amount \$68,983,149.22 con-

sisted of notes or single-name paper; \$3,114,505.68 of trade acceptances or two-name paper; \$427,277.24 of commodity paper, and \$108,592,719 of notes of member banks secured by United States certificates of indebtedness, Liberty bonds, or eligible commercial paper as collateral.

From January 1 to December 31, 1916, the total rediscounts accepted by the bank amounted to \$8,842,666.57. Thus there was an increase in the amount of rediscounts accepted by the Federal Reserve Bank during 1917 over the previous year of \$172,274,984.57.

In December this bank rediscounted for another Federal Reserve Bank \$5,000,138 of notes secured by Liberty bonds. This was the first time this bank rediscounted for another Federal Reserve Bank.

During 1917 there were 8,471 notes rediscounted for member banks. During 1916 there were 3,133 notes rediscounted for member banks, showing an increase of 5,338 in the number of notes handled.

Attached hereto, as Exhibit D, is a table showing the volume of discounts accepted from each State each month, the total amount accepted from each State during the whole year, and the number of banks in each State rediscounting each month, and attached, as Exhibit E, is a table showing the volume of rediscounts of the different maturities and classes accepted each month and during the whole year.

DISCOUNT RATES.

The following schedule shows the rates in effect at the first of the year, and the changes made during the year:

In effect—	15 days.	30 days.	60 days.	90 days.	6 months.	Commodity paper.				Trade acceptance.				15-day collateral notes.
						15	30	60	90	15	30	60	90	
Jan. 1, 1917....	3½	4	4	4	4½	3½	3½	3½	3½	3	3	3	3½	3½
Jan. 5, 1917....	3½	4	4	4	4½	3½	3½	3½	3½	3½	3½	3½	3½	3½
Feb. 9, 1917....	3½	4	4	4	5	3½	3½	3½	3½	3½	3½	3½	3½	3½
Nov. 7, 1917...	3½	4	4	4½	5	3½	4	4	4½	3½	3½	3½	3½	3½
Dec. 11, 1917...	4	4½	4½	4½	5½	4	4½	4½	4½	4	4	4	4	3½-4

ACCEPTANCE BUSINESS.

This bank during the year 1917 purchased a total of \$29,732,271.79 bankers' acceptances. Of this amount \$7,290,201.25 were purchased from member banks and \$300,000 from nonmember banks in this district. The remainder was purchased mostly through the Federal Reserve Banks of New York and Boston. The rates on these acceptances ranged from 2½ to 4 per cent.

MUNICIPAL WARRANTS.

This bank purchased during 1917 a total of \$1,005,000 par value municipal warrants at rates ranging from 2½ to 3½ per cent.

OVERDUE PAPER.

This bank has no overdue paper on hand.

CHANGES IN THE RESERVE POSITION OF THE BANK DURING THE YEAR.

On December 31, 1916, our total reserve against all liabilities was 60.8 per cent and on the same date this year the percentage was 58.8 per cent.

The following table shows the reserve position of the Federal Reserve Bank of St. Louis at the close of each month during the year 1917:

	Net deposits.	Outstanding Federal Re- serve notes.	Total.	Total reserves.	Per cent.
Jan. 31.....	\$28,525,372.28	\$15,960,305	\$44,485,677.28	\$33,821,401	76.0
Feb. 28.....	25,047,603.63	14,989,370	40,036,973.63	28,053,259	70.1
Mar. 31.....	29,202,912.36	14,160,270	43,363,182.36	32,950,862	75.9
Apr. 30.....	21,856,045.55	15,061,770	36,917,815.55	25,199,942	68.3
May 31.....	29,608,753.62	15,767,670	45,376,423.62	30,427,185	67.0
June 30.....	42,577,207.10	17,346,870	59,924,077.10	47,179,671	78.7
July 31.....	43,955,240.90	18,674,970	62,630,210.90	49,186,340	78.5
Aug. 31.....	41,197,416.57	21,694,020	62,891,436.57	46,562,675	74.0
Sept. 29.....	40,000,055.31	26,970,205	66,970,260.31	43,942,323	65.6
Oct. 31.....	42,842,016.77	40,207,655	83,049,671.77	56,745,832	68.3
Nov. 30.....	51,159,449.41	54,080,240	105,239,689.41	77,647,676	73.8
Dec. 31.....	40,659,878.87	59,923,030	100,582,908.87	59,136,094	58.8

THE FEDERAL RESERVE BANK AND MEMBER BANKS.

CHANGES IN MEMBERSHIP DUE TO TRANSFERS FROM AND TO OTHER DISTRICTS.

There has been no change in membership in this district due to transfers to and from other districts. The boundary lines of the district have not been changed since originally designated by the organization committee.

MOVEMENT OF MEMBERSHIP WITHIN THE DISTRICT.

On January 1, 1917, the Federal Reserve Bank of St. Louis had 469 member banks, consisting of 468 national banks and one trust company. Its authorized capital stock on that date was \$5,599,500, of which one-half, or \$2,799,750, was paid in. During the year four national banks, nine State banks, and three trust companies became members, increasing the authorized capital stock of this bank in the sum of \$1,366,900. Thirty-three banks were allotted 279 additional shares of stock of this bank, which further increased its authorized capital \$27,900.

During 1917 seven member banks holding a total of 426 shares of stock, surrendered their membership through liquidation, and three banks surrendered portions of their holdings aggregating 25 shares

on account of reductions in their capital or surplus, thereby decreasing the capital stock of this bank in the sum of \$45,100.

At the close of 1917 this bank had a total of 478 member banks, consisting of 465 national banks, nine State banks, and four trust companies, and its authorized capital was \$6,949,200, of which \$3,474,600 was paid in. This shows a net increase of nine in the number of member banks, and a net increase in the paid-up capital stock of \$1,349,700 over 1916.

RELATION TO NATIONAL BANKS.

It is believed that all the national banks in this district, through daily contact with this bank, brought about by its clearing system which in some form has been in operation practically since the opening of the bank, have been brought into closer relation with it. With banks that have rediscounted with us, any idea of "red tape" which once existed, has disappeared, and they find that they can do their business with us as easily as they have conducted their business with other banks. On the other hand, this bank has always taken the position that, even though its member banks must keep deposits with us, under the law, nevertheless, it should make every consistent effort to please its customers just as if it were a commercial bank competing for deposits.

STATE BANKS AND TRUST COMPANIES.

During the year 1917 twelve State banks and trust companies have taken stock in the Federal Reserve Bank of St. Louis. They are:

Date of admission.	Name.	Location.	Capital and surplus.	Total resources.
Apr. 12, 1917	St. Louis Union Bank.....	St. Louis, Mo.....	\$5,000,000.00	\$45,530,370.33
May 4, 1917	Mississippi Valley Trust Co.....	do.....	6,500,000.00	31,297,412.73
May 31, 1917	International Bank.....	do.....	1,000,000.00	8,100,583.91
June 9, 1917	German Savings Institution.....	do.....	2,500,000.00	21,243,246.09
July 2, 1917	German Insurance Bank.....	Louisville, Ky.....	750,000.00	8,470,284.18
Oct. 10, 1917	Lafayette South Side Bank.....	St. Louis, Mo.....	1,200,000.00	13,264,217.67
Oct. 30, 1917	Franklin Bank.....	do.....	1,300,000.00	9,478,230.67
Nov. 2, 1917	German-American Bank.....	do.....	1,700,000.00	9,915,950.37
Oct. 31, 1917	Union & Planters Bank & Trust Co..	Memphis, Tenn.....	1,600,000.00	15,307,795.76
Nov. 15, 1917	Paoli State Bank.....	Paoli, Ind.....	25,750.00	191,074.49
Dec. 15, 1917	State Savings Loan & Trust Co.....	Quincy, Ill.....	1,000,000.00	7,947,274.67
Dec. 20, 1917	Effingham State Bank.....	Effingham, Ill.....	60,000.00	677,843.72

Prior to the admission of the above, the Mercantile Trust Co. of St. Louis was the only State institution which was a member of the Federal Reserve Bank of St. Louis. It has been a member of the Federal Reserve system ever since the system was established.

The number of State banks and trust companies eligible for membership, by States, exclusive of those that have already joined, are as follows: Arkansas, 177; Illinois, 172; Indiana, 88; Kentucky, 101; Mississippi, 85; Missouri, 296; Tennessee, 54; total, 973.

On May 18, 1917, Mr. W. L. Hemingway, president of the Mercantile Trust Co. of Little Rock, Ark., called a meeting in that city of all the eligible State banks and trust companies in that State. The chairman of the board of this bank met with them and discussed the advantages of membership.

It is not an overstatement to say that since the President's appeal to nonmember banks to join the system practically all of the eligible State banks and trust companies in this district are giving the matter of membership serious consideration.

ACCOMMODATION OF MEMBER BANKS THROUGH DISCOUNTS.

Below is given a table showing the number of different member banks offering rediscounts from each State each month during 1917, the total number of different banks offering rediscounts from the whole district each month, the number and percentage of different banks offering rediscounts from each State during the year, and the number and percentage of different banks offering rediscounts in the whole district during the year.

State.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Number of member banks rediscounting.	Total member banks in State.	Percentage of banks rediscounting.
Arkansas.....	2	2	5	2	5	3	9	7	17	14	10	13	24	67	35.7
Illinois.....	4	3	9	3	6	5	7	7	5	9	17	17	31	158	19.6
Indiana.....								3	2	4	9	12	15	63	23.8
Kentucky.....					1	3	4	6	6	10	14	17	20	66	30.3
Mississippi.....	2	1	3	3	2	3	3	3	5	5	3	4	6	17	33.3
Missouri.....	5	2	11	12	12	12	14	10	14	17	19	23	38	87	43.6
Tennessee.....	2	3	3	4	4	4	3	4	12	10	6	6	15	20	75.0
Total.....	15	11	31	24	30	33	44	40	61	69	78	92	149	478	31.1

During the year 1916, 114 different member banks rediscounted with this bank. This year 149 different member banks rediscounted, showing an increase of 35 in the number of banks accommodated.

This bank has continued the policy of requiring financial statements made either by the borrowers or by the borrowing bank in every instance where paper has been accepted by us, and this policy is resulting in the standardizing of credit in this district.

BILL-OF-LADING DRAFTS.

Since the 1st of February, 1916, this bank has handled bill-of-lading drafts for its members, under conditions set forth in a circular issued January 29, 1916, giving member banks credit on receipt for drafts with bills of lading attached, and charging interest

at the rate prevailing for 30-day commercial paper for the time such drafts have remained unpaid.

Although the member banks have not generally availed themselves of the service offered in this connection, the business for 1917 shows a very substantial increase over that of 1916. Whereas, during 1916 we handled 653 drafts amounting to \$4,261,210.95, and on which we collected \$2,854.96 interest, during the present year, up to and including December 31, 1917, we have handled 1,453 drafts, amounting to \$10,431,334.21 and have collected interest amounting to \$7,492.56. The greater part of this increase occurred in the month of November, during which month we handled 757 drafts amounting to \$5,573,506.04, and collected \$3,371.86 interest.

A large part of this business has consisted of New England cotton paper, and we have had excellent service from the banks in making collections. This is indicated by the fact that the average time outstanding has been only about five days, and this in spite of the fact that a large proportion of the paper was payable at sight in States where three days of grace are allowed on sight drafts.

We feel that those of our members that have availed themselves of the facilities offered have appreciated the service, and we anticipate a still greater increase during the coming year.

GRANTS OF FIDUCIARY POWERS.

From the establishment of the Federal Reserve System to the close of 1917 the applications of 29 national banks in this district for permission to act as trustee, executor, etc., under section 11(k) of the Federal Reserve Act have been granted by the Federal Reserve Board. Sixteen of these permits were granted in 1915, six in 1916, and seven in 1917. Of those banks granted fiduciary powers, two are located in Arkansas, five in Illinois, six in Indiana, eight in Kentucky, seven in Missouri, and one in Tennessee. Attached hereto, as Exhibit F, is a list of the national banks in this district which have been granted fiduciary powers up to December 31, 1917.

BANK FAILURES WITHIN THE DISTRICT.

No member bank in this district failed during the year 1917.

THE LOUISVILLE BRANCH.

On July 3, 1917, the board of directors of the Federal Reserve Bank of St. Louis granted the petition for a branch bank at Louisville, Ky. It elected as directors representing it: Mr. George W. Norton, director of the National Bank of Commerce, Louisville, Ky.; Mr. W. C. Montgomery, vice president First-Hardin National Bank,

Elizabethtown, Ky.; and Mr. W. P. Kincheloe, until the time of his election a national bank examiner, living in Louisville. This last-named gentleman was also appointed manager of the branch. The Federal Reserve Board appointed as directors Mr. F. M. Sackett, president of the Louisville Board of Trade, Louisville, Ky., and Mr. Charles E. Hoge, president of the First State National Bank, Frankfort, Ky.

Quarters were secured on the second floor of the Fidelity & Columbia Trust Co. Building, northwest corner of Main and Fourth Streets, Louisville, and the bank opened for business on Monday, December 3, 1917.

The Louisville branch collection zone covers the following territory: All cities in that part of Kentucky included in the eighth Federal Reserve district and all cities located in the following counties in Indiana, viz: Dubois, Jackson, Clarke, Perry, Lawrence, Washington, Floyd, Orange, Harrison, Jefferson, Crawford, Scott, and Switzerland.

MEMPHIS AGENCY.

Last year during the cotton season this bank had an agency in Memphis, Tenn. This gave the local banks the service they desired and proved successful. This year, on October 29, we opened the agency again and operated under the same plan. Notes, trade acceptances, bankers' acceptances, and offerings for rediscount were sent direct by the bank to St. Louis, but warehouse receipts that were up as collateral to the loans were held by our agency. In this way, substitution of cotton receipts was permitted without delay or inconvenience. It is proposed to maintain the Memphis office until the close of the cotton season.

THE FEDERAL RESERVE BANK AND THE PUBLIC.

"With this war on us, where would we have been without the Federal Reserve system?" In discussion of the general situation, an expression similar to this is often heard, and it states fairly well what the general public thinks. The man on the street feels that the Federal Reserve system has saved the country financially. It is due to it that business has been able to go on unafraid. The war is on and business is active—in some lines it is at a high level. However, this would not be the situation if it were not for the Federal Reserve system. The general public has thorough confidence in the Federal Reserve system, and banks that are not members are beginning to feel this attitude.

THE FEDERAL RESERVE BANK AND THE GOVERNMENT.

GOVERNMENT DEPOSITS.

The amount of Government deposits held by the Federal Reserve Bank of St. Louis during 1917, while averaging slightly more than in 1916, gives little indication of the volume of Government business actually taken care of by this bank. From January to June normal conditions prevailed, the early part of the year showing loss through withdrawals being heavier than deposits until the tax collection period caused a gradual increase. With the commencement of Government loan operations came a gradual increase in balances during June, followed by a decrease caused by heavy withdrawals culminating with a low September balance.

Operations in connection with the second Liberty loan resulted in increased funds, October and November showing the highest figures for the year. This last half of the year's business was abnormal in all respects. Its volume can be expected to continue while war loans are being placed, and doubtless afterwards much will be retained through bond coupon maturities and taxation.

RELATION TO THE UNITED STATES TREASURY.

Transfers of funds and deposits on account of 5 per cent redemption funds have continued to increase throughout the year.

THE LIBERTY LOAN.

THE FIRST LIBERTY LOAN.

The first war bond issue law was approved by the President on April 24, 1917, and when the Secretary of the Treasury advised this bank that the handling of the loan in this district was to be taken care of through it, steps were taken to organize the district. On May 10, Mr. Rolla Wells, governor of the Federal Reserve Bank of St. Louis, appointed as an executive committee the presidents of the 18 clearing-house associations in the district, and also representatives from 5 other cities located in portions of the district where there were no clearing houses. He also appointed a central committee, composed of 9 men living in St. Louis, who were to give all of their time to the placing of the first Liberty loan. Quarters were given the central committee in the Chamber of Commerce of St. Louis, and they occupied desks there.

To each member of the executive committee were assigned the counties contiguous to his clearing-house city or locality, and in this way the whole district was apportioned. Each member of the executive committee in turn acted as chairman of his district and

appointed such a committee from the locality to work with him as he thought wise. There was then figured the proportion of the \$2,000,000,000 $3\frac{1}{2}$ per cent issue which should be taken by district No. 8 in comparison with the whole United States, on three different bases: (1) Banking strength basis, which made the district's proportion amount to \$84,300,000; (2) wealth basis, which made the district's proportion amount to \$58,600,000; (3) population basis, which made the district's proportion amount to \$174,600,000. The banking strength basis was decided on as the minimum amount for subscriptions to be obtained, and the average of the three bases as a target. There was then figured on the same three bases the amount that each county in the district should subscribe of the amount which it seemed fair that district No. 8, as a whole, should take.

Each chairman of a local district was advised as to the amounts arrived at for the counties under his supervision, and it was suggested that the figures giving the banking strength basis, the wealth basis, and the population basis be added and divided by three in order to arrive at the amount for which his different counties should subscribe. Later, we were advised from Washington that it was estimated that our subscription should amount to between \$80,000,000 and \$100,000,000, which was somewhat less than the figures we had already established.

To the first Liberty loan this district subscribed an aggregate of \$86,134,700, and was allotted a total of \$65,469,600, the allotment by States being as follows:

Arkansas.....	\$4, 202, 750
Illinois.....	5, 667, 650
Indiana.....	4, 253, 050
Kentucky.....	11, 997, 950
Mississippi.....	875, 000
Missouri:	
St. Louis.....	\$31, 038, 950
Elsewhere.....	1, 349, 350
	35, 388, 300
Tennessee.....	3, 082, 100
Miscellaneous.....	2, 800
Total.....	65, 469, 600

THE SECOND LIBERTY LOAN.

For the second Liberty loan the district was organized on somewhat different lines. Mr. Rolla Wells, governor of the bank, appointed three committees: A general committee, composed of 38 men representing different towns throughout the district, of which committee Gov. Wells acted as chairman; an executive committee, composed of 20 men residing throughout the district, and an administrative committee of 16 men, all of whom were brokers or bankers of

St. Louis. The administrative committee was in turn divided into subcommittees, such as purchasing supply committee, etc.

The general committee, appointed at the request of the Secretary of the Treasury, served as advisory council. The executive committee, consisting principally of members of the general committee, also served in an advisory capacity.

The administrative committee was responsible for the active conduct of the campaign. Of both this committee and the executive committee Mr. W. R. Compton was chairman and Mr. T. K. Smith, secretary. The members of the administrative committee were volunteers and devoted their entire time to the work.

In order that the entire membership of this last-named committee should be available whenever needed, there was rented for the Liberty loan organization 18 rooms on the tenth and sixteenth floors of the Boatmen's Bank Building, as well as a practical store room on the ground floor. Quarters on the fourteenth floor of the same building were secured for the women's Liberty loan committee.

Those who served on the committees and all others who gave their service are entitled to the highest praise for the abandonment with which they treated their respective businesses and gave their entire energies without compensation to make the Liberty loan a success. Both the men and women who served have the satisfaction of knowing that they have had a most honorable part in the service of their country in this time of its necessity.

Of this \$3,000,000,000 issue, the minimum suggested for district No. 8 was \$120,000,000, with a maximum of \$200,000,000. The eighth district subscribed to the second Liberty loan to the amount of \$184,280,750, which was \$64,000,000 more than the minimum suggested. The district was allotted \$150,169,250.

The following table shows subscriptions and allotments to the second Liberty loan by States:

State.	Subscriptions.	Allotments.	Number of subscribers.	Subscriptions through—	
				Member banks.	Non-member banks.
Arkansas.....	\$12,878,050	\$12,473,650	33,717	67	422
Illinois.....	22,119,150	21,406,550	54,125	154	380
Indiana.....	11,711,400	11,604,900	26,880	60	134
Kentucky.....	22,442,950	20,387,600	54,483	66	276
Mississippi.....	6,088,200	5,787,100	11,119	17	167
Missouri:					
St. Louis.....	74,464,600	47,707,800	123,484	15	29
Elsewhere.....	20,679,000	20,551,600	56,203	71	979
Tennessee.....	13,897,400	10,250,050	25,688	19	114
Total.....	184,280,750	150,169,250	385,699	469	2,501

In the above table, in order to get the number of subscribers and subscriptions sent through member and nonmember banks it was necessary to address an inquiry to the 3,085 banks in this district. At this writing replies have been received from all but 115, and probably when they come in they will show more banks as having taken some part in the Liberty loan.

The above table shows that of the 479 member banks in the district 469 sent in subscriptions, and out of a total of 2,606 nonmember banks 2,501 sent in subscriptions. From the above it is seen that there were 385,699 subscribers to the second Liberty loan in this district.

TREASURY CERTIFICATES OF INDEBTEDNESS.

Through Treasury certificates of indebtedness, which could be used in payment of subscriptions for Liberty bonds, the payments were distributed and the liability of disturbance, which might have occurred if payments on account of bonds had had to be made all at once in cash, was avoided.

The following table shows certificates of indebtedness issued through this bank in anticipation of the first Liberty loan sold in this district:

Treasury certificates of indebtedness, first Liberty loan.

Dated.	Due.	Rate.	Offering.	Subscriptions.	Allotment.	Number of subscribers.
		<i>Per cent.</i>				
Apr. 25.....	June 30	3	\$200,000,000	\$10,400,000	\$10,400,000	142
May 10.....	July 17	3	200,000,000	7,045,000	7,045,000	131
May 25.....	July 30	3½	200,000,000	9,972,000	7,200,000	132
June 8.....	do.....	3½	200,000,000	9,308,000	8,100,000	116
Total.....					32,745,000	

The certificates of indebtedness issued in anticipation of the second Liberty loan sold in this district were as follows:

Treasury certificates of indebtedness, second Liberty loan.

Dated.	Due.	Rate.	Offering.	Subscriptions.	Allotment.	Number of subscribers.
		<i>Per cent.</i>				
Aug. 9.....	Nov. 15	3½	\$300,000,000	\$9,599,000	\$7,900,000	116
Aug. 28.....	Nov. 30	3½	250,000,000	5,176,000	4,188,000	85
Sept. 17.....	Dec. 15	3½	300,000,000	4,874,000	4,874,000	63
Sept. 26.....	do.....	4	400,000,000	11,000,000	11,000,000	239
Oct. 18.....	Nov. 22	4	300,000,000	12,710,000	12,710,000	208
Oct. 24.....	Dec. 15	4	685,000,000	5,028,000	5,028,000	107
Total.....					45,700,000	

The Federal Reserve Bank of St. Louis subscribed for its own account only to four issues of the certificates of indebtedness, and sold all of these before they matured, except \$249,000 of the issue dated September 17, 1917, and maturing December 15, 1917.

Exhibit G shows the distribution of all certificates of indebtedness, classified by amounts, which were allotted through the bank. It also shows the amounts taken by this bank for its own account and amounts it disposed of by sale before maturity. The Federal Reserve Bank of St. Louis did not purchase for its own account any bonds of either the first or second issue of the Liberty loan. At the close of business December 31, 1917, its loans secured by Liberty bonds and certificates of indebtedness were as follows:

Rediscunts maturing in 90 days, secured by Liberty bonds and certificates of indebtedness.....	\$1, 418, 470. 33
Member banks 15-day collateral notes secured by Liberty bonds and certificates of indebtedness.....	7. 547, 800. 00
Total	8, 966, 270. 33

Of the first Liberty loan this district took \$65,469,600, and of the second Liberty loan \$150,169,250, making a total of Liberty bonds to the amount of \$215,638,850. As the year closes, of this amount the Federal Reserve Bank owns none, and on December 31, 1917, held loans to member banks on Liberty loan bonds and certificates of indebtedness as collateral to the extent of only 4 per cent of the total bonds sold in the district.

DEPOSITARIES OF GOVERNMENT FUNDS IN CONNECTION WITH SUBSCRIPTIONS FOR LIBERTY BONDS.

Such banks as desired were authorized by the Secretary of the Treasury to make application to him through the Federal Reserve Bank to be named as depositaries of funds arising from subscriptions to both the first and second Liberty loans. The bank passed on all the collateral offered, and there was so much work to be done that it established a department. It had custody of the collateral, performed all duties incident to the deposit and withdrawal of funds, collection of interest, accounting, etc. The largest amount of collateral in its custody at any one time was on November 15, 1917, when it amounted to \$60,100,000.

EXPENSE OF FISCAL AGENCY OPERATIONS.

In order to do the work as fiscal agent for the Government it has been necessary to increase our force very materially. There are engaged in the department which is giving its exclusive attention to duties incident to the fiscal agency 66 employees.

The bank has incurred as fiscal agent of the Government expenses amounting to \$191,516.36, for which it has been reimbursed to the extent of \$66,666.89.

RELATION TO THE COMPTROLLER'S OFFICE.

During the past year the comptroller's office and this bank have continued to cooperate with each other in every way possible. Copies of reports of examinations of national banks, made under the supervision of the chief examiner of this district, have been promptly filed with the Federal Reserve agent. The chief examiner and his assistants have given such other help as was in their power.

THE FEDERAL RESERVE BANK AND NOTE ISSUES.

GENERAL POLICY IN THE MATTER OF NOTE ISSUES.

During the past year the Federal Reserve Bank of St. Louis has continued its policy of last year. It has issued Federal Reserve notes freely whenever there was a possibility of conserving gold or reserve money by their use.

SUBSTITUTION OF FEDERAL RESERVE NOTES FOR GOLD AS CIRCULATING MEDIUM.

Considerable progress has been made in substituting Federal Reserve notes for gold. At the end of last year it was not uncommon to find gold certificates paid out over the counter to customers of banks. As this year ends there are very few banks, if any, in the large centers or, in fact, throughout the district that pay out gold indiscriminately. Practically all the member banks and many of the nonmembers have deposited their gold with us and taken Federal Reserve notes in exchange. It would seem that to a very great extent the gold of the district has been turned over to the Federal Reserve Bank.

COVER OF NOTES ISSUED.

On December 31, 1917, the total amount of Federal Reserve notes of this bank outstanding was \$61,863,430. Of this amount \$32,366,430 were covered by gold deposited with the Federal Reserve agent and \$29,497,000 by eligible paper hypothecated with him. This bank's liability on Federal Reserve notes in actual circulation at the close of the year amounted to \$59,923,030.

DENOMINATIONS OF NOTES ISSUED.

Attached hereto, as Exhibit H, is a table showing the amount of each denomination of Federal Reserve notes issued by the Federal Reserve agent to the Federal Reserve Bank of St. Louis each month

from the opening of the bank, November 16, 1914, to December 31, 1917.

An examination of this table will disclose the fact that during this year the greatest demand has been for Federal Reserve notes of the \$10 and \$20 denominations. This was due, no doubt, to the fact that the greater number of gold certificates of these denominations outstanding have been turned in to the Federal Reserve Banks, and Federal Reserve notes of similar denominations were needed by the public. Also, notes of these denominations were used to a great extent by the Government in meeting its Army pay roll. As was the case in both 1915 and 1916, the demand for Federal Reserve notes was heaviest in the months of September, October, and November.

INTERDISTRICT MOVEMENT OF NOTES.

During the year 1917 the Federal Reserve Bank of St. Louis received from other Federal Reserve Banks \$3,344,960 of its own Federal Reserve notes and returned to other Federal Reserve Banks \$7,979,770 of their Federal Reserve notes. In other words, this bank returned \$4,634,810 more notes of other banks than it received of its own. As was the case in 1916 the Federal Reserve Banks of Chicago and New York sent to us during 1917 for redemption more of our notes than any other districts, and we returned for redemption more notes of the Kansas City and Dallas Federal Reserve Banks than of any other districts.

Attached hereto, as Exhibit I, is a statement showing the amounts of Federal Reserve notes of this bank received from other Federal Reserve Banks for redemption or credit, and notes of other Federal Reserve Banks returned by this bank to them for redemption or credit, from January 1, 1917, to December 31, 1917.

REDEMPTION AND DESTRUCTION OF NOTES.

During 1917 the Treasurer of the United States redeemed out of the redemption fund maintained with him by the Federal Reserve agent, \$5,816,300 of unfit notes of the Federal Reserve Bank of St. Louis. From the opening of the bank to December 31, 1917, \$8,426,570 of unfit notes have been redeemed, being of the following denominations: Fives, \$3,780,950; tens, \$3,167,010; twenties, \$1,436,510; fifties, \$40,500; hundreds, \$1,600. These were turned over to the Comptroller of the Currency and destroyed. Of the unfit Federal Reserve notes redeemed by the United States Treasurer \$5,365,000 were shipped to him by the Federal Reserve Bank of St. Louis, and \$3,061,570 were shipped by other parties.

Out of the redemption fund maintained by the Federal Reserve Bank of St. Louis with the United States Treasurer, he redeemed

\$1,123,600 of fit notes during 1917, making a total of \$1,955,750 from the opening of the bank to the close of 1917. These were returned to the bank and again put into circulation.

COST OF FEDERAL RESERVE NOTES.

The total cost to this bank of the Federal Reserve notes issued during 1917 was \$49,363. This is figured on a basis of 1 cent per note, and does not include the cost of shipping Federal Reserve notes to Washington by this bank or other parties for redemption and the return of fit notes to this bank. During the past year it has cost this bank \$1,228.84 for the return of its Federal Reserve notes to the United States Treasurer for redemption.

FEDERAL RESERVE BANK NOTES.

The Federal Reserve Bank of St. Louis has not as yet issued any circulating notes secured by United States Government bonds.

FEDERAL RESERVE AGENT AND NOTE ISSUES.

During the year shipments of Federal Reserve notes aggregating \$50,560,000 were received by the Federal Reserve agent, the majority being received during September, October, and November, when there was a heavy demand for notes in this district.

Since the first of the year, in addition to the supply of notes kept in the vaults of the Federal Reserve agent, a large supply has been maintained in the subtreasury at St. Louis. This was of considerable assistance in meeting the great demand this year.

Attached hereto as Exhibit J is a statement of Federal Reserve notes received by the Federal Reserve agent from the Comptroller of the Currency each month from the opening of the bank to December 31, 1917. There is also attached as Exhibit K a summarized statement of the receipt and disposition of all Federal Reserve notes by the Federal Reserve agent from the opening of the bank to the end of 1917, as well as of all funds and securities in his possession.

Since the passage of the amendment to section 16 of the Federal Reserve Act on June 21, 1917, all Federal Reserve notes, gold, and gold certificates in the possession of the Federal Reserve Agent have been held jointly with the Federal Reserve Bank of St. Louis.

INTERNAL MANAGEMENT OF THE BANK.

The directors of this bank have held meetings on the first and third Wednesdays of each month at 10 o'clock a. m. throughout the year. There has been a total of 23 meetings, at all of which there was a quorum present.

The executive committee, composed of the governor of the bank, chairman of the board, and Messrs. Walker Hill, F. O. Watts, and D. C. Biggs, has met on Monday and Friday of each week throughout the year at 10:30 a. m.

All offerings come first before the officers' committee, composed of all the officers of the bank, which meets daily. Offerings passed by this committee are immediately credited to the offering bank's account. These are in turn reported to the executive committee at its next meeting, and the full minutes of the executive committee are always read at the meeting of the board of directors.

In 1916, Mr. Sam A. Ziegler, of Albion, Ill., was elected by group No. 3 as a class A director to serve for three years from January 1, 1917, to succeed Mr. Oscar Fenley. Mr. W. B. Plunkett, of Little Rock, Ark., was elected by group No. 2 as a class B director to succeed himself, to serve for three years from January 1, 1917.

At the election which took place in December of this year, Mr. Walker Hill, of St. Louis, was elected by group No. 1 as a class A director to succeed himself, to serve for three years from January 1, 1918. Mr. LeRoy Percy, of Greenville, Miss., was elected by group No. 3 as a class B director to succeed himself, to serve for three years from January 1, 1918.

The lists of banks making up groups 1 and 3 were sent out on September 27, 1917, giving approximately one and one-half months in which banks interested could certify their electors and make nominations. However, of 154 banks in group 1, only 88 voted. In group No. 3, of 162 banks, only 42 voted.

On August 2, 1917, Mr. C. P. J. Mooney, of Memphis, Tenn., was appointed by the Federal Reserve Board as a class C director of this bank, to serve for three years from January 1, 1917, to fill the vacancy which had existed from the beginning of the year.

This bank has been represented on the Federal Advisory Council by Mr. F. O. Watts, of St. Louis.

CHANGES IN PERSONNEL AND IN THE ORGANIZATION OF THE DEPARTMENTS, INCLUDING THE FEDERAL RESERVE AGENT'S OFFICE.

On January 3, 1917, the same officers who served during 1916 were reelected, and Mr. O. M. Attebery was elected assistant cashier. On April 4, 1917, the board of directors elected Mr. R. R. Clabaugh as assistant cashier, and on July 18, 1917, the board of directors appointed Mr. A. H. Haill, the auditor, as an assistant cashier, and appointed Mr. John A. Will as auditor to succeed Mr. Haill.

At the end of last year, the bank had 53 employees on its pay roll. As this year closes it has 171, of whom 66 are employed exclusively in the Liberty loan department. In order to handle the work in-

cident to acting as fiscal agent for the United States Government it was necessary to organize a distinct department. This bank has grown very rapidly during the year, especially in the latter part.

On August 2, 1917, Mr. C. M. Stewart, who has been with the bank since its organization, was appointed assistant Federal Reserve agent.

OFFICE AND VAULT FACILITIES—BANK PREMISES.

At the close of 1916, our office facilities were so ample that we did not expect to be crowded for some years, but as this year closes we are crowded for working space in our bank room and have had to get quarters on the fourth floor of the Federal Reserve Bank Building for the use of our Liberty loan organization.

In order to get the necessary space, we have arranged to take the second and third floors of an adjoining building, which will open into the Federal Reserve Bank Building. This building has but recently been vacated, and our new quarters are being remodeled.

Our vault room has also proven inadequate, and we have been compelled to rent temporarily additional vault space in order to care for interim certificates and Liberty loan conversion 4s. We are now preparing to rearrange our permanent vault in the basement of our building, and believe that when this is done we shall have sufficient vault room.

THE CLEARING PROBLEM.

The clearing plan proposed by the Federal Reserve Board which went into effect on July 15, 1916, has continued throughout the year 1917 with very satisfactory results. The volume of business handled and the number of State banks clearing at par for us are constantly increasing. Attached hereto, as Exhibit L, is a table showing the operations of our present clearing system.

CLEARING HOUSE CHARGES.

During the year 1917 changes in clearing-house rules regarding exchange charges have been few and of little importance.

FEDERAL RESERVE EXCHANGE AND TRANSFER DRAFTS.

On June 1, 1917, we put into effect a plan proposed by the Federal Reserve Board, whereby member banks could, under restrictions and regulations outlined in a circular issued by us, draw upon this bank and the drafts thus drawn be received at par without time deduction by other Federal Reserve Banks.

While this plan made it possible for our member banks to issue exchange on us available at par without time deductions in all reserve

districts, our member banks have not availed themselves of these facilities.

SERVICE RENDERED TO THE BANKS BY THE GOLD SETTLEMENT FUND.

The gold settlement fund continues as an ideal settlement medium for exchange operations and as a stabilizer of the exchange market. The great volume of exchange handled during the current year by the Federal Reserve Bank testifies to the success of this feature from the standpoint of member banks.

COLLECTION DEPARTMENT.

On August 25, 1917, this bank issued a circular advising that on September 1 it would establish a department for the handling of maturing notes and bills, coupons, and other straight collection items. Although the member banks have not generally taken advantage of the opportunity to handle items of the prescribed nature through this bank, the business has been increasing slowly, as shown by the fact that during the month of September we handled 200 collection items, amounting to \$548,214.40, against 400 items in October, amounting to \$932,294.67, 456 items in November, amounting to \$1,329,726.17, and 473 items in December, amounting to \$1,479,765.58. The greater part of this business has consisted of checks of large amounts drawn on banks outside of this district, which, for one reason or another, the indorsing banks have preferred to handle as collection items rather than as cash items.

All items handled through this department are sent to banks in the cities where they are payable and the collecting banks are requested, if they find it inconvenient to remit in St. Louis exchange, to remit to the Federal Reserve Bank of their district for our account. The service we have obtained from other banks has been good, and returns have been made promptly.

SUMMARY ON CONDITIONS IN DISTRICT NO. 8.

Reviewing the year 1917, the conclusion must be reached that in spite of the war, it has been a prosperous one for district No. 8. The agricultural sections have all received high prices for their products, and in the majority of lines, manufacturers, wholesalers, and jobbers are doing an active business. There is confidence in the future. The war is making itself felt more and more in the manner of living, and the necessary conditions are being met by the people, not grudgingly, but in a spirit of cheerfulness. There is a shortage in sugar, a shortage in coal, and transportation facilities are rather chaotic.

The Federal Reserve Bank of St. Louis has met adequately all demands made upon it. It has created confidence, stabilized busi-

ness, and has done its share in the flotation of the two Liberty loans without undue disturbance to the general situation.

EXHIBIT A.—*Condensed comparative statement of current earnings and expenses of Federal Reserve Bank of St. Louis each month during 1916 and 1917.*

	January.	February.	March.	April.	May.	June.
1916.						
Earnings.....	\$9,168.57	\$11,132.34	\$13,847.85	\$14,202.08	\$17,118.22	\$19,076.24
Expenses.....	\$15,990.14	\$15,637.94	\$15,559.45	\$16,018.68	\$15,929.75	\$15,283.13
Loss.....	\$6,821.57	\$4,505.60	\$1,711.60	\$1,816.60		
Gain.....					\$188.47	\$3,793.11
Per cent expense to earnings...	174.40	155.80	112.36	112.79	93.06	80.12
1917.						
Earnings.....	\$31,399.97	\$31,283.50	\$33,052.05	\$35,945.97	\$43,806.20	\$47,166.86
Expenses.....	\$12,428.15	\$12,183.17	\$11,377.53	\$11,677.40	\$15,227.79	\$14,494.87
Loss.....						
Gain.....	\$18,971.82	\$19,100.33	\$21,674.52	\$24,268.57	\$28,578.41	\$32,671.99
Per cent expense to earnings...	39.58	39.00	34.42	32.48	34.77	30.73

	July.	August.	September.	October.	November.	December.
1916.						
Earnings.....	\$24,960.14	\$26,705.63	\$28,781.67	\$33,071.33	\$32,098.37	\$38,122.95
Expenses.....	\$16,323.98	\$14,598.80	\$14,283.68	\$19,702.08	\$18,249.10	\$14,921.77
Loss.....						
Gain.....	\$8,636.12	\$12,106.83	\$14,497.99	\$13,369.25	\$13,829.27	\$23,191.18
Per cent expense to earnings...	65.40	54.64	49.63	59.57	56.85	37.35
1917.						
Earnings.....	\$53,280.88	\$55,826.44	\$66,899.76	\$91,292.85	\$96,823.68	\$151,935.02
Expenses.....	\$16,194.15	\$15,960.52	\$19,882.94	\$33,689.96	\$34,034.48	\$39,392.94
Loss.....						
Gain.....	\$37,086.73	\$39,866.12	\$47,016.82	\$57,602.89	\$62,789.20	\$112,542.08
Per cent expense to earnings...	30.39	28.60	29.72	36.90	35.16	25.93

Including amortization of organization expense.

EXHIBIT B.—*Comparative statement of condition, 1916-17.*

	Dec. 31, 1916.	Dec. 31, 1917.
RESOURCES.		
Bills discounted, members.....	\$1,300,711.54	\$28,584,397.60
Bills discounted, other Federal Reserve Banks.....		4,875,833.00
Bills bought in open market.....	7,036,819.35	7,362,724.15
Investments-municipal warrants.....	575,879.71	
Bills of lading drafts.....	71,067.46	566,536.89
United States bonds.....	2,202,900.00	2,233,400.00
United States gold notes.....	891,000.00	1,444,000.00
Total earning assets.....	12,078,378.06	45,066,896.64
Premium on United States bonds.....	17,303.15	6,353.15
Interest accrued on United States bonds.....	19,161.17	24,850.94
Furniture and equipment.....	28,688.75	44,498.74
Cost of unissued Federal Reserve notes.....	19,763.00	16,166.61
Expenses paid in advance.....	849.30	1,626.51
Due from member banks, overdrafts.....	15,595.22	
Expenses due as fiscal agent from United States Treasury.....		124,849.47
Total.....	101,360.59	218,345.42
Due from Federal Reserve Banks.....	20,389,339.94	36,678,287.04
Due from Louisville branch.....		261,950.52
Deferred debits, transit account.....	3,065,478.15	13,715,178.67
Exchange for clearing house.....	15,221.21	514,252.43
Total deductions from gross deposits.....	23,470,039.30	51,169,668.66

EXHIBIT B.—Comparative statement of condition, 1916-17—Continued.

	Dec. 31, 1916.	Dec. 31, 1917.
Gold coin and gold certificates.....	\$11,088,000.00	\$5,089,137.50
Gold settlement fund.....	3,395,000.00	17,884,000.00
Gold redemption fund, United States Treasurer.....	254,850.00	929,900.00
Gold deposited with Federal Reserve agent.....	12,542,730.00	32,366,430.00
Sterling gold account.....		2,100,000.00
Other lawful money.....	1,449,273.00	766,626.50
Total reserve cash.....	28,729,853.00	59,136,094.00
National-bank notes and Federal Reserve notes, other banks.....	806,435.00	2,047,705.00
Federal Reserve notes on hand.....	431,445.00	1,980,400.00
Nickels and cents.....	321.08	787.24
Total other cash.....	1,238,201.08	4,028,892.24
Total resources.....	65,617,832.03	159,619,896.96
LIABILITIES.		
Capital paid in.....	2,799,750.00	3,474,600.00
Undivided profits.....	12,748.15	230,338.58
Unearned discount and interest.....	26,791.25	133,422.20
Reserved for sundry expenses.....	1,604.14	853.65
United States Government deposits.....	2,614,398.56	5,430,359.99
Due to Federal Reserve Banks.....	12,332,388.18	30,445,011.49
Due to member banks.....	30,924,990.84	45,796,967.60
Due to nonmember banks—clearing account.....		93,432.34
Deferred credits—transit account.....		11,954,257.21
Dividend and expense checks.....	15,430.91	197,223.90
Gross deposits.....	45,887,208.49	93,917,252.53
Federal Reserve notes issued.....	16,889,730.00	61,863,430.00
Total liabilities.....	65,617,832.03	159,619,896.96
Total reserve against net deposit and Federal Reserve note liabilities.....per cent.....	60.8	59.8

EXHIBIT C.—Comparative profit-and-loss statement, 1916 and 1917.

	Jan. 1 to Dec. 31, 1916.	Jan. 1 to Dec. 31, 1917.
Earnings from:		
Bills discounted, members.....	\$46,041.34	\$347,871.10
Bills discounted, Federal Reserve banks.....		10,367.40
Bills purchased, acceptances.....	81,598.79	170,233.26
United States securities.....	70,362.41	110,300.98
Municipal warrants.....	31,618.94	13,691.40
Exchange.....	30,000.00	57,919.95
Bill of lading drafts.....	2,782.73	7,492.56
Appreciation on United States bonds.....	17,873.14	
Depleted reserve penalties.....	2,036.01	14,968.34
Profit on United States securities sold.....	3,776.50	
Sundry profits.....	68.67	1,203.26
Transit department income (net).....	11,790.08	4,665.13
Total.....	297,948.61	738,713.38
Expenses:		
Current expenses.....	136,461.44	174,461.12
Federal Reserve Board assessments.....	9,749.62	12,733.22
Cost of Federal Reserve currency issued.....	10,730.00	49,363.00
Total.....	156,931.06	236,557.34
Profit on operation.....	141,017.55	502,156.04
1914-15 organization expense amortization.....	97,169.29	
Surplus available for dividends.....	43,848.26	502,156.04
Dividend paid.....	31,100.11	284,565.61
Undivided profits for year.....	12,748.15	217,590.43
Undivided profits for previous years.....		12,748.15
Total undivided profits.....	12,748.15	230,338.58

EXHIBIT D.—Table showing volume of rediscounts accepted by the Federal Reserve Bank of St. Louis from each State each month, the total amount accepted from each State during the year 1917, and the number of different banks in each State rediscounting each month.

	Arkansas.		Illinois.		Indiana.		Kentucky.	
	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.
January.....	2	\$310,035.00	4	\$30,129.09	.....	.....	.....	.....
February.....	2	186,107.79	3	10,381.25	.....	.....	.....	.....
March.....	5	457,318.74	9	12,213.63	.....	.....	.....	.....
April.....	2	6,200.00	3	24,119.80	.....	.....	.....	.....
May.....	5	105,158.00	6	140,975.53	.....	.....	1	\$22,060.00
June.....	3	66,968.59	5	102,886.96	3	\$149,751.91	3	310,000.00
July.....	9	172,878.14	7	152,976.81	4	875,317.44	4	892,547.64
August.....	7	174,308.34	7	87,673.52	3	396,742.80	6	1,358,546.06
September.....	17	1,071,883.49	5	97,708.98	2	583,968.24	6	824,001.00
October.....	14	2,433,682.91	9	168,779.95	4	570,905.74	10	1,286,484.93
November.....	10	2,636,896.19	17	1,498,252.50	9	1,361,571.49	14	2,661,832.43
December.....	13	2,433,568.76	17	2,944,043.06	12	2,933,769.50	17	3,315,341.22
Total.....	.....	10,055,005.95	.....	3,270,141.08	.....	6,872,027.12	.....	10,670,813.23

	Mississippi.		Missouri.		Tennessee.		Total.	
	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.
January.....	2	\$19,200.00	5	\$70,364.76	2	\$176,000.00	.....	\$605,728.85
February.....	1	40,000.00	2	16,568.70	3	315,771.97	.....	568,829.71
March.....	3	7,900.00	11	1,214,084.95	3	146,000.00	.....	1,837,517.32
April.....	3	35,900.00	12	3,573,520.62	4	293,614.76	.....	3,933,355.18
May.....	2	29,440.00	12	5,435,121.18	4	216,317.09	.....	5,949,071.80
June.....	3	45,936.12	12	3,694,994.15	4	172,264.85	.....	4,542,802.58
July.....	3	41,203.33	14	13,018,802.07	3	227,680.98	.....	15,381,406.41
August.....	3	28,579.25	10	12,829,944.08	4	228,550.05	.....	15,104,344.10
September.....	5	52,496.66	14	21,094,052.82	12	1,302,336.67	.....	25,026,447.86
October.....	5	124,389.33	17	19,052,640.00	10	2,234,864.45	.....	26,871,747.31
November.....	3	42,655.67	19	19,667,886.22	6	4,444,600.59	.....	32,313,695.09
December.....	4	140,608.29	23	35,406,103.35	6	4,809,270.75	.....	49,982,704.93
Total.....	.....	608,308.65	.....	135,074,082.90	.....	14,567,272.16	.....	181,117,651.14

EXHIBIT E.—Table showing the rediscount operations of the Federal Reserve Bank of St. Louis, each month during 1917, classified by maturities and classes of paper.

NOTES.

	15 days and less.	16 to 30 days.	31 to 60 days.	61 to 90 days.	91 days to 6 months.	Total.
January.....	\$31,500.00	\$73,000.00	\$19,616.00	\$67,247.65	\$27,434.21	\$218,797.86
February.....	5,000.00	81,107.45	83,731.25	10,811.25	800.00	181,449.95
March.....	.....	6,758.76	42,725.85	60,764.97	26,992.00	137,241.58
April.....	1,331,971.84	697,668.81	170,024.60	266,050.71	41,713.75	2,507,429.71
May.....	706,848.21	654,328.94	1,218,957.47	1,381,746.59	37,742.27	3,990,623.48
June.....	196,900.00	329,288.84	438,511.60	1,069,264.91	37,491.69	2,071,457.04
July.....	903,246.92	531,962.81	1,678,545.59	912,945.60	28,916.92	4,055,617.84
August.....	2,398,047.59	793,245.57	1,026,823.45	957,761.80	81,657.03	5,257,535.44
September.....	3,277,591.00	2,677,987.05	2,889,446.33	2,242,773.78	9,012.31	11,096,810.47
October.....	1,131,991.17	3,374,659.69	1,667,208.16	1,986,124.44	43,193.96	8,203,177.42
November.....	1,571,279.84	1,259,526.83	2,754,881.56	1,815,974.09	29,990.00	7,431,652.32
December.....	11,426,730.75	3,793,103.68	4,087,060.31	3,871,963.49	43,492.88	23,822,356.11
Total.....	22,981,107.32	14,272,638.43	16,677,532.17	14,643,434.28	408,437.02	68,983,149.22

EXHIBIT E.—Table showing the rediscount operations of the Federal Reserve Bank of St. Louis, each month during 1917, classified by maturities and classes of paper—Continued.

TRADE ACCEPTANCES.

	15 days and less.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Total.
January.....			\$11,930.99		\$11,930.99
February.....	\$14,908.03	\$6,209.47	1,262.26		22,379.76
March.....	566.36	1,302.23	28,407.15		30,275.74
April.....	3,167.29	26,354.73	18,524.45		48,046.47
May.....	17,097.01	37,568.44	204,923.66	\$154,859.21	414,448.32
June.....	12,725.80	157,128.49	184,337.98	2,153.27	356,345.54
July.....	7,370.21	71,602.41	49,902.22	7,913.73	136,788.57
August.....	3,643.55	30,371.24	28,458.84	4,335.03	66,808.66
September.....	14,671.40	11,780.12	29,503.56	37,182.31	93,137.39
October.....	1,501.32	111,736.12	54,374.98	132,368.84	299,981.26
November.....	39,405.70	130,884.05	256,901.84	224,562.57	651,754.16
December.....	110,802.75	133,986.78	571,390.19	166,429.10	982,608.82
Total.....	225,859.42	718,924.08	1,439,918.12	729,804.06	3,114,505.68

COMMODITY PAPER.

	16 to 30 days.	31 to 60 days.	61 to 90 days.	Total.
May.....			\$15,000.00	\$15,000.00
July.....	\$11,500.00	\$2,500.00	5,000.00	19,000.00
October.....		15,000.00	67,588.63	82,588.63
November.....	33,154.78	78,666.85	198,866.98	310,688.61
Total.....	44,654.78	96,166.85	280,455.61	427,277.24

COLLATERAL NOTES.

	15 days and less.		15 days and less.
January.....	\$375,000.00	August.....	\$9,780,000.00
February.....	365,000.00	September.....	13,836,500.00
March.....	1,670,000.00	October.....	17,286,000.00
April.....	1,377,879.00	November.....	23,919,600.00
May.....	1,520,000.00	December.....	25,177,740.00
June.....	2,115,000.00		
July.....	11,170,000.00	Total.....	108,592,719.00

EXHIBIT F.—National banks which have been granted fiduciary powers, under section 11 (k) of the Federal Reserve Act, up to Dec. 31, 1917.

Trustee, executor, administrator, and registrar of stocks and bonds:

First National Bank, Fordyce, Ark.
 Lee County National Bank, Marianna, Ark.
 First National Bank, Anna, Ill.
 Ayers National Bank, Jacksonville, Ill.
 City National Bank, Metropolis, Ill.
 First National Bank, Pittsfield, Ill.
 City National Bank, Evansville, Ind.
 Old State National Bank, Evansville, Ind.
 First National Bank, Mitchell, Ind.
 First National Bank, Mount Vernon, Ind.
 Citizens National Bank, Tell City, Ind.
 First-Hardin National Bank, Elizabethtown, Ky.
 Farmers National Bank, Glasgow, Ky.
 Henderson National Bank, Henderson, Ky.

Trustee, executor, administrator, and registrar of stocks and bonds—Continued.

First National Bank, Hopkinsville, Ky.

Citizens National Bank, Lebanon, Ky.

Marion National Bank, Lebanon, Ky.

Boone County National Bank, Columbia, Mo.

Exchange National Bank, Columbia, Mo.

Citizens National Bank, Sedalia, Mo.

Union National Bank, Springfield, Mo.

Merchants-Laclede National Bank, St. Louis, Mo.

National Bank of Commerce, St. Louis, Mo.

Central-State National Bank, Memphis, Tenn.

Trustee, executor, administrator, and registrar of bonds:

Morganfield National Bank, Morganfield, Ky.

Trustee, executor, and administrator:

Nokomis National Bank, Nokomis, Ill.

Bedford National Bank, Bedford, Ind.

First National Bank, Versailles, Mo.

Trustee and registrar of bonds:

American National Bank, Bowling Green, Ky.

EXHIBIT G.—Treasury certificates of indebtedness allotted to subscribers through the Federal Reserve Bank of St. Louis, Mo.

Issue.	Offering.	Date.	Matur- ity.	\$25,000 or less.		Over \$25,000 to \$50,000.		Over \$50,000 to \$100,000.	
				Num- ber.	Amount.	Num- ber.	Amount.	Num- ber.	Amount.
		1917.	1917.						
1.	\$200,000,000	Apr. 25	June 30	77	\$1,045,000	22	\$1,015,000	17	\$1,755,000
2.	200,000,000	May 10	July 17	87	982,000	20	904,000	12	1,102,000
3.	200,000,000	May 25	July 30	97	851,000	8	254,000	12	773,000
4.	200,000,000	June 8	do.	87	938,000	6	236,000	9	659,000
5.	300,000,000	Aug. 9	Nov. 15	80	940,000	11	430,000	9	840,000
6.	250,000,000	Aug. 28	Nov. 30	58	652,000	8	320,000	8	600,000
7.	300,000,000	Sept. 17	Dec. 15	38	414,000	9	390,000	5	480,000
8.	400,000,000	Sept. 26	do.	194	2,054,000	19	820,000	9	840,000
9.	300,000,000	Oct. 18	Nov. 22	152	1,647,000	24	1,060,000	11	895,000
10.	685,000,000	Oct. 24	Dec. 15	80	903,000	13	578,000	7	635,000
11.	690,000,000	Nov. 30	1918. June 25	51	598,000	9	450,000	3	275,000
Total....	3,725,000,000			1,001	11,024,000	149	6,457,000	102	8,654,000

Issue.	Over \$100,000 to \$250,000.		Over \$250,000 to \$500,000.		Over \$500,000 to \$1,000,000.		Over \$1,000,000.		Total.	
	Num- ber.	Amount.	Num- ber.	Amount.	Num- ber.	Amount.	Num- ber.	Amount.	Num- ber.	Amount.
1.	12	\$1,730,000	6	\$2,450,000	2	\$1,385,000	1	\$1,020,000	137	\$10,400,000
2.	7	1,183,000	6	2,213,000	1	661,000			133	7,045,000
3.	7	931,000	2	615,000	6	3,776,000			132	7,200,000
4.	8	1,427,000	3	1,130,000	1	690,000	2	3,020,000	116	8,100,000
5.	8	1,340,000	6	2,500,000	1	615,000	1	1,435,000	116	7,900,000
6.	6	1,065,000	4	1,551,000					84	4,188,000
7.	7	1,496,000	4	1,494,000	1	600,000			64	4,874,000
8.	5	915,000	6	2,885,000	3	2,451,000	1	1,035,000	237	11,000,000
9.	9	1,553,000	7	2,555,000	6	5,000,000			209	12,710,000
10.	5	900,000	1	412,000	2	1,600,000			108	5,028,000
11.	1	200,000	1	310,000	2	2,000,000			67	3,833,000
Total....	75	12,740,000	46	18,115,000	25	18,778,000	5	6,510,000	1,403	82,278,000

EXHIBIT G.—Treasury certificates of indebtedness allotted to subscribers through the Federal Reserve Bank of St. Louis, Mo.—Continued.

Issue.	Amount taken by Federal Reserve Bank of St. Louis for its own account.	Amount disposed of by sale.	Amount held at maturity.
1.....	\$360,000	\$360,000	None.
2.....	None.	None.	None.
3.....	None.	None.	None.
4.....	None.	None.	None.
5.....	27,000	27,000	None.
6.....	None.	None.	None.
7.....	369,000	120,000	\$249,000
8.....	701,000	701,000	None.
9.....	None.	None.	None.
10.....	None.	None.	None.
11.....	None.	None.	None.
Total.....			

EXHIBIT H.—Table showing the denominations and amounts of Federal Reserve notes issued by Federal Reserve agent to the Federal Reserve Bank of St. Louis each month from opening of the bank on Nov. 16, 1914, to Dec. 31, 1917.

Month.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
December, 1914.....	\$410,000	\$210,000	\$80,000			\$700,000
August, 1915.....	307,000					307,000
September, 1915.....	1,500,000	660,940	328,560			2,489,500
October, 1915.....	780,000	840,000	720,000	\$200,000		2,540,000
November, 1915.....	740,000	760,000	640,000			2,140,000
December, 1915.....	460,000	400,000	160,000			1,020,000
Totals for 1914-15.....	4,197,000	2,870,940	1,928,560	200,000		9,196,500
May, 1916.....	110,000	40,000				150,000
September, 1916.....	964,350	1,392,000	1,203,600	50		3,560,000
October, 1916.....	941,600	1,960,000	1,600,000			4,501,600
November, 1916.....	820,000	1,320,000	960,000			3,100,000
December, 1916.....	60,000	440,000				500,000
Total for 1916.....	2,895,950	5,152,000	3,763,600	50		11,811,600
March, 1917.....			160,000	200,000		360,000
April, 1917.....	200,000	470,000	640,000	100,000	\$100,000	1,510,000
May, 1917.....	650,000	1,290,000	1,840,000	800,000	1,000,000	5,580,000
June, 1917.....		440,000	560,000	100,000	100,000	1,200,000
July, 1917.....		1,120,000	1,280,000	100,000	100,000	2,600,000
August, 1917.....	300,000	1,600,000	1,880,000	300,000	350,000	3,430,000
September, 1917.....	1,810,000	2,130,000	1,440,000	200,000		5,580,000
October, 1917.....	4,000,000	6,680,000	4,560,000	260,000		15,500,000
November, 1917.....	3,620,000	5,920,000	4,960,000	600,000	900,000	16,000,000
December, 1917.....	960,000	1,000,000	1,440,000	100,000		3,500,000
Total for 1917.....	11,540,000	20,650,000	17,760,000	2,760,000	2,550,000	55,260,000
Total since opening of bank to Dec. 31, 1917.....	18,632,950	28,672,940	23,452,160	2,960,050	2,550,000	76,268,100

EXHIBIT I.—Federal Reserve notes received and returned.

(Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit and returned to other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of St. Louis during 1917.)

Exchanged with Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$13,790	\$14,000	\$44,550	\$30,000	\$36,160	\$4,600
New York.....	136,500	238,000	273,000	355,000	212,800	220,000
Philadelphia.....	13,500	17,500	44,500	36,700	46,500	34,000
Cleveland.....	13,380	29,905	18,850	60,000	18,140	86,000
Richmond.....	6,150	28,100	14,000	41,400	13,000	44,380
Atlanta.....	107,250	227,725	180,750	294,720	125,500	281,040
Chicago.....	371,500	108,500	454,000	237,500	280,000	557,500
St. Louis.....						
Minneapolis.....	19,980	100,000	20,940	119,000	12,580	102,000
Kansas City.....	89,250	1,102,700	88,100	687,180	32,200	472,120
Dallas.....	70,170	506,500	153,540	649,000	143,360	464,000
San Francisco.....	9,280	38,000	22,300	26,000	23,240	66,000
Total.....	850,750	2,410,930	1,314,530	2,536,500	943,480	2,331,640

Exchanged with Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$3,800	\$2,350	\$1,400	\$2,500	\$99,700	\$53,450
New York.....	26,400	30,500	15,800	35,200	664,500	878,700
Philadelphia.....	7,500	1,600	1,000	800	113,000	90,600
Cleveland.....	61,350	20,000	64,800	30,800	176,520	226,705
Richmond.....	1,000	6,600	100	1,600	34,250	122,080
Atlanta.....	9,550	7,950	1,400	9,200	424,450	820,635
Chicago.....	27,000	102,550	2,500	44,300	1,135,000	1,050,350
St. Louis.....						
Minneapolis.....	900	3,400	100	3,900	54,500	328,300
Kansas City.....	1,500	21,400	100	15,100	211,150	2,298,500
Dallas.....	5,550	18,800	1,100	323,200	373,720	1,961,500
San Francisco.....	2,650	9,250	700	9,700	58,170	148,950
Total.....	147,200	224,400	89,000	476,300	3,344,960	7,979,770

EXHIBIT J.—Table showing Federal Reserve notes received by the Federal Reserve agent from the Comptroller of the Currency each month from opening of the bank on Nov. 16, 1914, to Dec. 31, 1917.

Month.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
November, 1914.....	\$2,160,000	\$840,000	\$400,000			\$3,400,000
October, 1915.....	1,000,000	1,000,000	800,000	\$400,000		3,200,000
November, 1915.....	1,200,000	1,000,000	800,000			3,000,000
Total for 1914-15.....	4,360,000	2,840,000	2,000,000	400,000		9,600,000
September, 1916.....	520,000	1,520,000	660,000			3,000,000
October, 1916.....	800,000	3,000,000	2,160,000			5,960,000
November, 1916.....	1,900,000	1,680,000	400,000			3,980,000
Total for 1916.....	3,220,000	6,200,000	3,520,000			12,940,000
March, 1917.....			800,000			800,000
April, 1917.....			800,000			1,600,000
May, 1917.....			800,000	400,000	\$400,000	1,600,000
June, 1917.....		800,000	800,000			1,600,000
July, 1917.....		1,400,000	1,760,000	200,000	400,000	3,760,000
August, 1917.....		1,000,000	400,000	800,000	400,000	2,600,000
September, 1917.....	600,000	2,360,000	2,240,000			5,200,000
October, 1917.....	5,100,000	7,960,000	3,680,000	200,000		16,940,000
November, 1917.....	3,300,000	4,360,000	4,400,000	1,000,000	800,000	13,860,000
December, 1917.....		600,000	2,400,000		400,000	3,400,000
Total for 1917.....	9,000,000	18,480,000	18,080,000	2,600,000	2,400,000	50,560,000
Total since opening of bank to Dec. 31, 1917.....	16,580,000	27,520,000	23,600,000	3,000,000	2,400,000	73,100,000

EXHIBIT K.—Statement of receipts and disposition of Federal Reserve notes by Federal Reserve agent from opening of the bank on Nov. 16, 1914, and of funds and securities in his possession on Dec. 31, 1917.

Federal Reserve notes received from Comptroller of Currency-----	\$73, 100, 000. 00
Notes issued to Federal Reserve Bank-----	\$76, 268, 100. 00
Notes returned by Federal Reserve Bank to Federal Reserve agent-----	\$5, 966, 500. 00
Fit notes returned by United States Treasurer to Federal Reserve agent-----	11, 600. 00
Unit notes received by Comptroller from United States Treasurer for destruction-----	8, 426, 570. 00
	14, 404, 670. 00
Federal Reserve notes outstanding-----	61, 863, 430. 00
Federal Reserve notes in hands of Federal Reserve agent-----	2, 810, 000. 00
Gold for retirement of Federal Reserve notes:	
In hands of Federal Reserve agent-----	\$2, 512, 600. 00
In gold redemption fund-----	2, 448, 830. 00
In Federal Reserve agents' fund-----	27, 405, 000. 00
	32, 366, 430. 00
Paper pledged to secure Federal Reserve notes-----	29, 908, 847. 41

EXHIBIT L.—Table showing the clearing operations of the Federal Reserve Bank of St. Louis from Dec. 16, 1916, to Dec. 15, 1917.

	Daily average.					
	Items drawn on banks in Federal Reserve city.		Items drawn on banks in district outside Federal Reserve city.		Items drawn on banks in other districts.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
Dec. 15 to Jan. 15.....	1,302	\$4, 013, 486	8, 106	\$1, 868, 171	292	\$2, 292, 931
Jan. 16 to Feb. 15.....	1,205	3, 210, 834	7, 314	1, 922, 108	183	1, 277, 500
Feb. 16 to Mar. 15.....	1,535	4, 532, 849	8, 494	1, 569, 074	178	1, 784, 418
Mar. 16 to Apr. 15.....	1,496	4, 281, 367	8, 524	1, 656, 781	175	1, 545, 007
Apr. 16 to May 15.....	1,673	5, 008, 976	8, 495	1, 727, 335	169	1, 977, 438
May 16 to June 15.....	1,717	4, 688, 585	8, 401	1, 651, 660	192	1, 710, 385
June 16 to July 15.....	1,803	5, 190, 645	8, 448	1, 623, 948	214	3, 281, 751
July 16 to Aug. 15.....	1,636	4, 820, 182	8, 069	1, 641, 198	220	2, 314, 050
Aug. 16 to Sept. 15.....	1,663	5, 167, 644	9, 402	1, 875, 497	200	2, 038, 723
Sept. 16 to Oct. 15.....	1,689	5, 593, 479	9, 612	2, 126, 025	165	2, 036, 901
Oct. 16 to Nov. 15.....	2,167	11, 556, 021	10, 979	3, 009, 231	228	2, 390, 894
Nov. 16 to Dec. 15.....	2,557	9, 219, 408	12, 564	3, 176, 069	204	2, 057, 178

	Daily average.					
	Total (exclusive of items drawn on Treasurer of United States).		Items drawn on Treasurer of the United States.		Member banks in district.	Non-member banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Number.
Dec. 15 to Jan. 15.....	9,700	\$8, 174, 589	70	\$13, 957	468	883
Jan. 16 to Feb. 15.....	8,702	6, 410, 442	1, 628	143, 536	468	872
Feb. 16 to Mar. 15.....	10,207	7, 886, 341	1, 184	154, 115	467	867
Mar. 16 to Apr. 15.....	10,185	7, 483, 155	1, 169	171, 329	468	851
Apr. 16 to May 15.....	10,337	8, 713, 749	2, 242	318, 699	469	863
May 16 to June 15.....	10,310	8, 050, 630	1, 165	207, 334	471	958
June 16 to July 15.....	10,465	10, 096, 344	1, 337	627, 955	471	961
July 16 to Aug. 15.....	9,925	8, 775, 430	2, 218	422, 022	471	968
Aug. 16 to Sept. 15.....	11,265	9, 081, 864	2, 705	573, 861	473	1, 003
Sept. 16 to Oct. 15.....	11,466	9, 756, 405	1, 859	719, 081	473	1, 004
Oct. 16 to Nov. 15.....	13,374	16, 956, 146	2, 933	884, 942	477	1, 005
Nov. 16 to Dec. 15.....	15,325	14, 452, 655	4, 490	1, 468, 199	479	997

DISTRICT NO. 9—MINNEAPOLIS.

JOHN H. RICH, Chairman and Federal Reserve Agent.

AGRICULTURAL CONDITIONS, 1917.

The year opened with gradually advancing prices for wheat and all small grains, affording large returns to the farmers of the district. The upward trend continued until new records had been established at Minneapolis and Duluth terminal markets, and corn and small grains had reached the highest prices ever paid in the history of the district. Coincident with the movement of the new crop the Government applied price-fixing regulations on wheat effective September 1 on the basis of \$2.17 at Minneapolis. Other small grains were not affected by the price fixing, nor was corn brought under price control. The result was to considerably reduce the market price on wheat and to somewhat disturb the normal relation between wheat prices and the prices of other small grains and corn, wheat becoming relatively cheaper by comparison.

With the assistance of a satisfactory amount of plowing during the fall season of 1916 farmers throughout the district went into the early spring planting period with favorable prospects. Soil and moisture conditions were good. Upon the request of business men and bankers the chairman and Federal Reserve agent called a conference at Fargo, N. Dak., on April 15, as the result of which a short and active campaign was conducted throughout all the agricultural sections, resulting in North Dakota alone in the planting of 1,000,000 acres of additional crop. There were considerable increases in other parts of the district.

Grain crops obtained a favorable start, but by midseason had begun to show serious damage from heat and dry weather. Much of the unripe corn sustained further damage from sharp freezing weather in late October, followed by mild, foggy days in November, which increased the moisture contents of the ear and produced mold in the kernels.

In this emergency the Federal Reserve Bank acted promptly, and after consultation with bankers and business men issued seed-corn warnings to every bank within the district and provided warning

notices for the farmer customers of each bank in the corn-growing areas. These called attention to the severe damage to seed corn and urged that the farmers immediately report any surplus on hand of seed of germinating quality, in order that it might be saved and distributed to areas where there was no seed, and that each farmer select, try out, test for germination, and store, out of corn on hand, all ears of satisfactory quality, in order to provide against spring seeding requirements. By this process, and through the assistance of reports made by member and State banks, a considerable amount of seed available for purchase was located in the hands of individual farmers and arrangements made for its distribution to areas where needed.

Stock has commanded excellent prices throughout the year, as have dairy products, eggs, poultry, and practically all of the items entering into farm production.

Although the crop production was less than normal, the increased cost of planting, cultivating, and harvesting showed itself in an active demand upon member banks throughout the greater part of the year, necessitating a larger degree of support from the Federal Reserve Bank than at any other time before, in its history. The effect of this demand is shown in the tabulation of the rediscount operations of the Federal Reserve Bank during the year, and in the large increase in Federal Reserve notes outstanding, issued to and utilized by its members in very large part to support agricultural operations and move the fall crops. As in the previous year, crop moving demands were promptly taken care of without recourse, as during the period prior to the establishment of the Federal Reserve system, to currency shipments from eastern money centers.

BUSINESS CONDITIONS, 1917.

The gradually improved business conditions which manifested themselves during the latter part of 1916 continued during the early part of the year. Under the favorable influence of a good crop outlook trade became more active, and business in all lines was in a prosperous and healthy condition.

There is no evidence that the purchasing power of the farmers as a whole has been reduced, and even in districts where the crops were poor there has been no great amount of complaint as to poor trade. The satisfactory conditions prevailing generally in retail lines are shown in a favorable year from the standpoint of wholesale and jobbing concerns, during which collections were very good and during which most houses made satisfactory increases in their business.

The industrial situation over the entire district has been extremely satisfactory. The new element of war contracts which showed itself

during the latter part of 1916 was noticeably evident throughout the year, and many concerns not directly concerned in contracts for this or foreign governments were the recipients of indirect business that added substantially to their output. These enterprises were uniformly busy during the year and will enter upon the next annual period with substantial unfilled orders and with large forces of men employed at very satisfactory rates. Labor conditions were satisfactory throughout the year.

RELATIONS WITH MEMBER BANKS.

The more active demand upon all banks throughout the district showed itself early in the year in a larger volume of rediscounting on the part of members of the Federal Reserve system with their Federal Reserve Bank. Wide use was made of rediscount facilities throughout the harvesting and crop moving period, and many members that had not had previous occasion to present paper at the reserve bank were brought into touch with it in the regular course of their business. The increasing usefulness of the Federal Reserve Bank afforded opportunities to improve its working relations with its members.

MEMBERSHIP AND CAPITAL STOCK.

The total capital stock at the close of business on December 31 was \$2,612,450. The particulars as to membership, capital stock, and dividends paid are shown in the following table:

Capital stock and dividends.

State.	Number of banks.	Stock held.	Dividends paid to June 30, 1916.	Dividends July 1, 1916, to Dec. 31, 1917.	Total dividends paid to Dec. 31, 1917.
Michigan.....	33	\$139,700.00	\$11,154.17	\$12,150.15	\$23,304.32
Minnesota.....	297	1,542,050.00	110,635.83	130,359.52	240,995.35
Montana.....	115	322,100.00	20,813.07	24,665.49	45,478.56
North Dakota.....	162	260,250.00	20,172.68	22,685.75	42,858.43
South Dakota.....	128	227,100.00	16,567.12	19,445.43	36,012.55
Wisconsin.....	38	121,250.00	12,198.01	10,748.71	32,946.72
Total.....	773	2,612,450.00	1 201,540.88	220,055.05	421,595.93

¹ Dividends paid to Wisconsin banks which were transferred to the Chicago district are included in the above figures and amount to \$12,382.89.

The total capital stock at the close of business December 31, 1916, was \$2,608,900, and the total number of stockholders 760. On January 2, 1917, 52 Wisconsin banks, with capital stock amounting to \$229,400, were transferred to the Chicago district, leaving a total of

708 stockholders with capital stock holdings amounting to \$2,379,500. This makes a gain for the year 1917 of 65 stockholders and \$232,950 in capital stock, or a net gain over December 31, 1916, of 13 stockholders and \$3,550 in capital stock. The most noticeable gain in number of stockholders is the State of Montana with a net gain of 41, and the State of Minnesota shows a net gain of \$137,700 in capital stock.

Member banks' capital, deposits, loans, and discounts.¹

Date.	Member banks.	Capital.	Surplus.	Demand deposits.	Time deposits.	Loans and discounts.
Dec. 27, 1916.....	764	\$57,844,000	\$29,232,000	\$325,142,000	\$230,518,000	\$500,231,000
Mar. 5, 1917.....	721	53,986,000	27,711,000	304,654,000	214,385,000	468,448,000
May 1, 1917.....	728	54,924,000	27,953,000	310,950,000	220,113,000	480,741,000
June 20, 1917.....	736	55,432,000	27,958,000	310,438,000	220,020,000	476,062,000
Sept. 11, 1917.....	747	55,487,000	27,928,000	313,431,000	227,393,000	483,018,000

¹ At comptroller's calls.

The following tabulation shows the gradual improvement of the deposits of the member banks consisting of reserves and excess balances throughout the year, and also shows the fluctuating Government deposits. The figures are as of the close of business for each month:

Deposits of Federal Reserve Bank.

	Member banks.	Government.		Member banks.	Government.
1917.			1917.		
January.....	\$27,264,186.39	\$2,274,984.25	July.....	\$38,225,730.98	\$2,882,728.86
February.....	26,793,167.43	3,690,006.35	August.....	35,771,175.81	7,113,380.45
March.....	28,426,819.70	3,262,258.64	September.....	39,910,270.32	3,279,215.97
April.....	28,009,299.40	4,030,550.63	October.....	41,002,424.41	20,691,920.33
May.....	27,995,053.78	3,207,414.32	November.....	40,404,067.28	11,680,993.11
June.....	29,670,194.33	13,770,504.60	December.....	40,476,915.31	8,716,469.72

The following tabulation shows the average reserve by months during the year, and the percentage of reserve:

Reserve percentages.

	Average reserve.	Percent- age.		Average reserve.	Percent- age.
1917.			1917.		
January.....	\$17,141,521	61.6	July.....	\$52,525,674	75.8
February.....	17,337,458	66.0	August.....	49,427,846	73.0
March.....	18,542,676	73.4	September.....	44,432,623	75.3
April.....	21,126,522	69.5	October.....	56,835,670	79.4
May.....	18,088,966	66.5	November.....	59,132,553	68.4
June.....	26,667,447	73.7	December.....	64,350,176	80.3

The discount rates and changes therein during the year are shown in the following tabulation:

	15 days.	30 days.	60 days.	90 days.	Over 90 days.	Trade accept- ances less than—		Commodity paper less than—		
						60 days.	90 days.	15 days.	60 days.	90 days.
	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
Jan. 1.....	4	4	4	4½	5	3½	4	3½	3½	3½
Apr. 4.....	4	4	4	4½	5	3½	4	4	4	4
May 15.....	4	4	4	4½	5	3½	4	4	4	4
July 25.....	4	4	4	4½	5	3½	4	4	4	4
Sept. 20.....	4	4	4	4½	5	3½	4	4	4	4
Dec. 5.....	4	4½	4½	5	5½	3½	4	4	4½	.....

The rediscount operations of the bank, including number of applications received, number of banks reserved, number of items discounted, and the classification of discounted paper by months during the year are shown in the following tabulation:

Rediscount operations.

	Number of appli- cations received.	Number of banks served.	Number of items received.	Maturing in 15 days.	Maturing in 30 days.
January.....	47	30	297	\$376,428.00	\$179,316.00
February.....	26	16	210	577,600.00	396,500.00
March.....	16	13	84	102,081.00	13,024.00
April.....	57	31	520	252,628.00	982,267.00
May.....	89	48	763	1,011,110.20	220,677.46
June.....	159	83	1,563	4,011,004.00	900,098.00
July.....	207	110	1,642	3,922,046.00	329,286.00
August.....	218	109	1,868	3,512,235.78	1,566,540.89
September.....	114	54	586	1,953,262.44	136,376.72
October.....	123	59	639	5,120,614.70	617,798.22
November.....	223	108	1,506	14,904,673.70	520,368.85
December.....	233	128	1,448	3,890,704.27	446,026.33
Total.....	1,512	284	11,127	39,634,388.09	6,308,279.47

	Maturing in 60 days.	Maturing in 90 days.	Maturing over 90 days.	Total.	Balance end of month.
January.....	\$356,354.00	\$197,410.00	\$117,245.00	\$1,226,753.00	\$1,826,668.79
February.....	743,568.00	19,706.00	56,724.00	1,794,098.00	2,495,110.03
March.....	41,997.00	20,193.00	25,796.00	203,091.00	1,002,030.49
April.....	2,406,583.00	258,107.00	202,913.00	4,102,498.00	4,259,816.57
May.....	1,555,648.23	466,491.16	538,468.98	3,792,396.03	5,291,346.00
June.....	2,187,386.00	1,690,522.00	1,076,822.00	9,805,832.00	10,159,971.40
July.....	1,628,948.00	1,748,877.00	1,177,100.00	8,806,257.00	10,846,866.57
August.....	3,617,620.77	1,837,721.79	505,121.22	11,039,240.45	15,365,094.44
September.....	1,059,761.07	1,106,735.24	90,900.66	4,347,035.53	10,274,199.65
October.....	1,140,637.28	606,235.22	173,033.62	7,658,319.04	10,932,047.03
November.....	1,683,851.45	1,213,628.96	556,679.67	18,879,202.63	9,114,250.73
December.....	1,406,385.20	1,685,869.61	1,011,009.08	8,439,994.49	8,082,327.78
Total.....	17,828,740.00	10,851,496.98	5,531,812.63	80,154,717.17	89,649,729.48

Rates were in effect at the beginning of the year for the discount of commodity paper at 4 per cent for maturities within 90 days. No change was made in these rates until December 5 when the rate was

withdrawn. The operations of the bank in this class of paper were as follows:

Commodity paper.

Month.	60 days.	90 days.	Total.
June.....	\$13,400.00	\$8,000.00	\$21,400.00
July.....	6,800.00	14,600.00	21,400.00
August.....	41,470.00	12,000.00	53,470.00
November.....	15,201.67	10,198.34	25,400.01
Total.....	76,871.67	44,798.34	121,670.01

Discount rates of 4 per cent upon the collateral notes of member banks prevailed throughout the year without change. The operations of the bank in this class of paper were as follows:

Collateral notes, member banks.

Months.	15 days.	Months.	15 days.
January.....	\$345,000.00	August.....	\$2,730,443.71
February.....	520,000.00	September.....	1,838,147.87
March.....	100,000.00	October.....	5,076,900.00
April.....	140,000.00	November.....	14,728,214.59
May.....	875,325.00	December.....	3,274,144.91
June.....	3,321,000.00	Total.....	36,753,327.08
July.....	3,804,151.00		

The following tabulation gives the average amount of discounts held and the average rate of earnings thereon by months throughout the year:

Average amount of discounts held.

Month.	Average held.	Earnings.	Average rate of earnings.	Month.	Average held.	Earnings.	Average rate of earnings.
January.....	\$1,809,200.00	\$6,905.19	4.49	August.....	\$12,270,300.00	\$46,747.35	4.48
February.....	2,216,400.00	7,417.12	4.36	September.....	12,422,500.00	45,762.64	4.48
March.....	1,511,400.00	5,918.52	4.61	October.....	8,319,100.00	30,791.24	4.36
April.....	2,522,500.00	8,564.49	4.13	November.....	12,697,200.00	40,069.83	3.84
May.....	5,092,600.00	17,984.40	4.16	December.....	18,222,700.00	30,826.53	4.41
June.....	6,704,900.00	22,301.49	4.05				
July.....	10,301,700.00	37,669.72	4.30	Yearly average	7,370,500.00	.....	4.22

The discount rates on trade acceptances remained stationary throughout the year at $3\frac{1}{2}$ per cent for acceptances of less than 60 days maturity and 4 per cent for acceptances of 90 days or less. Through the medium of printed leaflets, published articles, and addresses, the officers of the bank have sought to bring about a broader understanding of the usefulness of this class of paper and of the encouragement offered by the Federal Reserve Act to reestablish it as a common form of settlement. These efforts have met an en-

couraging reception from business men, credit associations, and others interested, and there has been an appreciable increase in the number of business houses that are encouraging settlement by acceptance. The operations of the bank in this class of paper were as follows:

Trade acceptances.

Month.	15 days.	30 days.	60 days.	90 days.	Total.
January.....	\$5,000.00	\$20,654.00	\$22,375.00	\$7,649.00	\$55,678.00
March.....	2,081.00	2,388.00	2,505.00	3,289.00	10,263.00
June.....		4,732.00	26,881.00	17,591.00	49,204.00
July.....			9,396.00	2,842.00	12,238.00
August.....		36,173.66	5,216.10	1,160.00	42,549.76
September.....			1,000.00		1,000.00
October.....	1,876.69	41,914.77	14,909.10	1,118.00	59,818.56
November.....		26,906.50	8,772.22		35,678.72
December.....		61,690.53	35,552.41		97,242.94
Total.....	8,957.69	194,459.46	126,606.83	33,649.00	363,672.98

The operations of the bank in domestic acceptances are shown in the following table:

Domestic acceptances bought.

Month.	30 days.	60 days.	90 days.	Total.
January.....			\$750,000	\$750,000
February.....			250,000	250,000
March.....	\$750,000	\$750,000	1,050,000	2,550,000
April.....	2,537,500	1,555,000	225,000	4,317,500
May.....	155,000		60,000	215,000
June.....	540,000	80,000	12,000	632,000
July.....			13,000	13,000
August.....		50,000	80,000	130,000
October.....	421,000	90,000	25,000	536,000
November.....	50,000			50,000
December.....	451,172	110,000	373,800	939,972
Total.....	4,904,672	2,635,000	2,843,800	10,383,472

The operations of the bank in purchased acceptances are shown in the following table:

Total acceptances bought.

Month.	30 days.	60 days.	90 days.	Total.
January.....		\$25,000.00	\$1,396,724.86	\$1,421,724.86
February.....	\$94,079.97	1,318,549.99	1,045,722.40	2,458,352.36
March.....	750,000.00	800,000.00	1,237,961.22	2,787,961.22
April.....	2,734,500.00	2,163,150.00	666,429.64	5,564,079.64
May.....	235,000.00	170,042.58	546,008.11	951,048.69
June.....	540,000.00	80,000.00	12,000.00	632,000.00
July.....			13,000.00	13,000.00
August.....		840,411.53	2,269,253.63	3,109,665.21
September.....			95,079.14	95,079.14
October.....	421,000.00	90,000.00	25,000.00	536,000.00
November.....	3,403,811.47	3,549,745.98	3,123,641.97	10,077,199.42
December.....	2,127,368.96	2,643,592.06	655,244.65	5,426,205.67
Total.....	10,305,760.40	11,680,492.14	11,086,063.67	33,072,316.21

The following tabulation gives the average amount of acceptances held by months during the year, monthly earnings thereon, and average rate of earnings:

Average amount of acceptances held.

	Average amount.	Earnings.	Average rate of earnings.		Average amount.	Earnings.	Average rate of earnings.
January.....	\$6,422,500.00	\$15,519.41	2.84	August.....	\$1,410,700.00	\$3,507.85	2.93
February.....	6,766,000.00	15,225.30	2.93	September...	3,228,900.00	8,414.58	3.17
March.....	5,823,500.00	15,591.46	3.15	October.....	2,452,800.00	6,492.01	3.08
April.....	5,387,300.00	13,404.23	3.03	November...	8,740,300.00	23,757.40	3.31
May.....	4,149,900.00	11,933.80	3.39	December.....	9,608,200.00	28,368.91	3.47
June.....	1,671,800.00	4,379.74	3.19	Total..	4,703,100.00	.....	3.15
July.....	744,600.00	1,935.99	3.06				

The average holdings of municipal warrants bought and the average rate of earnings thereon are shown in the following tabulation:

Municipal warrants.

Month.	Average amount held during month.	Average rate.	Month.	Average amount held during month.	Average rate.
January.....	\$550,500	2.98	September.....	\$1,400	3.81
February.....	529,100	2.92	October.....	11,500	4.89
March.....	320,600	2.92	November.....	25,400	4.77
April.....	176,700	2.70	December.....	25,400	4.77
May.....	175,900	2.68	Yearly average.....	153,500	2.91
June.....	25,300	2.60			

Maturities of warrants purchased:

90 days.....	\$15,170.00
Over 90 days.....	161,893.64
Total.....	177,063.64

The operations of the bank in United States bonds and Treasury notes are shown in the following table, giving the average amount held by months during the year and average rate of earnings thereon:

United States bonds and Treasury notes.

Month.	Average amount held during month.	Average rate.	Month.	Average amount held during month.	Average rate.
January.....	\$3,101,600	2.58	August.....	\$3,364,600	2.55
February.....	2,656,100	2.79	September.....	3,649,700	2.70
March.....	2,665,500	2.56	October.....	4,352,800	2.75
April.....	5,188,600	2.38	November.....	3,851,100	2.76
May.....	5,206,200	2.30	December.....	3,314,200	2.53
June.....	5,121,000	2.41	Yearly average.....	3,833,400	2.56
July.....	3,529,900	2.61			

The great usefulness of the gold settlement fund created in Washington by the Federal Reserve Board for the adjustment of balances

between the Federal Reserve Banks was clearly proven during the year. The following tabulation shows the average amount held for the credit of the bank and the average amount held for the Federal Reserve agent by months throughout the year:

Month.	Average amount held for bank.	Average amount held for agent.	Month.	Average amount held for bank.	Average amount held for agent.
January.....	\$6,799,000	\$3,805,000	August.....	\$8,079,000	\$5,500,000
February.....	5,506,000	3,250,000	September.....	6,802,000	4,125,000
March.....	7,644,000	3,190,000	October.....	6,874,000	15,700,000
April.....	8,192,000	5,220,000	November.....	12,754,000	16,500,000
May.....	6,075,000	4,224,000	December.....	15,472,000	18,500,000
June.....	9,686,000	5,870,000			
July.....	11,360,000	6,250,000	Average holdings....	8,770,250	7,677,833.33

FEDERAL RESERVE NOTES.

The policy of the bank with respect to the issue of Federal Reserve notes remained unchanged during the year. Careful consideration was given to methods of promptly meeting the currency needs of the district, which were heavier than during the preceding year, and resulted in a corresponding increase in circulation. The bank was active in its efforts to attract gold to its vaults, with the result that its gold position was greatly improved during the year. The cooperation of member banks was a valuable factor in obtaining this result.

The following tabulation shows the total of Federal Reserve notes received by the Federal Reserve agent from the Comptroller of the Currency, and details of the issue of new and used currency, the redemption of unfit notes and amounts of notes of the Federal Reserve Bank of Minneapolis returned to the Treasury Department and to the Comptroller of the Currency from banks other than the issuing bank:

Record of Federal Reserve notes received from the Comptroller of the Currency since opening of bank, amounts issued, reissued and destroyed as of Dec. 31, 1917.

Denomination.	Received from comptroller.	Returned to agent by bank.	Issued to bank (new).	Reissued bank (used).	Returned by agent for destruction.	On hand.
Fives.....	\$19,700,000	\$5,937,000	\$18,200,000	\$2,882,000	\$3,055,000	\$1,500,000
Tens.....	24,240,000	2,470,000	21,920,000	775,000	1,695,000	2,320,000
Twenties.....	20,240,000	1,893,000	18,400,000	1,255,000	640,000	1,840,000
Fifties.....	1,400,000	140,000	880,000	130,000	10,000	520,000
Hundreds.....	2,400,000	190,000	1,490,000	180,000	10,000	910,000
Total.....	67,980,000	10,632,000	60,890,000	5,222,000	5,410,000	7,090,000

Record of Federal Reserve notes received from the Comptroller of the Currency since opening of bank, amounts issued, reissued and destroyed as of Dec. 31, 1917—Continued.

Denomination.	Our unfit notes returned to Treasurer of the United States by other Federal Reserve banks.	Our unfit notes returned to comptroller by other sources.	Total notes destroyed to Dec. 31, 1917.	Total notes outstanding Dec. 31, 1917 (all costs paid).
Fives.....	\$1,209,005	\$1,005,560	\$5,269,565	\$12,930,435
Tens.....	851,520	677,045	3,223,565	18,696,435
Twenties.....	374,000	335,420	1,349,420	17,050,580
Fifties.....		8,969	18,900	861,100
Hundreds.....	100	12,500	22,600	1,467,400
Total.....	2,434,625	2,039,425	9,884,050	51,005,950

FEDERAL RESERVE NOTE ISSUE FOR THE YEAR 1917.

Fives:		Fifties:	
New-----	\$9,700,000	New-----	\$700,000
Used----	2,000,000	Used----	80,000
	<u>\$11,700,000</u>		<u>\$780,000</u>
Tens:		One hundreds:	
New-----	14,480,000	New-----	1,170,000
		Used----	140,000
Twenties:		Total:	1,310,000
New-----	12,960,000	New-----	39,010,000
Used----	1,000,000	Used----	3,220,000
	<u>13,960,000</u>		<u>42,230,000</u>

During the year 1917, a total of \$39,010,000 in new Federal Reserve notes was issued, or double the combined issues of 1915 and 1916. Approximately, \$10,000,000 of our note issue has been destroyed at Washington. There was a very material change in the denominations of notes issued during the year, 50 per cent more tens being issued than fives, and 34 per cent more twenties than fives. The percentage of fifties and hundreds issued was also much greater than in former years. Total cost of all notes issued during the year charged to expense was \$43,735.82. Had the percentage of notes issued during 1917 remained the same as previous years our note cost would have been at least \$10,000 greater. The notes of larger denomination were used in part to replace gold reserve held by country banks and sent us upon request. Total cost of all Federal Reserve notes issued since opening of bank, \$72,303.15.

Under the present arrangement with the Federal Reserve Board our order for notes to be held in reserve at Washington and in the subtreasury at Chicago is automatically maintained at \$50,000,000. The table below indicates where our surplus notes are held and the various denominations:

Held in subtreasury at Chicago:

Fives	\$5,200,000
Tens	1,960,000
Twenties	1,840,000
Fifties	200,000
Hundreds	800,000
Total	10,000,000

Held at Washington (prepared) or in transit:

Fives	5,480,000
Tens	2,280,000
Twenties	3,520,000
Fifties	1,600,000
Hundreds	1,200,000
Total	14,080,000

Being printed at Washington:

Fives	8,520,000
Tens	10,320,000
Twenties	6,480,000
Fifties	200,000
Hundreds	400,000
Total	25,920,000

Grand total..... 50,000,000

The following tabulation shows the cost of new notes issued to Federal Reserve Bank:

New notes issued to bank and cost.

Cost of Federal Reserve notes issued to bank Nov.

16, 1914, to Dec. 31, 1916	\$28,567.33	
Amount issued		\$21,880,000. 00
Cost of Federal Reserve notes issued to bank Jan. 1, 1917, to Dec. 31, 1917	43,735.82	
Amount issued		39,010,000. 00
Total cost charged off	\$72,303.15	
Total		60,890,000. 00
Amount of notes destroyed at Washington to Dec. 31, 1917		9,884,050. 00
Balance of notes fit for use on which all costs have been paid		51,005,950. 00

The following tabulation shows the cost of Federal Reserve notes:

Cost of new Federal Reserve notes, including delivery in Minneapolis, per \$1,000.

	Jan. 1 to Feb. 28, 1917.	Mar. 1 to Dec. 6, 1917.	From Dec. 7, 1917.
Fives	\$1.97	\$1.96	\$2.07
Tens	1.12	1.08	1.23
Twenties	.62	.59	.67
Fifties	.32	.32	.37
Hundreds	.22	.22	.26

The cost of preparing notes to July 1, 1917, was \$34.37 per 1,000 sheets. Since that date the cost has been \$36.56 per 1,000 sheets, which with the increased postal rate brings about material change in the note expense.

The interdistrict movement of Federal Reserve notes of the issue of this bank is disclosed in the items in the following table, showing shipments received from other Federal Reserve Banks and shipments of the notes of other Federal Reserve Banks made to the respective sources of issue by the Federal Reserve Bank of Minneapolis:

Interdistrict Reserve note movement.

	Boston.		New York.		Philadelphia.	
	Received from.	Shipped to.	Received from.	Shipped to.	Received from.	Shipped to.
January.....	\$13,000	\$1,500	\$31,300	\$18,000	\$9,000	\$1,500
February.....	8,000	2,000	50,400	28,000	4,000	2,000
March.....	6,400	1,500	24,800	19,000	10,000	1,500
April.....	6,000	.....	15,800	10,000	4,000	.....
May.....	8,800	.....	24,800	21,000	5,000	.....
June.....	7,800	.....	10,700	23,500	9,000	.....
July.....	11,100	.....	5,200	.....	5,000	.....
August.....	5,700	.....	163,500	13,000	17,000	.....
September.....	17,200	.....	93,300	.....	13,000	.....
October.....	27,900	7,500	130,225	72,000	6,000	8,500
November.....	17,100	3,500	64,050	143,800	24,000	3,500
December.....	13,200	.....	178,300	42,500	16,000	.....

	Cleveland.		Richmond.		Atlanta.	
	Received from.	Shipped to.	Received from.	Shipped to.	Received from.	Shipped to.
January.....	\$7,300	\$3,500	\$2,000	\$2,500	.....	\$2,500
February.....	6,700	5,000	3,000	.....	\$9,500	2,000
March.....	3,130	5,500	1,500	5,000	14,350	5,000
April.....	4,100	.....	.....	.....	8,450	.....
May.....	2,300	.....	3,000	.....	7,050	.....
June.....	5,000	7,000	.....	.....	3,750	5,000
July.....	3,500	.....	2,000	.....	1,950	.....
August.....	13,500	.....	2,000	.....	6,750	.....
September.....	8,500	.....	1,390	.....	4,200	.....
October.....	5,500	23,000	1,250	9,500	4,250	14,500
November.....	.....	4,000	4,750	.....	5,200	.....
December.....	17,500	5,000	23,500	.....	30,050	.....

	Chicago.		St. Louis.		Kansas City.	
	Received from.	Shipped to.	Received from.	Shipped to.	Received from.	Shipped to.
January.....	\$388,000	\$4,000	.....	\$4,000	\$23,300	\$16,500
February.....	124,000	8,000	\$50,000	7,000	3,000	21,500
March.....	332,000	3,000	42,950	.....	8,000	15,000
April.....	100,000	.....	23,100	.....	13,450	11,000
May.....	222,000	15,500	17,250	8,500	11,100	17,500
June.....	260,000	23,500	11,000	.....	8,700	22,000
July.....	.....	.....	20,500	.....	17,600	.....
August.....	\$82,000	10,000	31,750	11,000	4,500	.....
September.....	215,000	.....	39,600	.....	10,500	.....
October.....	232,000	97,000	22,000	12,000	12,000	84,000
November.....	264,000	29,000	35,500	7,500	21,250	19,500
December.....	351,000	29,500	34,650	4,000	.....	17,500

Interdistrict Reserve note movement—Continued.

	Dallas.		San Francisco.	
	Received from.	Shipped to.	Received from.	Shipped to.
January.....	\$5,830	\$5,500	\$28,820	\$15,000
February.....	3,370	3,000	20,980	21,000
March.....	11,000	7,000	24,390	21,000
April.....	4,500	-----	17,070	-----
May.....	7,250	7,500	-----	20,500
June.....	4,250	6,500	36,185	49,000
July.....	4,450	-----	-----	-----
August.....	5,100	-----	50,795	12,000
September.....	-----	-----	6,555	-----
October.....	3,000	23,500	13,630	64,000
November.....	7,500	5,000	35,750	32,000
December.....	10,000	-----	31,965	37,500

It has been the practice of the Federal Reserve agent's department throughout the year to maintain in the vaults of the bank an average amount of \$5,000,000 in new and unissued Federal Reserve notes of the denominations chiefly required by the banks of the district and to request shipments from the reserve supply held by the Treasury Department in Washington to offset the amounts issued from time to time.

The notes so held by the Federal Reserve agent, together with all gold and collateral standing against notes issued to the Federal Reserve Bank are carried in a special vault compartment, separate and distinct from the vault accommodations of the bank. Methods for handling and protecting such funds have been the subject of special study and investigation and are believed to afford the fullest possible degree of protection. The board of directors on May 7 authorized the adoption of a system of joint control as suggested by the Federal Reserve Board and authorized designated officers of the bank to join with the Federal Reserve agent or his representative in joint receipt for incoming shipments of Federal Reserve notes.

It is worthy of note that notwithstanding the heavy demands made upon the Bureau of Engraving and Printing in Washington by the Government bond issues, it was able to supply this and other Federal Reserve Banks during the year with the largely increased volume of Federal Reserve notes required. As a consequence of some relief from the serious situation caused during the early part of the war by a lack of proper dyestuffs from which to manufacture the ink used in note printing, Federal Reserve notes shipped during the last half of the year show little difference in the quality of printing from those issued prior to the outbreak of the war.

CHECK CLEARING AND COLLECTION.

The volume of business handled by the transit department has shown a steady and substantial increase during the past year. The

average daily number of items handled during January, 1917, was 13,500, while at the present time the average number of checks handled each day is about 17,000, aside from the checks handled on Minneapolis and St. Paul banks through the Twin City clearing house.

In order to facilitate the transferring of funds at the least expense, arrangements have been made to enable a member bank to draw Federal Reserve exchange and transfer drafts upon the Federal Reserve Bank of Minneapolis under restrictions and regulations as outlined by the Federal Reserve Board, and the drafts thus drawn will be received at par, without the making of time deduction, by other Federal Reserve Banks. The Federal Reserve exchange drafts are drawn for amounts not in excess of \$250, and are receivable for immediate availability at par, at any other Federal Reserve Bank, but actually payable only at the Federal Reserve Bank of Minneapolis. The Federal Reserve transfer drafts are drawn upon the Federal Reserve Bank of Minneapolis, only for amounts in excess of \$250, and are made payable at one other Federal Reserve Bank designated in the draft. The use of these drafts has given satisfaction where tried, although the number of banks that have taken advantage of the facilities offered by this plan has been rather limited.

Several of the nonmember banks, in order to enjoy the privileges of the collection system, have opened accounts upon the books of the Federal Reserve Bank in accordance with the ruling of the Federal Reserve Board that items deposited by such banks might be collected with the same cost for handling as that made to member banks, when satisfactory arrangements for so doing were made with the Federal Reserve Bank.

Owing to agitation which developed, due to opposition to the operation of the collection system of the Federal Reserve Banks, there was a slight reduction about the middle of the year in the number of banks on our par list. After amendments to the Federal Reserve Act were adopted, the effect was noticeable and a number of banks have since been added to the par list. At the beginning of the year there were 1,758 banks on the par list, while at the present time the names of 1,817 banks appear on this list, out of a total of 3,647 banks in the district. During the month of November, 1917, there were 16 banks added to the par list.

Aside from the regular duties of the department was the inclosing and mailing out of most of the circulars and forms sent to banks in this district for use during the Liberty loan campaign.

The figures for the Twin City clearing house (Minneapolis and St. Paul banks) show an unusually large increase in the amounts

handled during the past year, as the totals for the last few months in the year were practically double those of the first few months. The operations of the Twin City clearing house, by months, for the year 1917 were as follows:

January	\$93,682,564.00	July	\$104,586,009.60
February	68,039,310.10	August	101,855,635.42
March	96,267,099.14	September	125,385,293.02
April	96,050,773.02	October	170,544,464.42
May	116,374,189.67	November	181,307,927.75
June	109,978,634.37	December	151,454,015.61

The operations of the transit department showing the total clearings and collections for the year, by months, were as follows:

Clearing statistics, 1917.

Month.	Clearings.			Member and nonmember.		
	Average number daily.	Average amount daily.	Average amount per item.	Average number daily.	Average amount daily.	Average amount per item.
January.....	2,277	\$1,055,674.42	\$463.68	10,271	\$797,546.28	\$77.65
February.....	2,132	923,595.89	433.06	9,632	692,356.01	71.88
March.....	2,096	1,030,634.27	491.61	9,997	814,492.07	81.47
April.....	2,299	1,189,088.50	517.22	11,357	904,171.74	79.60
May.....	2,183	1,238,001.13	567.10	10,741	888,173.29	82.68
June.....	2,304	1,483,926.76	644.16	11,030	901,176.33	81.70
July.....	2,174	1,335,922.68	614.45	10,278	905,960.69	88.14
August.....	2,081	1,295,372.21	622.30	9,589	833,410.72	86.91
September.....	2,269	1,561,717.41	688.02	11,478	1,045,212.09	91.07
October.....	2,477	2,221,694.15	896.68	12,850	1,304,109.42	101.48
November.....	2,688	2,771,744.42	1,030.18	13,449	1,440,211.56	107.07
December.....	2,654	1,789,968.28	674.25	13,680	913,243.00	66.73

Month.	Other reserve banks.			Service charge, out of town checks (1½ cents) = cost per \$1,000.	Average number of remittance letters sent out daily.	Clearings.	
	Average number daily.	Average amount daily.	Average amount per item.			Number.	Amount.
January.....	692	\$616,371.88	\$890.16	11.6	1,073	59,220	\$27,459,590.77
February.....	597	594,398.22	996.17	11.9	1,080	46,919	20,319,109.75
March.....	558	658,076.86	1,178.17	10.7	1,095	56,604	27,827,125.54
April.....	617	573,866.79	929.59	12.1	1,115	55,176	28,538,124.10
May.....	623	1,020,155.22	1,637.77	8.9	1,128	56,769	32,193,762.42
June.....	680	1,367,574.73	2,011.13	7.7	1,126	59,866	38,582,095.96
July.....	656	791,371.43	1,205.40	9.6	1,120	54,354	33,398,067.11
August.....	655	833,429.80	1,272.97	9.1	1,147	56,203	34,975,049.68
September.....	749	1,779,613.06	1,940.80	10.2	1,164	54,477	37,481,217.99
October.....	847	1,827,319.26	2,153.06	6.5	1,159	66,886	59,985,742.21
November.....	907	1,932,426.19	2,128.69	10.0	1,152	67,171	69,293,610.53
December.....	953	1,593,328.07	1,670.78	8.4	1,173	66,368	44,749,207.07
Total.....						700,043	454,802,703.13

Clearing statistics, 1917—Continued.

Month.	Member and nonmember.		Other reserve banks.		Direct to members of other districts.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	267,046	\$20,736,203.47	17,643	\$14,782,932.49	360	\$1,242,756.60
February.....	211,899	15,231,832.75	12,908	12,014,622.81	219	1,062,138.07
March.....	269,928	21,991,286.01	14,828	16,371,023.78	253	1,397,051.51
April.....	272,581	21,700,121.91	14,639	12,570,216.83	180	1,205,346.13
May.....	279,279	23,093,221.16	15,942	24,904,767.01	269	1,645,268.76
June.....	286,782	23,430,584.76	17,445	33,867,330.03	235	1,689,612.99
July.....	256,961	22,649,017.34	16,209	18,289,683.61	204	1,494,602.27
August.....	258,507	22,502,089.57	17,443	20,834,158.54	252	1,678,439.18
September.....	275,479	25,081,132.95	17,783	33,634,721.38	205	1,276,580.91
October.....	346,971	35,210,954.55	22,557	47,308,311.92	305	2,029,308.21
November.....	336,249	36,005,289.02	22,407	46,016,427.48	288	2,294,227.50
December.....	342,113	22,831,075.02	23,841	39,833,201.82	253	1,968,051.40
Total.....	3,404,195	290,462,808.51	213,645	320,427,397.70	3,023	18,983,383.53

OPERATIONS AS FISCAL AGENTS.

Under the authority of section 15 of the Federal Reserve Act, providing that Federal Reserve Banks shall, under direction of the Secretary of the Treasury, act as fiscal agents of the United States Government, a large volume of new work was added to the ordinary operations of the Federal Reserve Bank of Minneapolis during the year. Of this, the responsibilities in connection with the first and second Liberty loans hereinafter referred to, were of especial importance, but in addition thereto there was a rapid expansion along other lines, and the bank was called upon to serve the Government in many new and untried ways. Among the most interesting operations of the year was the handling in the ninth Federal Reserve district of 13 successive issues of United States Treasury certificates of indebtedness, under allotments made by the Secretary of the Treasury. The widespread distribution of these certificates is shown in the following table giving the date of issue, classification, number of subscribers, and allotments in each class.

United States certificates of indebtedness issued during the year 1917.

Date of issue.	Allotment \$25,000 and less.	Number of subscribers.	Allotment \$25,000 to \$50,000.	Number of subscribers.	Allotment \$50,000 to \$100,000.	Number of subscribers.	Allotment \$100,000 to \$250,000.	Number of subscribers.
Mar. 31.....								
Apr. 25.....	\$250,000	39	\$250,000	10	\$350,000	7	\$900,000	8
Apr. 27.....			50,000	2	50,000	1	400,000	1
May 10.....	1,059,000	137	525,000	20	661,000	12	1,115,000	9
May 25.....	460,000	69	240,000	8	350,000	7	100,000	1
June 8.....	533,000	65	495,000	17	572,000	10	675,000	5
Aug. 9.....	306,000	39	80,000	3	150,000	3	814,000	7
Aug. 28.....	170,000	18	125,000	5	185,000	3	300,000	3
Sept. 17.....	175,000	26	150,000	6	225,000	4	300,000	2
Sept. 26.....	1,099,000	140	703,000	26	1,040,000	20	1,453,000	14
Oct. 18.....	1,601,000	205	1,105,000	38	1,175,000	22	1,960,000	16
Oct. 24.....	840,000	92	500,000	17	640,000	11	840,000	7
Nov. 30.....	198,000	27	190,000	7	180,000	3		
Total.....	6,691,000	857	4,413,000	159	5,578,000	103	8,857,000	73

United States certificates of indebtedness issued during the year 1917—Contd.

Date of issue.	Allotment \$250,000 to \$500,000.	Number of sub- scribers.	Allotment \$500,000 to \$1,000,000.	Number of sub- scribers.	Total allot- ments.	Number of sub- scribers.
Mar. 31.....			\$2,000,000	1	\$2,000,000	1
Apr. 25.....	\$250,000	1			2,000,000	65
Apr. 27.....					500,000	4
May 10.....	1,140,000	4			4,500,000	182
May 25.....	250,000	1	1,000,000	2	2,400,000	83
June 8.....	725,000	2	2,200,000	3	5,200,000	102
Aug. 9.....	1,550,000	4	800,000	1	3,700,000	57
Aug. 28.....	650,000	2	595,000	1	2,025,000	32
Sept. 17.....	650,000	2	500,000	1	2,000,000	41
Sept. 26.....	705,000	2	2,000,000	3	7,000,000	205
Oct. 18.....	250,000	1	3,450,000	4	9,541,000	286
Oct. 24.....	1,385,000	4	1,000,000	2	5,205,000	133
Nov. 30.....	425,000	1	750,000	1	1,743,000	39
Total.....	7,980,000	24	14,295,000	19	47,814,000	1,235

FIRST LIBERTY LOAN.

In common with other Federal Reserve Banks, the placing of 3½ per cent bonds of the first Liberty loan presented to the Federal Reserve Bank of Minneapolis many new problems and necessitated the immediate creation of an organization and facilities for bringing the necessities of the Government generally to the attention of the people, and providing for the sale and distribution of bonds over a very wide extent of territory and to an army of individual buyers. Under the general direction of the chairman and Federal Reserve agent, such an organization was created, and a vigorous campaign was conducted in which the central committee received the hearty support of the member and State banks of the district, of the press, and of many business men who voluntarily gave up their own affairs to participate in committee work in their own cities and localities. The results of the first Liberty loan are shown in the following table:

	Subscriptions.
Northern Michigan.....	\$6,275,150
Minnesota.....	34,148,400
Montana.....	16,000,500
North Dakota.....	3,529,850
South Dakota.....	3,922,150
Wisconsin.....	3,904,400
Total.....	\$67,780,450

SECOND LIBERTY LOAN.

Upon the basis of the experience gained in the first Liberty loan campaign, the organization and headquarters staff for the sale of 4 per cent bonds of the second Liberty loan issue was greatly expanded and improved. Under a resolution of the board of directors, a general executive committee was created, composed of a general chairman for the district and chairmen of State organizations in Montana, North Dakota, South Dakota, Wisconsin, and Michigan,

with representatives from the cities of St. Paul, Minneapolis, and Duluth. The board of directors named on the general executive committee the Federal Reserve agent and governor as representatives of the Federal Reserve Bank.

The work in the State of Minnesota was handled from general headquarters in Minneapolis. Immediately following the creation of the general committee, the chairman and several of its members visited Washington and participated in a conference at the Treasury Department, in which the work of the Liberty loan organizations throughout the country was discussed. Under the supervision so provided, the organizations in the States were strengthened and perfected, and much attention was given to the creation, in the 300 counties of the district, of local county organizations under the direction of the respective State chairmen. This was found necessary in view of the difficult problem of selling bonds in the purely agricultural sections, where the work necessitated visits by committeemen from farm to farm and personal interviews with farmers.

Great credit is due the general executive committee, to the heads of the State organizations, to the chairmen of the county organizations, and to the very large number of business men, professional men, bankers, and others who worked untiringly for the success of the loan. Without the hearty cooperation of every member of the large organization that was formed, the excellent results which are shown in the following tabulation could not have been obtained:

Amount subscribed and number of subscribers to second liberty loan of 1917.

	\$50 to \$10,000.	Number of sub- scribers.	\$10,050 to \$50,000.	Number of sub- scribers.	\$50,050 to \$100,000.	Number of sub- scribers.
Michigan (northern peninsula) ..	\$5,383,700	30,657	\$1,175,550	48	\$1,156,250	15
Minnesota ..	45,705,800	324,201	11,880,200	427	7,542,550	141
Montana ..	11,134,350	70,254	2,731,100	101	1,142,650	16
North Dakota ..	9,059,500	66,242	436,800	16	175,000	2
South Dakota ..	11,823,150	86,079	783,850	40	68,000	1
Wisconsin (northern one-third) ..	6,394,100	43,378	1,429,550	58	200,000	2
Total ..	89,471,600	620,811	18,437,050	690	10,284,450	177

	\$100,050 to \$200,000.	Number of sub- scribers.	Over \$200,000.	Number of sub- scribers.	Total sub- scribed.	Total sub- scribers.
Michigan (northern peninsula) ..	\$1,280,000	10	\$500,000	1	\$9,495,500	30,731
Minnesota ..	6,147,450	41	8,515,000	20	79,792,000	324,830
Montana ..	1,049,700	7	3,694,100	5	19,751,900	70,383
North Dakota ..	200,000	3	430,000	.....	10,301,300	66,263
South Dakota ..	.....	.....	250,000	1	12,925,000	86,121
Wisconsin (northern one-third) ..	653,300	4	.....	.....	8,666,950	43,442
Total ..	9,330,450	65	13,389,100	27	140,932,650	621,770

During the first Liberty loan campaign the problem of reaching the scattered population in districts that were wholly agricultural was very hard to solve. There was a noticeable lack of information

among the farmers upon the position of the United States in the war and the problems created by the entrance of this country into the conflict. This obstacle was to some extent overcome during the period between the first and second Liberty loan campaigns. In the second Liberty loan campaign the results in the farming districts were much more satisfactory and the agricultural population in all of the States of the ninth district responded heartily and in a highly patriotic manner. The first campaign demonstrated that it is practically impossible to sell bonds in farming districts without intensive organization providing for the careful canvass of each county and township, and for personal solicitation from farm to farm.

In the second Liberty loan campaign the success of this method of reaching the farmers was clearly proven by the fact that only 859 bond buyers out of a total of 621,770 purchasers bought bonds in denominations larger than \$10,000. The great bulk of all the bond sales was in small-denomination bonds and the response of the agricultural portions of the district, as shown by the returns from the various counties, indicated that the farmers in all parts of the district had purchased freely.

Upon the basis of population Liberty bonds were sold to a fraction more than 14 per cent of the population of the ninth Federal Reserve district, as compared with a general average for the United States as a whole of 9.4 per cent. Liberty bonds of the second issue found their way into 70 per cent of all the families in the ninth Federal Reserve district. An especially interesting feature of the second campaign was the very wide distribution of either bonds or participating certificates to the school children at some of the more important centers. In Minneapolis every child out of 65,000 of the school population was the purchaser of a bond or participating share in a bond. There was a noticeably satisfactory sale of the smaller-denomination bonds to laboring men and wage earners in the larger cities, and the response of the employees of concerns maintaining large forces was very encouraging.

CHANGES IN STAFF.

The very rapid growth in the volume of business handled by the bank necessitated numerous changes in the staff during the year, and also the expansion of the clerical forces in the various departments. Pursuant to the action of the board of directors, Mr. Frank C. Dunlop, auditor, was made assistant cashier on January 8. Mr. Howard H. Hall, paying teller, was made auditor. Upon the same date, Mr. J. R. Mitchell, president of the Capital National Bank, St. Paul, was elected by the board of directors to represent this bank upon the advisory council for the year 1917. Upon February 5 the directors designated Mr. C. T. Jaffray as acting governor in the absence of the governor of the bank. On August 6 Mr. Gray Warren,

manager of the transit department, was made assistant cashier, and Mr. H. C. Core was made manager of the transit department. On October 19 Mr. R. A. Young, of Houghton, Mich., was appointed as assistant to the governor, and upon October 31 Mr. C. L. Mosher was appointed by the Federal Reserve Board as assistant Federal Reserve agent.

BOARD OF DIRECTORS.

The policies previously laid down by the officers and the board of directors have been pursued practically unchanged throughout the year, except as the expanding business of the bank, the creation of new departments to handle the largely increased amount of Government business and considerable additions to the staff, have made minor alterations necessary. The sessions of the board of directors throughout the year were well attended, and the affairs of the bank and its progress were considered in detail. The members of the board individually pursued the policy of making occasional visits between directors' meetings to personally familiarize themselves with the operations of the various departments, and the progress of the work of the bank. Sessions of the board were marked by complete harmony and by a praiseworthy spirit of cooperation.

Pursuant to law, elections were held in November, in consequence of the expiration of the terms of Mr. Norman B. Holter and Hon. L. B. Hanna, who were reelected by the member banks authorized to vote, to serve for terms of three years each from December 31, 1917.

STAFF AND CLERICAL FORCE.

There is displayed in the lobby of the bank a roll of honor, bearing the names of the following, who have answered the call of their Government, and have volunteered for service, or who are abroad with the Canadian forces: C. L. G. Blix, Lyndon A. Tonseca, Levi C. Jackson, Garrett T. Mandeville, Kenneth Lyford, Stephen P. Podany, David A. Rossman, James C. Smith, Leonard A. Robertson, and Harold A. Wright.

RESULTS OF THE YEAR'S OPERATIONS.

The satisfactory results of the year's operations are shown in the following table, giving comparative gross earnings by months for 1916 and 1917.

Gross earnings by months.

	1917	1916		1917	1916
January.....	\$32, 120. 87	\$11, 471. 21	August.....	\$60, 826. 02	\$25, 074. 83
February.....	31, 310. 36	10, 909. 70	September.....	70, 234. 08	27, 170. 94
March.....	31, 094. 02	11, 724. 58	October.....	58, 688. 36	30, 212. 02
April.....	34, 081. 81	12, 480. 69	November.....	83, 835. 51	28, 660. 58
May.....	43, 184. 05	15, 782. 63	December.....	93, 589. 13	27, 116. 39
June.....	39, 952. 37	17, 154. 86			
July.....	49, 421. 86	20, 350. 25	Total.....	628, 338. 44	238, 108. 68

The condition of the bank is shown in detail in the following comparative statement as of December 31, 1915, 1916, and 1917:

	Dec. 31, 1917.	Dec. 31, 1916.	Dec. 31, 1915.
RESOURCES.			
Bills discounted and collateral loans to members.....	\$8,082,327.78	\$1,985,182.75	\$1,244,615.71
Bankers' acceptances.....	7,166,677.76	6,199,999.55	477,806.40
Rediscouts for other Federal Reserve Banks.....	4,988,121.23		
United States securities.....	3,228,490.00	3,178,687.85	1,328,820.00
Municipal warrants.....	25,380.00	569,664.72	910,513.28
Accrued interest on United States securities.....	17,841.63	15,607.73	6,473.42
Furniture and equipment (including vault and safes).....	29,501.00	59,274.19	54,159.64
Organization expenses.....			32,341.71
Cost of Federal Reserve notes, unissued.....	12,915.48	16,295.18	19,932.85
Expenses paid in advance.....	2,127.12	1,250.00	
Disbursements for Treasury Department (to be reimbursed).....	54,126.89		
Due from other Federal Reserve Banks.....	13,247,610.72	3,598,997.07	4,390,694.20
Due from banks and bankers, also deferred debits to member banks.....	4,403,830.21	3,449,929.61	
National-bank notes and Federal Reserve notes, other banks.....	169,361.00	18,800.00	8,945.00
Federal Reserve notes on hand.....	1,420,865.00	2,374,585.00	868,390.00
Mutilated Federal Reserve notes, forwarded for redemption.....	171,000.00		
Other lawful money.....	413,165.61	179,552.47	21,416.95
Gold certificates and gold coin.....	15,837,955.00	8,775,637.00	2,747,298.00
Gold held with foreign agency.....	2,100,000.00		
Gold in settlement fund.....	19,486,500.00	7,064,000.00	4,355,000.00
Gold with Federal Reserve agent.....	32,909,950.00	20,484,045.00	14,000,000.00
Total.....	113,767,746.43	57,971,508.12	30,466,407.16
LIABILITIES.			
Capital.....	2,620,150.00	2,609,700.00	2,546,850.00
Profit and loss.....	75,157.13	44,541.27	
Discount and interest unearned.....	94,280.60	36,274.45	18,963.25
Discount and premium on United States bonds.....	20,682.39	22,534.74	7,069.14
Withheld for Federal income tax.....		176.25	
Reserved for abrasion on gold.....	6,500.00		
Government deposits.....	8,716,529.47	886,437.51	
Cashier's checks.....	31,488.47	5,680.45	1,822.20
Due to other Federal Reserve Banks.....	10,524,486.54	4,347,156.58	26,340.33
Due to member banks.....	40,603,711.83	29,534,961.87	13,865,362.24
Due to nonmember banks.....	68,810.00		
Federal Reserve notes outstanding.....	51,005,950.00	20,484,045.00	14,000,000.00
Total.....	113,767,746.43	57,971,508.12	30,466,407.16

PROFIT AND LOSS ACCOUNT, DEC. 31, 1917.

Balance in account, Jan. 1, 1917.....		\$44,541.27
Gross earnings, Jan. 1, 1917, to Dec. 31, 1917.....	\$628,338.44	
Less:		
Assessment for expenses Federal Reserve Board.....	\$10,196.14	
Cost of Federal Reserve notes issued during year and redemption expense.....	43,735.82	
Operating expenses.....	114,904.96	
	168,836.92	
Excess of earnings over current expenses.....		459,501.52
Total.....		504,042.79
Less the following items charged off:		
Reduction of furniture and equipment.....	\$41,364.25	
Reduction of bonds to market value.....	15,000.00	
Reserved for abrasion on gold.....	6,500.00	
Dividends for period July 1, 1915, to Dec. 31, 1917.....	366,021.41	
		428,885.66
Balance carried forward.....		75,157.13

DISTRICT NO. 10—KANSAS CITY.

CHARLES M. SAWYER, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

It will be recalled that the operations of the Federal Reserve Bank of Kansas City during the year 1916 were confined largely to open-market transactions due to the lack of demand from member banks for rediscount privileges. As compared with the experience of the year 1916 and previous years, the investments of the Federal Reserve Bank, acquired during the year 1917, have been largely made up of paper discounted for member banks in the district; and open-market transactions have been practically discontinued during recent months. This changed condition is due to seasonal needs, shifting balances in the flotation of Liberty loans, the development of a closer relation with the member banks, and a better appreciation of the discount facilities afforded them. In general the proportion of demand to supply of funds has been more pronounced than in the year 1916.

The net earnings for the year 1917 have been approximately 20 per cent of the paid-in capital. Within the year, dividends to stockholding members have been paid to June 30, 1916, and out of the cumulative earnings there have been declared dividends to June 30, 1917, inclusive, payable December 31, 1917. After disposing of asset accounts, covering premium on United States bonds and furniture and equipment, there will remain, to cover any depreciation and for further disposition, a substantial sum of undistributed earnings.

Schedules AA and A, made a part of this report, will show an account of earnings and expenses, and an analysis of the income—profit and loss account for the year 1917, as compared with previous years. While the comparative figures exhibit a healthy increase in the earning capacity of the bank, operating expenses for the year have increased approximately but 15 per cent.

There is provided in Schedule B a comparative detailed statement at the close of the year 1917, as well as comparative figures for the two previous years, which reflect the development of the institution within the past year. Noticeable, is the increase in member banks' discount transactions and the augmented volume of reserve balances. The increased reserves are due not only to the amended reserve requirements, effective during the year, but to the greater volume of deposits held by member banks.

Schedule B will also show the decreased holding of gold coin and gold certificates in vault. This is due to the shipment thereof for concentration purposes to the subtreasury for credit of the Federal Reserve Bank in the gold settlement fund. The amendment to the Federal Reserve Act relieving member banks from holding gold coin or certificates as a part of their reserve makes it unnecessary for the Federal Reserve Bank to accumulate such classes of money on hand in vault.

The policy of aiding the concentration of gold has been persistently followed during the entire year by three progressive steps as follows, the Federal Reserve Bank first absorbed transportation charges on coin and certificates when shipped by member banks; later continued this service extending the same to nonmember banks and agreeing to ship in exchange Federal Reserve notes at the expense of the Federal Reserve Bank; and, lastly, for a short period of time, absorbed the abrasion on gold coin shipments. The result of this policy has brought into the system not less than \$18,000,000 gold.

INVESTMENT OPERATIONS.

In contrast with the experience in 1916, the larger volume of discounts for the present year has been received from the member banks located in reserve cities rather than from points outside, although the class of paper offered either for rediscount or as collateral to member bank notes, continues to consist largely of agricultural and live-stock loans. The industrial and commercial paper materially increased, and gradually the trade acceptance is being offered more frequently.

The member bank 15-day collateral notes have been popular, and these were held, at periods, in larger quantity than other paper when banks sought temporary relief to care for shifting balances or meet immediate needs. This class of paper has been freely used by member banks seeking short advances on Government securities, and yet 15-day collateral notes, otherwise secured, have been three times as large in volume as the same class of paper secured by Government bonds, certificates, or notes.

The steady increase in rediscounts of member banks from January to the end of the year is noticeable in Schedule C of this report, in which a record of rediscounts, maturities, volume of business and the nature of the paper is exhibited in detail.

During the early part of the year a considerable amount was kept invested in bankers' acceptances through the Federal Reserve Banks of New York and Boston, but in August it became apparent that the bank would have a greatly increased demand from its member banks, and these purchases were temporarily discontinued. While the development of the trade acceptance as a credit instrument is still slow

in this district, increased interest in this manner of handling trade credits is evidenced by frequent inquiries from wholesale and manufacturing institutions, and requests of the officers of the bank to address meetings or enter into correspondence with commercial concerns on the subject.

Discount rates within the year have advanced slightly on some classes of paper, although, generally speaking, they have been stable. Schedules D and E of this report cover in detail the open-market transactions. There has been but little change in the bank's holdings of Government securities during the year, a detailed record of which is shown in Schedule F.

A recapitulation of investment transactions for ready review is furnished in Schedule G.

The reserve position of the bank has continued strong throughout the year, notwithstanding the increased demand, and a detailed record thereof, by months, is reflected by Schedule H.

A new source of revenue was provided by the discount for member banks, offering of miscellaneous bank-draft exchange in limited quantity. Within the past few weeks there have been purchased daily sums from \$1,000,000 to approximately \$4,000,000, with an average outstanding of from \$3,000,000 to \$8,000,000 of this class of offering. The average revenue has been about \$500 per day. These offerings have consisted wholly of drafts on banks located at points outside of Federal Reserve cities (where the exchange quotations of the bank obtain), such drafts having been in sums of \$1,000 or more. Such transactions have been under the absolute daily control of the Federal Reserve Bank.

MEMBER BANKS.

The movement of member banks within the district is fully exhibited by Schedule I of this report. It will be observed that there is a net increase in the number of member banks in district No. 10. Of these six consist of State bank and trust company members added within the year, as follows: Colorado: International Trust Co., Denver. Kansas: Fairview State Bank, Fairview; Morrill & Janes Bank, Hiawatha; Southwest State Bank, Wichita. Missouri: Commerce Trust Co., Kansas City. Nebraska: Pender State Bank, Pender.

There have been no changes in the membership in 1917 by reason of transfers to or from other districts, and it is gratifying to report that there have been no failures of member banks.

Relations continue cordial between the officers and directors of the bank and those who have controlled the member banks.

Schedule J is a record of the net reserve deposits by months. Notwithstanding the penalties, deficient reserves continue to aggregate

a considerable amount each month. By far the larger number of banks have fully acquainted themselves with this provision, the necessity therefor, and the accounting method used in ascertaining reserve balances. They have prided themselves upon keeping with the Federal Reserve Bank collected and available funds equal to or in excess of the reserve requirement at all times. The month of January, 1917, was the first month the penalties were actually applied, and 12 per cent of the member banks were deficient. Prior to the amendment of the reserve requirement, effective for practical purposes on July 16, 1917, this had decreased to 4 per cent. The amended reserve requirements and new method of computing reserves were confusing to a number of the banks, and for the last half of July, 16 per cent thereof were deficient. Since the balance of the year has not shown a decided increase in this percentage, but an increase in the total of penalties, the directors of this bank adopted for next year a progressive charge, increasing at the rate of $\frac{1}{2}$ per cent for each succeeding offense within the year. Because of misunderstandings in the reporting of deposits subject to reserve requirement, and occasional errors, a rebate of all or a portion of penalties charged has been made to various banks, after the facts were developed with certainty that the reserve balance was ample within the period.

While the member banks maintain full reserve balances in most instances, but few have made use of the Federal Reserve Bank as a correspondent to the extent of drawing drafts against balances and reimbursing the same by daily remittances. The drafts drawn are usually for transfer purposes.

A complete file of reports of examination of member banks is maintained in the credit department, and each report, as received from the chief national bank examiner, is briefed for the ready information of those officials to whom this privilege is authorized by the Comptroller of the Currency. In addition thereto reports of earnings and dividends, by request of the comptroller, are furnished by all members semiannually and add to the facilities of discount operations. Copies of all reports of condition on call of the comptroller are also received and filed after complete statistics are compiled therefrom. In all States in which there are member State banks or trust companies, the directors of this bank have found examinations made by State authorities acceptable, thus avoiding a duplication of examinations.

STATE BANKS AND TRUST COMPANIES.

A recent tabulation of the eligible State banks and trust companies in this district indicates that the number is about 760, with an aggregate capital and surplus in excess of \$50,000,000. If it were possible

to secure this additional membership, the present paid-in capital of the Federal Reserve Bank of Kansas City would be increased about 50 per cent, and it is believed reserves would be increased in about that proportion. By far the greater number of eligible State banks and trust companies are located in Nebraska, and the establishment of a branch at Omaha, with its growing activities, has brought about a lively interest in the question of membership of those banks. In fact, following the recent appeal of the President, inquiries have been numerous from all parts of the district, and while but six State bank members have been added during the year to the three which had previously joined, careful investigation is being given to the subject and several applications are expected. Practically all questions respecting the legal right of State banks to invest in the stock of the Federal Reserve Bank have been disposed of either by special acts or opinions of State counsel. Counsel for this bank long since rendered the opinion that there were no laws in any of the States of the district which either by express terms or necessary implication precluded State banks from becoming members. Every inquiry received in connection with this matter has been promptly replied to and the inquiring bank furnished with such literature as was available, with an invitation to submit any special questions that might occur, and correspondence is being carefully followed up.

Many State banks with a capital equal to or greater than those of national banks located at the same points can not now become members of the system, because of the growth of their communities since the organization of the bank, and are urging a change in the law which now requires them to increase their capital to become eligible for membership while national banks in the same locations are not required to do so.

The large number of ineligible State banks in this district is made obvious from the fact that out of a total of nearly 3,000 State banks and trust companies but 760 are eligible under the law.

PUBLIC RELATIONS.

There has been a marked improvement during the year in the attitude of the public generally, and particularly of the officers of banks, toward the Federal Reserve system. From the time the bank was established to the time of the declaration of war there had been such a redundancy of funds that many bankers and a considerable part of the public did not appreciate the extent to which the Federal Reserve system contributed to the stability of business, and there was an inclination to criticize. Now, those who were the strongest objectors are in many cases the most ardent supporters. It is difficult to find anyone who does not freely acknowledge the

great service rendered to all business interests and to the Government.

There have been but few group meetings of bankers and conventions of State bankers' organizations that have not been attended and addressed by some officer of this bank, and the relations between this bank and the bankers of the district are becoming more and more cordial.

Our monthly reports of general business conditions have furnished reliable information to banks and newspapers throughout the district.

The volume of business covered by the operations of the bank as fiscal agent of the Government will be found in Schedule K. This shows a great increase over the preceding year as the result of war activities.

FIRST LIBERTY LOAN.

The designation by the Secretary of the Treasury of Federal Reserve Banks as agencies to receive applications and perform the office of fiscal agents, and the issuance by the Secretary of the official prospectus under date of May 14, pursuant to the act of Congress approved April 24, came only a short time prior to the launching of the campaign for the first Liberty loan.

An executive committee, consisting of the officers of the Federal Reserve Bank of Kansas City and a number of prominent commercial and investment bankers, was promptly appointed, established headquarters and proceeded with the organization of the publicity and distribution work. The publicity division worked in cooperation with the director of publicity in Washington and endeavored to keep the entire district advised of the progress of the campaign and suggested ideas. This division also distributed posters and other display matter received from the Treasury Department. The distribution division worked through the 4,000 commercial banks of this district, and the local organizations for campaign purposes were left in the hands of the bankers. It can be said to the credit of the bankers in the district that they gave unsparingly of their time and energies and met with success, despite the fact that district No. 10 is not an investment territory and the proposition was new to the bankers on whom devolved the responsibility for educating the public. It must also be borne in mind that conditions here vary from those in the East in that the wealth is invested and is not surplus.

The quota allotted to district No. 10 was \$100,000,000, based on a total issue of \$2,000,000,000; the quota for the second loan was determined, on an aggregate issue of \$3,000,000,000, at \$120,000,000.

Against this quota subscriptions in the district from approximately 239,000 subscribers aggregated \$93,866,650.

SECOND LIBERTY LOAN.

Submitted herewith is a chart which at a glance gives a comprehensive idea of the plan of organization for the second Liberty loan for the entire district.

That part of the district comprising the States of Kansas, Missouri, and Oklahoma (portions of States within district) was handled through the headquarters office at Kansas City. The chairman for each State working from the headquarters office appointed various district chairmen throughout the State along congressional district lines, and those district chairmen appointed chairmen for the various counties in their respective districts. The county chairmen had entire charge of the organization in their respective counties. The States of Nebraska and Wyoming, comprising territory assigned to the branch of the Federal Reserve Bank located at Omaha, was handled on a similar organization plan by the branch bank. This is also true for the States of Colorado and New Mexico, comprising territory allotted to the contemplated branch at Denver.

Acknowledgment is due the State organizations under the American Bankers' Association, various State banking associations, Council of National Defense, 4-Minute Men Speakers' Association, and the women's organizations, for their splendid assistance throughout the campaign. In the second campaign, as in the first, the success is attributable to the zeal with which the bankers cooperated, as through their efforts assistance of workers was obtained representing all vocations and commercial, industrial, and agricultural activities.

A large portion of the territory in district No. 10 is rural, and it was found much easier to conduct successful campaigns in the cities than to reach the rural communities. While some of the rural communities made a good showing, as a general proposition the fullest possibilities were not realized. It is gratifying to observe, however, that the rural communities are undergoing a change of sentiment and becoming awake to the necessity of their fullest cooperation, so that we anticipate much better results in the succeeding campaigns.

The quota of the second Liberty loan allotted to district No. 10 was \$120,000,000 and subscriptions were obtained from approximately 472,000 subscribers, aggregating \$150,125,750. The expense of the campaign was held well within the percentage allowable for a selling effort of this magnitude and strict economy was practiced in every department.

The total allotment of bonds to subscribers to the first and second Liberty loans in this district was \$200,000,000. The banks are carrying only a comparatively small amount as owners. The bonds have

been absorbed by the general public and during the operation, bank deposits have increased, commercial needs have been supplied with funds at reasonable rates of interest and business has continued to improve in a normal way.

The district organizations are being maintained intact, so that the subject of war financing may be kept continuously fresh in the minds of the public, and ready on short notice to enter upon another selling campaign with the maximum of efficiency.

SUBSCRIPTIONS, ALLOTMENTS, AND DISTRIBUTION.

The following table shows subscriptions and allotments for the first and second Liberty loans and distribution of allotments between member and nonmember banks.

	Subscriptions.	Allotments.	Distribution.	
			Member banks.	Nonmember banks.
First Liberty loan.....	\$93,866,650	\$65,774,300	\$43,503,000	\$22,271,300
Second Liberty loan.....	150,125,750	136,630,000	89,990,450	46,639,550

The number of subscribers previously referred to (239,000 for the first Liberty loan; 472,000, second Liberty loan) shows the wide distribution among individuals and corporations, although figures are not available for classifying the distribution.

EXPENDITURES.

The expenditures in detail are given in the table below, separated as to the first and second loans.

	First Liberty loan.	Second Liberty loan.
Salaries—clerical force, special officers, and watchmen.....	\$8,850.18	\$24,156.22
Expressage.....	55.38	81.19
Postage.....	5,452.71	2,570.80
Printing and stationery.....	5,110.62	5,036.54
Light, heat, and power.....	18.45	108.45
Rent.....	550.00	329.85
Insurance and premium on bonds.....	1,404.73	15.81
Publicity department.....	17,933.46	25,896.34
Traveling expenses.....	243.35	332.94
Telephone and telegraph.....	1,088.28	1,789.53
Repairs and alterations.....	371.71	635.50
Furniture and equipment.....	2,728.85	2,780.20
War savings department.....		2,296.24
All other expenses.....	878.13	
Total.....	44,685.85	66,035.61

Of the amounts shown in the above total, \$27,722.14 of reimbursements have been made by the Treasury Department. Reimburse-

ment is retarded by the necessity of preparing detailed vouchers for the Treasury Department and the slowness with which the committee chairmen throughout the district file vouchers with the Federal Reserve Bank.

In considering the expenditures, it will be borne in mind that there is a continuous expense in the maintenance of the fiscal agency department which takes care of the accounting and distribution in all matters appertaining to the fiscal agency function. This department is divided in subdepartments, which, in general, may be stated as follows: Executive, audit, accounting general, delivery, exchange and conversion, depository and securities, war savings, and Government teller. The total number of employees engaged at the time of this report is 80, with a pay roll of approximately \$7,500 per month.

TREASURY CERTIFICATES OF INDEBTEDNESS.

The sale of Treasury certificates met with good success in the district. Practically all sales were made direct to banks, which used them in making payments on bond subscriptions. Ease was thus assured and any material disturbance in banking circles and conditions on the various payment dates avoided. There is given below a table showing certificates allotted to the various groups. The groups have been arranged to give an idea of the distribution of allotment.

Amount allotted to subscriber.	Number of subscribers in each group.	Total amounts allotted to each group.
\$25,000 and less.....	1,541	\$16,334,000
Over \$25,000 to \$50,000.....	293	11,936,000
Over \$50,000 to \$100,000.....	123	10,175,000
Over \$100,000 to \$250,000.....	76	12,533,000
Over \$250,000 to \$500,000.....	35	11,141,000
Over \$500,000 to \$1,000,000.....	7	6,750,000
Total.....	2,075	68,869,000

NOTE ISSUES.

The policy of encouraging the use of Federal Reserve notes, and of obtaining an accumulation of gold and gold certificates thereby, has been continued through the year 1917. The Federal Reserve Bank of Kansas City has for some time past shipped to both member and nonmember banks Federal Reserve currency in exchange for gold and gold certificates, absorbing the transportation costs both ways.

In order to have an ample supply of notes available for issue at all times, it has been the custom of the Federal Reserve agent and the board of directors of this bank, to keep in vault approximately \$10,000,000 of unissued notes, and an additional supply of about

\$12,000,000 at the subtreasury in St. Louis for overnight call in case of emergency. The Federal Reserve Board has been requested to keep printed, subject to requisition, a maximum amount of \$75,000,000 and a minimum of \$50,000,000.

This bank has always been in a position to meet the fluctuating needs of the member banks of the district, and by reason of the ready supply of currency has undoubtedly facilitated banking operations and stabilized conditions.

The total of Federal Reserve notes received from the Comptroller of the Currency for the year 1917 has been at least 75 per cent greater than the total heretofore, and the total of notes issued to the bank in 1917 was more than three times that of 1916. The total of Federal Reserve notes received from other districts was almost twice as large this year as in 1916. The demand for this increased issue has not been traceable to any abnormal conditions, but is partly accounted for by an approximate acquirement of gold and gold certificates, and further due to the marked increase of business and banking activities within the year. The Federal Reserve Bank has collateralized the issue of notes of this district at all times by a much larger deposit of actual gold than of commercial paper.

The present note-issuing power of this bank is about \$100,000,000.

It is noticeable that approximately twice as many notes in the denomination of \$5 have been used as in denominations of \$10 and \$20, which would confirm the conclusion that Federal Reserve notes have become the current medium of active business exchange. Almost a third of the \$5 and a sixth of the \$10 notes, issued since the organization of the bank, have been returned for destruction because of mutilation, indicating that the smaller denominations have had much the greater activity and consequently shorter life. No attempt has been made to determine with a degree of certainty the life of a note, but an estimate, based on the statistics available, indicates that the life of the \$5 denomination is about one-half that of the \$10, one-eighth of the \$20, and but a hundredth of a \$100 note.

Schedule L will exhibit the Federal Reserve notes received by the Federal Reserve agent, the amount on hand, the amount destroyed, the amount issued, and provisions for redemption.

Schedule M shows by denominations the total amount of Federal Reserve notes received from all sources by the Federal Reserve agent, and the amounts of mutilated notes destroyed since organization, as well as the amount remaining in his hands. It likewise indicates the total amount of such notes issued from the beginning. During the early part of the year arrangements were perfected for the cancellation and return of mutilated Federal Reserve notes to the Treasurer of the United States with the result that they are handled as rapidly as received and assorted. Arrangements have

also been perfected for the direct shipment to the Treasurer of the United States by other Federal Reserve Banks of mutilated notes of this bank's issue, thus avoiding the expense of rehandling.

Schedule N reflects the trend in the circulation of the notes of this bank among the banks in various sections of the country, as well as the extent to which similar notes from other districts are received at this bank. As the travel of notes reflects to some extent the travel of individuals from one district to another, a study of this table is interesting; it indicates a travel from this district to other districts much greater than from a number of the other districts to this one.

Schedule O gives a record of the notes issued within the year and the cost of issue of the several denominations. The average of all denominations was 96 cents per \$1,000, and the average of notes of this district returned by other Federal Reserve Banks was approximately 23 cents per \$1,000. All Federal Reserve notes manufactured since July 1, 1917, will cost the bank a higher rate, increasing the average cost to approximately \$1 per \$1,000.

At the close of business December 31, 1916, the Federal Reserve Bank of Kansas City held in its vaults, issued and uncirculated, \$6,000,000 of Federal Reserve Bank notes, for which it had deposited an equivalent amount of United States bonds to secure the circulation. With the increased demand for currency and the investment activity within the past year, it was deemed wise to convert these notes into gold by placing them in circulation, which operation has been consummated.

MANAGEMENT.

No change has been made in the fixed meetings of the board of directors on the second and fourth Thursdays monthly, and these meetings have generally had all members in attendance. The members of the board have been vitally interested in the operations of the bank as regularly reported to them, and matters of policy have been freely and earnestly discussed, as well as the operations affecting the bank as the fiscal agency for the Government. The local board has been kept in touch with the plans and policies of the Federal Reserve Board by a full report thereof at each meeting. Thorough discussions have been had on all matters of importance, and final action has in nearly every instance reflected practically the unanimous sentiment of the directors.

While the executive committee for a short period of more or less inactivity discontinued daily meetings, their resumption appeared important under the new conditions arising, and the committee now convenes daily at 11 o'clock a. m. At these meetings discount and investment operations are given careful scrutiny, and during the interim between regular meetings of the board of directors, all mat-

ters of policy, changes in discount rates, as well as matters of routine, are given the necessary attention. A report of the proceedings of these meetings is submitted at the regular meetings of the board of directors for review and approval by proper procedure.

The official staff now consists of the governor, chairman of the board, who is also Federal Reserve agent, deputy governor, secretary-cashier and two assistant cashiers; the addition of three officers having been made necessary by a decided increase in the volume of business transacted in addition to the operations of the fiscal agency department. The duties of the officers in chief remain unchanged.

The member of the advisory council of this district continues to meet with the board of directors from time to time for the discussion of matters under consideration at sessions of the council.

The number of officers and employees and the monthly salary expense in the different departments of the bank proper are set forth in schedule P.

Effective January 1, H. W. Gibson, of Muskogee, Okla., was elected class B director, succeeding L. A. Wilson, who resigned; and M. L. McClure, of Kansas City, Mo., was reelected as class B director. Charles M. Sawyer, chairman of the board of directors was re-appointed as Federal Reserve agent, and Fred W. Fleming was re-appointed as vice-chairman and deputy Federal Reserve agent. The amendment to the act having abolished the office of deputy Federal Reserve agent, and having provided for the appointment of an assistant Federal Reserve agent, to become actively engaged in the daily operations of the office of the Federal Reserve agent, on January 31, 1916, M. A. Thompson was appointed to this latter position. The election just held resulted in the renaming of C. E. Burnham and H. W. Gibson as class A and B directors, respectively.

The following official staff was elected at the regular annual meeting: E. F. Swinney, member of the advisory council, reelected; J. Z. Miller, jr., governor, reelected; J. L. Cross, previously assistant to the governor, was elected as deputy governor; and Arch W. Anderson, secretary-cashier, reelected. The election of C. A. Worthington as assistant cashier occurred June 29, 1917, and on October 12, 1917, M. A. Thompson, formerly assistant Federal Reserve agent, was elected assistant cashier. The position of assistant Federal Reserve agent was filled by the appointment of C. K. Boardman on October 31, 1917.

The organization of the various departments has gradually been perfected, each being in charge of an experienced head, under the supervision of a chief clerk, and the business of the bank is carried on with increased efficiency.

No change, other than alterations, has been made in the bank premises since the last report, but time has demonstrated that the

present quarters are inadequate in space and arrangement. It has been found necessary to secure separate headquarters, fully equipped with vaults, for the fiscal agent's department. The present lease expires in approximately two years, and while no definite action has been taken, informal consideration is being given to the erection of a proper banking house.

The regular examination of this bank, by the examining staff of the Federal Reserve Board, was made during February.

OMAHA BRANCH.

The following directors were selected for the Omaha branch: Luther Drake, Omaha; P. L. Hall, Lincoln; J. C. McNish, Omaha; R. O. Marnell, Nebraska City; and O. T. Eastman, Omaha. The last-mentioned director was named as manager, and E. D. McAllister was elected cashier. The branch was opened September 4, 1917, in the old quarters of the First National Bank, these rooms being the only ones with suitable vault accommodations available. All member banks in Nebraska began to do business with this branch on that date. On September 30 the member banks of Wyoming were also assigned to the Omaha branch. The branch has been most useful to the section it serves.

Conditions resulting from the winter wheat failure and damage to the corn in many sections of the State, combined with the demand for cash in connection with the second Liberty loan, caused a rapid and steadily increasing use of the discount facilities of the branch from the date of opening. Commencing with the discount of about a million dollars, a total of twelve and a quarter million was reached during the third week in November.

While the banks of the larger cities were very active borrowers, discount offerings were received from a steadily increasing number of so-called country banks, and before the end of the year some 114 had availed themselves of the discount privileges.

The opening of the Omaha branch doubtless has had much to do with the increasing popularity of the Federal Reserve system among Nebraska bankers who are often in Omaha and are frequent visitors at this branch bank.

The officers of the branch have been of considerable service in assisting in the sale of Liberty bonds, in Red Cross work, and the promotion of war-savings certificates, all of which activities have largely centered in the bank. As a result the bankers have become more familiar with the general operations of the bank.

The executive or discount committee at first met only once a week, but the volume of business increased to such an extent that it was soon found necessary to have such meetings semiweekly and at times even more frequently.

The volume of business through clearing operations has been steadily increasing.

In the concentration of gold and gold certificates the branch has, so far, received a total of \$2,000,000. Federal Reserve notes have been, to a large extent, put out in exchange for this amount, in addition to which the usual fall demand for currency has been promptly supplied, making a total of nearly \$6,500,000 of notes issued since the opening of the branch.

Considerable work has been done in the solicitation of membership from eligible State banks. A few applications have been received and it is quite evident that many more will be forthcoming during the next few months.

There is every evidence that there will be a more or less steady demand for money from the territory of this branch, which will probably last until the late spring of 1918.

DENVER BRANCH.

It is anticipated that the Denver branch will be in full operation soon after the first of the year. Quarters have been obtained and the following directors have been selected: Alva Adams, Charles A. Burkhardt, John Evans, A. C. Foster, and C. C. Parks. Charles A. Burkhardt, of Denver, has been elected manager. This branch will be operated along the lines which are a modification of branches already established and to conform with the ideas of the Federal Reserve Board, based upon experience.

The distance of the Denver territory from Kansas City will bring about much greater efficiency in the service to member banks in that locality.

CLEARING OPERATIONS.

The past year has witnessed a growth and development of the clearing operations of this bank, the general clearing plan put into effect July 15, 1916, having been to some extent modified by amendment to the Federal Reserve Act, suggestions of the Federal Reserve Board, and action of the management of this bank. Among these is an exemption from service charge upon a maximum of 500 items per month received from any one bank, and the directors of this bank have voted to reduce the charge, after January 1, 1918, on items in excess of 500 from $1\frac{1}{2}$ cents to 1 cent per item.

Provision has been made to supply banks remitting at par, with return postage, and this consideration has produced an increase in the number of nonmember banks on the par list. The clearing facilities have been extended to nonmember banks which may desire to qualify as clearing members under the amended Federal Reserve Act. While this privilege has invited inquiries and correspondence,

the banks have been slow to avail themselves of clearing membership, although the plan has here and there been tested by a nonmember bank.

Terms for the interchange of items have been so amended that direct sendings between members, for credit on the books of the Federal Reserve Bank, must be mutually agreeable to the banks concerned and be adjusted by their own arrangement.

Provisions as to accepting currency shipments in payment of cash letters have been made more liberal and extended to both member banks and to nonmember banks on the par list.

Facilities have been provided for the collection of maturing notes and bills, and this class of business has been invited.

The local country clearing house continues to recognize the par list of the Federal Reserve Bank and extends the benefit thereof through its rules and regulations; and the existence and increasing use of the clearing facilities provided by the Federal Reserve Bank has had its effect on the check collection business of the district, so that it is believed the benefits are more and more percolating to the banks at large and their customers.

Less is heard of criticism arising by reason of the elimination of profit accruing to banks through deduction for exchange in remitting for their items; and that the basis of this charge has been removed by the clearing plan of the Federal Reserve Banks appears to have become more generally recognized.

The management of this bank has given general publicity to the provisions for Federal reserve exchange and transfer drafts, and believes that the interest manifested from time to time, and the conferences and correspondence in connection therewith, will gradually develop a wider use of this attractive facility. Thus far only a limited number of banks in this district have provided themselves with proper blanks and adopted the plan, and experience has developed that few bankers have been fully awake to the fact that the means is afforded them to create exchange, available at any Federal Reserve Bank, without cost and without transfer of balances.

Succeeding months have exhibited increasing use of the transit department, and the average number of items handled daily is 50 per cent greater than in 1916, whereas the average daily amount aggregates three times the daily experience. These approximate calculations do not take into consideration the clearing business now handled by the Omaha branch of the Federal Reserve Bank of Kansas City. On the whole, the development of the transit business during the past year has been quite satisfactory, even though the majority of items handled are yet received from other Federal Reserve Banks and their members.

Since the general provision for handling maturing bills and notes the items received here for collection and credit of proceeds when paid have steadily increased. Member banks in the same district have more nearly adapted themselves to the deferred time schedules, having a clearer understanding thereof, and application of the regulations with respect thereto has been attended with less difficulty than in 1916. Items from member banks in Nebraska and Wyoming have been handled by the Omaha branch within the past few months.

The attitude of the Federal Reserve Bank has stabilized the local exchange market. The application of what are deemed proper principles, governing the purchase and sale of exchange, and transfer of funds has been gradual, and with further modifications of the market rates it is believed that an increasingly valuable service will be rendered.

Within recent weeks some of the member banks have offered the Federal Reserve Bank for sale miscellaneous bank-draft exchange, which has been purchased in moderate quantity subject to a discount of 3-65/100 per cent per annum or 10 cents per thousand per day, based on the time schedule. This facility has materially aided some of the larger banks in maintaining reserve balances of collected funds during a period when the "float" necessarily handled by them was unusual in volume.

Weekly settlements of balances as between Federal Reserve Banks, through the gold settlement fund in the custody of the Federal Reserve Board, have been highly satisfactory. Experience with this method has confirmed the conclusion that the plan has had a wholesome effect, even though not generally recognized or appreciated, upon the finances and upon the ebb and flow of funds between the several Federal reserve districts.

SUMMARY.

The transition period covered by the past year has resulted in changed conditions affecting all walks of life and every aspect of business, but has passed in this district without disrupting the commercial and financial fabric or seriously disturbing the equanimity of the individual. It is generally conceded that the existence of the Federal Reserve Bank and the influence it has been able to exert in the readjustment of the business and individual outlook have brought about a wholesome effect and a wide appreciation of the Federal Reserve system.

At the end of the year we find that the absence of peace has not deprived the district of prosperity, and the morale of the people and the business interests is highly developed. In general, the banks have an unusual volume of deposits and a healthy demand. Commercial and industrial concerns are experiencing a decided activity.

Agriculturists and stock raisers find a ready market for increased products at fair prices.

The volume of business and the avenues of service have developed in marked degree in the Federal Reserve Bank, and its operations as fiscal agent of the United States have touched, by widening circles, every town and hamlet of the district.

The results of the year's work as detailed by this report, when summed up, are indicative of considerable progress, and the Federal Reserve Bank is in much stronger position in every way than at the close of 1916.

SCHEDULE A.—*Income—Profit and loss account.*

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
EARNINGS.			
Bills discounted for member banks.....	\$438,831.43	\$34,571.71	\$64,257.59
Bills bought, acceptance.....	171,112.15	29,601.03	7,831.51
Trade acceptances.....			391.10
United States bonds.....	256,792.18	186,411.19	20,630.85
Municipal warrants.....	5,136.63	14,366.41	9,575.48
Profits on United States securities sold.....		14,407.50	
Transfers bought and sold.....	45,569.84		
Sundry profits.....	1,111.99	181.91	673.76
Deficient reserve penalties (including interest).....	37,395.78		
Appreciation profit, United States bonds.....		34,463.96	
Exchange.....		962.96	
Total earnings.....	955,950.00	364,966.67	103,360.29
EXPENSES.			
Federal Reserve Board assessments.....	13,118.24	10,574.64	5,928.48
Federal Advisory Council.....	370.00	305.85	357.10
Governors' conferences.....	665.23	1,244.74	924.13
Federal Reserve agents' conferences.....		423.08	717.20
Salaries:			
Bank officers.....	37,781.97	25,972.81	28,820.82
Clerical staff.....	39,684.21	32,231.06	34,915.95
Special officers and watchman.....		805.00	2,591.83
All others.....	1,570.05	1,599.42	
Directors' fees.....	3,975.00	3,705.00	3,480.00
Per diem allowance.....	3,660.00	2,385.00	4,316.00
Traveling expenses.....	4,192.65	3,628.04	4,662.51
Officers' traveling expenses.....	1,203.09	633.31	514.72
Legal fees.....	775.00	600.00	1,501.20
Rent.....	8,849.96	7,949.96	9,538.85
Telephone.....	810.40	495.29	607.18
Telegraph.....	565.11	351.55	572.17
Postage.....	4,971.74	6,457.19	10,347.01
Postage and insurance on gold concentration.....	9,283.80		
Expressage.....	1,233.64	824.85	103.24
Fidelity bond premiums.....	1,626.28	1,226.52	1,354.28
Light, heat, and power.....	1,184.56	979.50	1,241.00
Printing and stationery.....	5,658.42	3,136.34	9,171.34
Repairs and alterations.....	286.74	213.36	86.63
All other expenses not specified herein.....	7,216.69	4,108.18	4,227.68
Operating expenses.....	148,682.78	109,850.69	125,979.32
EXTRAORDINARY EXPENSES.			
Commissions paid.....			861.03
Cost of Federal Reserve notes issued.....	48,679.35	20,436.16	
Cost of Federal Reserve bank notes (including taxes).....	20,885.26	5,790.54	
Amortization organization Federal Reserve notes.....		5,523.16	
Amortization organization expenses.....		26,484.44	
Depreciation furniture and equipment.....	19,130.59	3,900.00	
Total extraordinary expenses.....	89,582.55	62,134.30	861.03
Total all chargeable expenses.....	238,265.33	171,984.99	126,840.35

SCHEDULE A.—*Income—Profit and loss account—Continued.*

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
EXTRAORDINARY EXPENSES—continued.			
Net earnings.....	\$717,684.67	\$192,981.68	\$23,480.06
Profit and loss account, 1916.....	91,381.23		
Total earnings for distribution.....	809,065.90	192,981.68	
Less dividends paid.....	364,502.73	66,706.96	
Less organization expenses.....		34,768.71	
Less transit department disbursements, net deficiency.....	8,196.09		
Less premiums on United States bonds.....	75,462.42		
Less cost of unissued Federal Reserve notes.....	42,507.74		
Less depreciation of furniture and fixtures.....	19,222.63		
Less other deferred charges.....	5,766.89		
Total deductions.....	515,658.50		
Net earnings to profit and loss account.....	293,407.40	91,506.02	

SCHEDULE AA.—*Earnings and expenses for calendar year 1917, also profit and loss on Dec. 31, 1917.*

Earnings for 1917, as shown on Form 95.....		\$955,950.00
Expense of operation of bank proper.....	\$148,682.78	
Cost of Federal Reserve currency issued (including expressage, insurance, etc.).....	48,679.35	
Miscellaneous charges account note issues.....	20,885.26	
Depreciation on furniture and equipment.....	19,130.59	
Transit department disbursements in excess of net service charges received.....	8,196.09	
Total.....		245,574.07
Net earnings for year.....		710,375.93
Profit and loss, Jan. 1, 1917.....		91,381.23
Total.....		801,757.16
Less dividends paid:		
Jan. 25, 1917, for period Jan. 1, 1915, to Dec. 31, 1915.....	\$92,188.26	
June 30, 1917, for period Jan. 1, 1916, to June 30, 1916.....	89,116.93	
Dec. 31, 1917, for period July 1, 1916, to June 30, 1917.....	183,197.54	
Premium on United States bonds.....	75,462.42	
Cost of unissued Federal Reserve currency.....	42,507.74	
Furniture and equipment.....	19,222.63	
Other deferred charges.....	5,766.89	
Organization expense.....	887.35	
Total deductions.....		508,349.76
Profit and loss Jan. 1, 1918.....		293,407.40

SCHEDULE B.—*Comparative detailed statement at close of business Dec. 31, 1917, Dec. 30, 1916, and Dec. 31, 1915.*

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
RESOURCES.			
Bills discounted—members.....	\$12,773,682.45	\$479,067.72	\$428,872.29
Bills bought in open market.....	1,337,928.75	3,945,180.94	3,580,463.35
Member banks' collateral notes.....	17,277,467.89	35,820.74	
Rediscounts for other Federal Reserve Banks.....	5,003,293.86		
Municipal warrants.....		163,813.65	288,015.84
United States bonds to secure circulation.....	8,000,000.00	6,000,000.00	
United States bonds on hand.....	849,090.00	2,492,850.00	2,151,650.00
Premium and discount on United States bonds.....		85,887.29	
Interest accrued on United States bonds.....	60,504.90	53,978.18	8,862.18
United States certificates of indebtedness.....			
United States gold notes.....	1,784,000.00	963,000.00	
Expense—organization.....			52,984.44
Expenses paid in advance.....		2,062.70	9,879.48

SCHEDULE B.—Comparative detailed statement at close of business Dec. 31, 1917, Dec. 30, 1916, and Dec. 31, 1915—Continued.

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
RESOURCES—continued.			
Cost of unissued Federal Reserve notes.....		\$27,614.85	\$11,252.52
Furniture and equipment.....		15,982.54	31,828.85
Furniture and fixtures—recoverable.....	\$13,750.00	25,978.29	15,000.00
Cost of unissued Federal Reserve bank notes.....		983.82	
Expense Liberty loan.....	86,449.96		
Suspense account.....	13,071.00		
Due from other Federal Reserve Banks.....	2,731,547.83	11,952,040.60	1,849,365.44
Due from member banks—overdrafts.....		17,688.57	11,783.74
Due from banks and bankers.....		1,029,956.21	
Exchanges for clearing house.....	72,871.41	10,899.57	5,000.00
Checks and other cash items.....	160,809.46	6,415.95	363.85
Deferred debits (transit account).....	17,786,692.79	4,602,501.65	
Miscellaneous transfers bought.....	6,883,190.00		
Due from United States Treasurer, 5 per cent fund (account Federal Reserve bank notes).....	400,000.00	300,000.00	
National bank notes and Federal Reserve notes of other banks.....	216,300.00	107,645.00	348,318.00
Federal Reserve bank notes on hand.....		6,000,000.00	
Federal Reserve notes on hand.....	2,650,710.00	517,120.00	564,850.00
Nickels and cents.....	350.63	26.75	2.07
Gold settlement fund, credit balances.....	37,263,377.50	21,235,500.00	2,464,000.00
Gold with Federal Reserve Agent.....	42,025,170.00		
Due from United States Treasurer, gold redemption fund (Federal Reserve notes).....	507,045.00	150,095.00	107,000.00
Gold bullion and coin.....	118,742.50	371,195.00	3,933,700.00
Gold held with foreign agencies.....	2,625,000.00		
Gold certificates.....	1,591,780.00	5,793,590.00	4,535,310.00
Silver certificates.....	45,810.00	30,131.00	43,694.00
Legal-tender notes.....	11,000.00	113,845.00	70,375.00
Silver coin.....	843.00	1,287.00	5,500.00
Total resources.....	162,290,478.93	66,532,157.93	20,518,071.05
LIABILITIES.			
Capital paid in.....	3,396,750.00	3,073,950.00	3,037,800.00
Unearned interest and discount.....	119,799.05	17,748.50	54,665.89
Government deposits.....	7,860,957.17	275,778.80	
Due to other Federal Reserve Banks.....		10,336,961.54	492,750.72
Due to member banks.....	72,976,491.13	44,191,246.07	14,930,086.68
Due to clearing members—deposit account.....	25,319.87		
Expense checks.....		764.61	
Cashier's checks outstanding.....	971,533.33	1,373.07	2,767.76
Deferred credits, transit account.....	10,622,800.98		
Federal Reserve Bank notes.....	8,000,000.00	6,000,000.00	
Net liability Federal Reserve notes.....		2,540,000.00	2,000,000.00
Federal Reserve notes issued.....	58,023,420.00		
Reserved for taxes.....		2,829.32	
Profit and loss undistributed earnings (less transit expense).....	293,407.40	91,506.02	
Total.....	162,290,478.93	66,532,157.93	20,518,071.05

SCHEDULE C.—Discount operations for the year 1917.

REDISCOUNTS FOR MEMBER BANKS, DISTRIBUTED BY STATES, AND MATURITIES AS OF DATE OF DISCOUNT.

State.	Number of member banks Dec. 31.	Number of banks accommodated.	Number of transactions.	15 days and less.	Over 15 to 30 days, inclusive.	Over 30 to 60 days, inclusive.	Over 60 to 90 days, inclusive.	Over 90 days.	Total.	Balance on hand Dec. 31.
Colorado.....	122	39	65	\$3,410,011.61	\$427,783.13	\$642,581.62	\$1,158,545.75	\$1,341,302.07	\$6,980,224.18	\$1,720,281.58
Kansas.....	233	83	172	6,550,352.14	986,573.88	708,188.26	626,969.76	665,231.44	9,537,310.48	1,096,840.31
Missouri.....	55	31	124	132,881,639.63	869,208.26	1,032,583.14	543,743.75	76,302.47	135,403,477.25	10,232,048.94
Nebraska.....	192	44	173	51,983,464.85	1,832,793.39	2,668,354.98	2,162,676.09	1,472,899.64	60,120,188.95	12,611,143.14
New Mexico.....	9	6	15	.....	19,958.87	36,484.73	118,025.75	213,477.99	387,947.34	75,015.04
Oklahoma.....	311	159	336	15,063,224.23	1,437,462.10	3,625,595.38	3,126,876.26	1,697,983.69	24,951,141.66	4,088,016.20
Wyoming.....	36	2	9	12,000.00	3,541.80	21,500.00	136,105.60	137,331.22	310,478.62	227,805.13
Total.....	958	364	894	209,900,692.46	5,577,321.43	8,735,283.11	7,872,942.96	5,604,528.52	237,690,768.48	30,051,150.34

VOLUME BY MONTHS.

January.....	\$266,295.19
February.....	158,577.33
March.....	337,529.10
April.....	344,394.85
May.....	4,236,847.53
June.....	11,841,537.34
July.....	16,137,000.25
August.....	19,480,867.86
September.....	28,251,741.03
October.....	44,425,927.67
November.....	69,999,049.23
December.....	42,211,001.10
Total.....	237,690,768.48

NATURE OF PAPER DISCOUNTED.

Trade acceptances.....	\$2,646,322.25
Commodity paper.....	196,666.67
Agricultural, secured by live stock.....	10,280,112.99
Agricultural, no collateral.....	1,832,658.42
Industrial and commercial.....	17,012,774.96
Secured by United States securities.....	248,511.33
Member banks' collateral loans:	
Secured by United States securities.....	64,193,979.00
Otherwise secured.....	141,279,742.86
Total.....	237,690,768.48

MISCELLANEOUS.

8,892 notes rediscounted, average amount.....	\$3,623.00
863 collateral loans made, average amount.....	238,010.00
Maximum amount held Nov. 7, 1917.....	30,272,060.52
Minimum amount held Feb. 7, 1917.....	3,157,910.97
Offerings rejected:	
In part: 214 offerings, 679 notes.....	1,972,026.75
In whole: 33 offerings, 197 notes.....	725,365.14
Total rejected.....	2,697,391.89

Changes in discount rates during calendar year 1917.

	Rate in effect ¹ —				
	Jan. 1, 1917.	May 7, 1917.	May 28, 1917.	Dec. 3, 1917.	Jan. 1, 1918.
Discounts maturing within 15 days, including member banks' collateral notes.....	<i>P. ct.</i> 4	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i> 4
Paper, including member banks' collateral notes, secured by United States certificates of indebtedness or Liberty loan bonds maturing within 15 days.....		3		3½	3½
Paper maturing within 16 to 60 days.....	4½				4½
Paper maturing within 61 to 90 days.....	4½				4½
Paper secured by United States certificates of indebtedness or Liberty loan bonds maturing from 16 to 90 days.....			3½	4	4
Agricultural and live-stock paper maturing after 90 days.....	5				5
Trade acceptances maturing from 1 to 60 day.....	4				4
Trade acceptances maturing from 61 to 90 days.....	4				4
Commodity paper maturing within 90 days.....	4				(1)

¹ Rates for commodity paper merged with those for commercial paper of corresponding maturities on Nov. 5.

SCHEDULE D.—Open-market transactions for the year 1917.

BILLS DISCOUNTED—BOUGHT (BANKERS' ACCEPTANCES).

1,845 items purchased in above period, total..... \$26, 825, 413. 10

At following discount rates:

3 per cent.....	\$2, 105, 671. 41	3¾ per cent.....	5, 472, 186. 12
3½ per cent.....	315, 493. 52	3½ per cent.....	264, 842. 75
3½ per cent.....	13, 465, 965. 38	3½ per cent.....	135, 326. 78
3⅞ per cent.....	639, 233. 33	4 per cent.....	71, 720. 14
3¼ per cent.....	4, 278, 223. 67		
3⅞ per cent.....	76, 750. 00	Total.....	<u>26, 825, 413. 10</u>

By maturities, at date of purchase:

Up to 30 days.....	1, 366, 522. 79
30 to 60 days.....	7, 131, 508. 84
60 to 90 days.....	18, 327, 381. 47
	<u>26, 825, 413. 10</u>

Classification:

Domestic.....	1, 221, 923. 92
Export or import.....	25, 603, 489. 18
	<u>26, 825, 413. 10</u>

SCHEDULE E.—Open-market transactions for the year 1917.

WARRANTS.

7 purchases made, total (maturity value)..... \$431. 138. 89

At following discount rates:

2½ per cent.....	\$50, 528. 68	3½ per cent.....	\$25, 203. 12
2¼ per cent.....	50, 561. 21	3¼ per cent.....	50, 806. 50
3 per cent.....	101, 666. 10		
3¼ per cent.....	152, 373. 28	Total.....	<u>431, 138. 89</u>

By maturities, at date of purchase:

Up to 30 days.....	None.
30 to 60 days.....	None.
60 to 90 days.....	\$25, 203. 12
90 days to 6 months.....	405, 935. 77
	<u>431, 138. 89</u>

Classification:

Municipal warrants.....	431, 138. 89

SCHEDULE F.—*Open-market transactions for the year 1917—United States bonds.*

PURCHASES.

	Par value.
2 per cent consols, 1930.....	\$1, 147, 500
2 per cent Panamas, 1936.....	22, 240
3½ per cent Liberty bonds, 1947.....	17, 500
4 per cent, 1925.....	None.
Total ¹	<u>1, 187, 240</u>

SALES.

3½ per cent Liberty bonds, 1947.....	\$10, 000

CONVERSIONS.

Delivered to United States Treasury: None.

Received from United States Treasury:

Conversion bonds, series 1916-1946.....	\$821, 900
One-year Treasury notes.....	821, 000
Total.....	<u>1, 642, 900</u>

UNITED STATES SECURITIES ON HAND DECEMBER 31.

2 per cent consols of 1930.....	\$7, 155, 850. 00
2 per cent Panamas, 1936.....	22, 240. 00
2 per cent Panamas, 1938.....	None.
3 per cent conversion bonds, 1946.....	16, 600. 00
3 per cent United States one-year Treasury notes.....	1, 784, 000. 00
4 per cent bonds, 1925.....	825, 000. 00
United States Liberty bonds, first issue, 1947.....	7, 500. 00
3 per cent conversion bonds, 1947.....	821, 900. 00
Total.....	<u>10, 633, 090. 00</u>

SCHEDULE G.—*Discount and investment operations for the year 1917.—Average amount of each class of earning assets held, total earnings, and average annual rates thereon.*

	Average holdings.	Earnings.	Average rate.
Bills discounted, members.....	\$10, 389, 034. 00	\$427, 313. 93	4. 11
Bills bought in open market.....	5, 346, 357. 00	171, 090. 72	3. 20
Warrants.....	178, 525. 00	5, 137. 00	2. 88
United States securities.....	11, 079, 178. 00	256, 793. 23	2. 32
Rediscounts for other Federal Reserve Banks.....	246, 537. 00	11, 514. 70	4. 67
Total.....	<u>27, 239, 629. 00</u>	<u>871, 849. 58</u>	<u>3. 20</u>

¹ Purchased at par.

SCHEDULE H.—*Reserve position.*

[Monthly averages.]

Month.	Percent- age car- ried.	Percent- age re- quired.	Percent- age ex- cess over require- ments.	Month.	Percent- age car- ried.	Percent- age re- quired.	Percent- age ex- cess over require- ments.
1917.				1917.			
January.....	74.8	35	39.8	August.....	73.6	35	38.6
February.....	74.2	35	39.2	September.....	73.8	35	38.8
March.....	71.9	35	36.9	October.....	71.9	35	34.9
April.....	67.4	35	32.4	November.....	78.8	35	43.8
May.....	62.6	35	27.6	December.....	64.0	35	29.0
June.....	58.7	35	23.7				
July.....	71.5	35	36.5	Yearly averages	70.6	35	35.6

SCHEDULE I.—*Membership—additions and withdrawals and effect on the total capital stock.*

ADDITIONS.

State.	Number of banks.	Capital subscription Federal Reserve Bank of Kansas City.	Capital and surplus of member banks.
Colorado.....	1	\$60,000	\$1,000,000
Kansas.....	10	40,000	654,275
Missouri.....	2	222,000	3,700,000
Nebraska.....	2	1,500	25,000
New Mexico.....		3,000	50,000
Oklahoma.....	8	24,400	403,500
Wyoming.....	1	1,700	27,500
Total.....	24	352,600	5,860,275

WITHDRAWALS.

State.	Number of banks.	Capital surrendered.	Capital and surplus of member banks.
Colorado.....	1	\$18,000	\$300,000
Missouri.....	1	18,000	300,000
Nebraska.....	3	6,000	98,000
Oklahoma.....	4	12,800	212,125
Total.....	9	54,800	910,125

SCHEDULE J.—*Member-bank deposits.*

[Net daily averages for the year 1917.]

MONTH.	Amount.	
January.....	\$45,178,328.00	July 16 to 31, inclu- sive.....
February.....	46,150,457.00	August.....
March.....	47,242,995.00	September.....
April.....	47,704,519.00	October.....
May.....	47,003,388.00	November.....
June.....	51,735,978.00	December.....
July 1 to 15, inclusive..	56,245,149.00	

SCHEDULE J.—*Member-bank deposits*—Continued.DEFICIENT RESERVES.
[Daily averages for the year 1917.]

Period.	Number of banks.	Daily average deficiency.	Amount of penalties.
January.....	117	\$448,995.00	\$2,512.89
February.....	71	428,760.00	2,167.85
March.....	72	229,038.00	1,283.10
April.....	53	158,543.00	864.06
May.....	41	668,870.00	3,741.18
June.....	36	108,548.00	607.68
July 1 to 15, inclusive.....	38	108,227.00	296.57
July 16 to 31, inclusive.....	152	1,329,823.00	3,845.59
August.....	114	899,899.00	4,873.32
September.....	133	882,207.00	4,779.10
October.....	75	1,344,323.00	7,559.71
November.....	175	1,306,745.00	7,085.43
December (estimated).....	150	1,200,000.00	6,000.00

SCHEDULE K.—*Government Account from Jan. 1, 1917, to Dec. 31, 1917.*

[Including balance to credit of United States Treasurer, Dec. 30, 1916.]

Balance to credit of United States Treasurer, Dec. 30, 1916.....	\$275,778.80
Total amount of transfers from other Federal reserve banks.....	3,300,000.00
Receipts from sale of Liberty bonds.....	185,979,029.41
Receipts from sale of Treasury certificates.....	69,411,000.00
Total amount of other net credits to United States Treasurer....	62,034,458.28
Total.....	321,000,266.49
Total amount of warrants paid.....	84,605,220.00
Total amount of certificates of indebtedness paid.....	71,639,000.00
Total amount transferred by order of United States Treasurer....	146,000,000.00
Balances to credit of United States Treasurer Dec. 31, 1917....	18,756,046.49
Total.....	321,000,266.49

SCHEDULE L.—*Federal-reserve agent's statement of Federal-reserve notes on hand, outstanding, received from Comptroller of the Currency, canceled, and coverage of total issue as of Dec. 31, 1917.*

RESOURCES.

Federal-reserve notes on hand.....	\$8,800,000.00
Federal-reserve notes outstanding.....	57,883,420.00
Rediscounts to secure Federal-reserve notes.....	17,827,320.41
Gold to retire Federal-reserve notes on hand.....	None.
Credit balance in gold-redemption fund.....	\$2,165,170.00
Credit balance with Federal Reserve Board.....	39,860,000.00
	42,025,170.00
Federal-reserve notes sent to Comptroller of Currency for cancellation and destruction.....	12,056,580.00
Total.....	138,592,490.41

LIABILITIES.

Federal-reserve notes from Comptroller of Currency—gross amount.....	78,740,000.00
Collateral received from Federal reserve bank:	
Eligible paper.....	17,827,320.41
Gold.....	42,025,170.00
Total.....	138,592,490.41

SCHEDULE M.—Federal Reserve notes, statement of Federal Reserve agent, from organization to Dec. 31, 1917.

	Number of pieces.					Aggregate amount.
	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	
Received from comptroller.....	5,108,000	2,216,000	1,252,000	64,000	28,000	\$78,740,000
Received from Federal Reserve Bank.....	472,800	180,700	215,700	100,000	.....	13,485,000
Received from Treasurer of United States (fit notes).....	.....	300	.....	.....	.....	3,000
Received by comptroller from Treasurer of United States for destruction and credit of Federal Reserve agent's account (unfit notes).....	1,541,328	316,769	56,152½	1,082	51	12,056,580
Total.....	7,122,128	2,713,769	1,523,852½	165,082	28,051	104,284,580
Issued to Federal Reserve Bank...	5,196,800	2,209,000	1,347,700	132,200	17,900	83,428,000
Returned to Comptroller of the Currency for destruction, including notes returned by United States Treasurer for credit of Federal Reserve agent's account.....	1,541,328	316,769	56,152½	1,082	51	12,056,580
Fit notes on hand.....	384,000	188,000	120,000	31,800	10,100	8,800,000
Total.....	7,122,128	2,713,769	1,523,852½	165,082	28,051	104,284,580

SCHEDULE N.—Federal Reserve notes received and returned.

[Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of Kansas City during the period since Jan. 1, 1917.]

Exchanged with Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$34,470	\$3,215	\$35,850	\$3,700	\$45,380	\$400
New York.....	398,500	42,400	288,000	48,300	211,000	27,700
Philadelphia.....	32,000	2,750	33,000	5,550	52,500	3,700
Cleveland.....	24,590	4,550	19,050	8,100	18,900	9,100
Richmond.....	8,750	4,450	11,990	6,690	12,000	5,900
Atlanta.....	86,250	25,600	64,500	25,450	54,400	16,100
Chicago.....	1,299,500	21,750	802,000	18,400	454,000	16,800
St. Louis.....	1,102,500	89,250	687,000	88,100	472,000	32,200
Minneapolis.....	109,160	54,050	65,410	53,150	36,380	24,500
Dallas.....	238,250	97,700	200,670	144,650	239,900	65,900
San Francisco.....	83,185	21,100	95,930	12,200	125,220	16,700
Total.....	3,417,155	366,815	2,363,400	414,290	1,721,680	219,900

Exchanged with Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$7,500	\$800	\$3,400	\$700	\$126,600	\$8,815
New York.....	49,600	3,450	29,500	5,900	976,600	127,750
Philadelphia.....	8,600	100	2,900	.....	129,000	12,100
Cleveland.....	1,500	2,550	200	700	64,240	25,000
Richmond.....	1,400	1,350	100	600	34,240	18,990
Atlanta.....	6,400	700	1,000	1,100	212,550	68,950
Chicago.....	65,400	29,300	31,600	59,300	2,652,500	145,550
St. Louis.....	21,400	1,500	15,100	100	2,298,000	211,150
Minneapolis.....	3,050	800	1,000	900	215,000	132,400
Dallas.....	14,200	1,400	1,800	1,300	754,820	310,950
San Francisco.....	9,800	3,500	5,500	2,600	319,635	56,100
Total.....	188,850	45,450	92,100	73,200	7,783,185	1,118,755

SCHEDULE O.—*Federal Reserve notes—Federal Reserve agent.*

Issued to bank, 1917.....	\$50, 620, 000. 00
Received by comptroller for cancellation and destruction.....	9, 735, 240. 00
Federal Reserve notes on hand, new, unissued.....	8, 800, 000. 00
Cost of unissued notes for the year.....	42, 507. 74
Cost of notes issued for the year.....	48, 679. 35

The cost of issued notes was made on the following basis:

DENOMINATIONS.

	Cost per 1,000.
Fives	\$1. 89
Tens	1. 08
Twenties	. 60
Fifties	. 36
Hundreds	. 24

Federal Reserve notes of the Federal Reserve Bank of Kansas City received from other districts amounted to \$7,783,185. Shipment cost averaged approximately 22 cents per 1,000, and is not included in the above schedule.

SCHEDULE P.—*Official and clerical staff.*

Number of officers.....	7
Number of employees in various departments.....	59

MONTHLY PAY ROLL, EMPLOYEES.

Department.	Number.	Monthly salaries.
Federal Reserve agent's office and credit bureau.....	4	\$365. 00
General clerical force, including discount, auditing, and all other departments except transit.....	27	2, 709. 99
Transit department (recoverable through service charges).....	28	2, 053. 33
Total.....	59	5, 128. 32

SCHEDULE Q.—*Recapitulation, city and country clearings, December, 1914, to Dec. 31, 1917, inclusive.*

NUMBER OF ITEMS.

Period.	City.	Country.	Total.
1914 (December).....	\$5, 860	\$69, 773	\$75, 633
1915.....	134, 219	1, 849, 767	1, 983, 986
1916 (to July 14, inclusive).....	78, 229	1, 214, 570	1, 292, 799
1916 (July 15 to Dec. 30, inclusive).....	303, 644	1, 259, 216	1, 562, 860
1917.....	706, 951	3, 221, 608	3, 928, 559
Total.....	1, 228, 903	8, 614, 934	8, 843, 837

CLEARINGS.

1914 (December).....	\$17, 559, 936. 75	\$21, 082, 772. 04	\$38, 642, 708. 79
1915.....	297, 183, 974. 98	413, 007, 012. 52	710, 190, 987. 50
1916 (to July 14, inclusive).....	149, 992, 445. 19	224, 807, 003. 08	374, 799, 448. 27
1916 (July 15 to Dec. 30, inclusive).....	317, 971, 832. 66	527, 182, 424. 44	845, 154, 257. 10
1917.....	1, 387, 192, 764. 73	969, 652, 395. 23	2, 356, 845, 159. 96
Total.....	2, 169, 900, 954. 31	2, 155, 731, 607. 31	4, 325, 632, 561. 62

MEMBER BANKS.

Month.	City.		Country.		Total.	
	Items.	Amount.	Items.	Amount.	Items.	Amount.
January.....	54,322	\$80,455,547.00	216,774	\$47,977,451.75	271,096	\$128,432,998.75
February.....	46,152	63,773,712.30	178,438	33,701,594.22	224,590	97,475,306.52
March.....	54,923	82,106,157.86	210,783	41,204,795.15	265,706	123,310,953.01
April.....	49,857	88,014,590.31	201,935	38,443,860.06	251,792	126,458,450.37
May.....	48,549	94,403,728.81	199,270	40,043,585.00	247,819	134,447,313.81
June.....	48,028	99,300,864.26	195,552	38,002,945.13	243,580	137,303,809.39
July.....	47,582	105,387,730.85	187,157	53,482,490.61	234,739	158,870,221.46
August.....	49,418	102,486,157.92	193,125	43,655,739.77	242,543	146,141,897.69
September.....	50,247	97,499,673.23	190,831	47,767,065.88	241,078	145,266,739.11
October.....	57,733	152,458,206.05	259,291	80,921,434.34	217,024	233,379,640.39
November.....	56,793	196,015,396.14	281,286	134,121,556.35	338,079	330,136,952.49
December.....	55,202	194,155,047.20	271,810	127,693,704.22	327,012	321,848,751.42

ITEMS ON OTHER DISTRICTS.

January.....	2,521	\$67,776,850.46	14,440	\$3,283,262.42	16,961	\$71,060,112.88
February.....	2,020	50,800,069.30	12,687	2,702,882.62	14,707	53,503,551.92
March.....	2,379	65,651,145.96	13,017	2,599,355.63	15,396	68,250,501.59
April.....	2,592	78,767,762.65	12,045	2,546,745.96	14,637	81,314,508.61
May.....	2,937	89,264,796.52	12,212	3,301,598.56	15,149	92,566,395.08
June.....	3,847	90,925,523.57	12,417	2,896,822.84	16,264	93,822,346.41
July.....	2,975	83,661,797.41	11,866	2,720,887.37	14,841	86,382,684.78
August.....	3,146	86,391,323.14	12,843	3,633,927.70	15,989	90,025,250.84
September.....	2,411	73,713,657.28	10,279	3,441,541.57	12,690	77,155,198.85
October.....	4,195	110,441,930.73	12,505	4,724,687.37	16,700	115,166,618.10
November.....	3,089	118,327,570.16	12,967	7,810,227.88	16,056	126,137,798.04
December.....	2,972	114,283,602.54	13,698	8,523,028.40	16,670	122,806,630.94

STATE BANKS.

Month.	Items.	Amount.	Month.	Items.	Amount.
January.....	47,034	\$3,984,063.63	August.....	51,075	\$4,849,958.44
February.....	41,294	2,479,496.48	September.....	42,406	4,189,823.06
March.....	50,681	4,578,590.95	October.....	52,636	5,441,215.45
April.....	46,885	4,112,216.90	November.....	52,541	6,378,597.76
May.....	46,782	4,230,054.35	December.....	55,009	5,937,048.47
June.....	48,812	4,525,705.11	Total.....	582,539	56,961,766.41
July.....	47,484	6,254,995.84			

DAILY AVERAGE.

Month.	City.		Transit.	
	Items.	Amount.	Items.	Amount.
January.....	2,089	\$3,094,444.00	10,798	\$4,726,045.00
February.....	2,006	2,337,987.48	10,193	3,899,332.28
March.....	2,034	3,040,961.40	10,254	4,223,479.91
April.....	1,994	3,520,583.61	10,548	4,954,823.42
May.....	1,867	3,630,904.98	10,046	5,263,078.28
June.....	1,847	3,819,264.01	10,024	5,070,203.52
July.....	1,903	4,215,309.00	9,979	5,844,807.00
August.....	1,830	3,795,763.62	9,636	5,130,775.89
September.....	2,093	4,062,486.38	10,247	5,379,670.32
October.....	2,138	5,646,600.22	12,167	7,464,046.95
November.....	2,271	7,840,615.84	13,995	10,665,518.08
December.....	2,431	7,739,188.68	13,884	10,162,702.93
Yearly average.....	2,042	4,395,342.43	10,980	6,065,373.64

COMBINED DAILY AVERAGE KANSAS CITY-OMAHA BRANCH.

1917.					
September.....	2,460	\$4,326,750.21	12,416	\$6,254,819.36	
October.....	2,938	6,522,058.45	15,318	8,900,041.98	
November.....	3,211	9,032,972.68	17,330	12,511,366.68	
December.....	3,456	8,806,387.08	17,464	11,778,659.33	

DISTRICT NO. 11—DALLAS.

W. F. RAMSEY, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

EARNINGS, EXPENSES, DIVIDENDS, ETC.

In submitting the annual report of the operations of the Federal Reserve Bank of Dallas for 1917, attention is called to the headway made by this institution in the matter of earnings. The exhibit of earnings is the more gratifying in reviewing the unusual developments of the year just closed. The work in every department of the bank has increased in such volume that additional employees were essential; salary adjustments have necessarily been made, in order to obtain and retain an efficient force, and our expense account further enlarged by the purchase of additional equipment, stationery and supplies, etc.

In the year just closed we have further extended the period to which the bank has paid dividends to June 30, 1917, the actual period covered by this dividend being November 1, 1916, to June 30, 1917, and at the rate of 6 per cent. The amount paid was \$107,908.18. The dividend was disbursed December 31, 1917. Upon its declaration there remained in the profit-and-loss account \$205,353.08 after charging off \$32,324.77 depreciation on furniture and equipment, and \$7,500 as depreciation on bank premises. While the bank continues to be behind in its dividend payment for the period from July 1 to December 31, 1917, the profit-and-loss account carries sufficient to cover this period, which it is not deemed wise to pay out at this time.

Some idea of the expansion of operations of this bank and the growth of its business will be had from the attached exhibits and charts. The comparative balance sheets for December 31, 1916, and 1917, is shown as Exhibit 1. Statement showing earnings and expenses of the bank for the year 1917, and since organization, is attached as Exhibit 2. A chart showing earnings and expenses of the bank is attached as Exhibit 3.

It should also be borne in mind that the cost of this additional equipment, stationery and supplies, and in fact everything essential to the proper conduct of the bank's affairs, has increased by 25 to 100 per cent during the year.

GENERAL BUSINESS AND BANKING CONDITIONS IN THE DISTRICT.

Industrial and commercial activities in the district have been well maintained throughout the year. The business outlook is good, notwithstanding unfavorable crop returns from sections where drought was serious. Quite in contrast to one year ago, it can not be said that agricultural conditions throughout the year were favorable; production has not been normal and the results in many portions disappointing. Some of the best cotton-growing sections of the district—counties that a year ago produced thousands of bales—this year raised practically nothing. A drought, probably the worst in the history of Texas, in any event the most serious in recent years, has prevailed through central, south, southwest, and west Texas for the greater part of the year and the damage wrought can not be estimated in dollars. Not only was the cotton crop in those counties a complete failure, but the yield of corn and forage crops was also small, and in fact, the farm products raised in those sections were not sufficient for home consumption, with practically no surplus for marketing.

The production of wheat in Texas was approximately 15,000,000 bushels; oats, 40,000,000 bushels; and corn, 85,000,000 bushels. These yields were below the average productions. However, the excellent prices at which these commodities were sold, ranging from 25 to 100 per cent higher than last year, more than offset, in value, the decrease in yield.

The cattle and live-stock industry generally, one of large importance in this district, except in those sections where range conditions were bad from lack of rain, has enjoyed a prosperous year. Prices for all classes of live stock and sheep have reached record figures and stockmen have shared liberally in the prosperity caused by high prices as the result of war conditions.

The oil fields have worked to capacity throughout the year; new territory has been developed, fields extended and the production increased; the prices for the output were the highest in the history of the district and the only restriction of activities has been the scarcity of water, the high price of casing and labor, and, in fact, of all materials entering into the production.

The car situation has been more or less serious with lumber mills throughout the year and has curtailed operations to some extent; a slowing down in orders has been the result. The millions of feet of lumber purchased by the Government for cantonment and ship construction have been a stimulus to the industry and caused unprecedented activity.

The copper and zinc mines of Arizona and New Mexico have worked to capacity throughout the year and production has been

about normal. Demand for copper, already quite active, was of course stimulated by war conditions, and with prices, as for practically every other commodity, at record figures, the industry seems destined for a long run of prosperity. The coal mines of Oklahoma and west and southwest Texas have been busy all the year and the output has been larger than in 1916.

Manufacturing in all lines has been active. After war was declared a large number of Government contracts were placed in this district, which had the effect of increasing operations and providing work during an otherwise dull period. The wholesale and jobbing trade, by reason of the advance in the price of goods, while doubtless showing a reduction in the number of orders received, has been large in volume and the results for the year are satisfactory. The large mail-order houses have enjoyed an excellent business. There has unquestionably been a tendency to restrict the purchase of luxuries and some lines have suffered as the result of the practice of economy and the limited buying of nonessentials. The more staple classes of merchandise have been in good demand, and retail distribution is fully up to last year's figures.

Banks of the district entered the year in a generally strong condition. After the good crop of 1916 collections were satisfactory and a general liquidation of accounts took place. As a consequence, banks were carrying the heaviest deposits in their history and the financial situation was all that could reasonably be expected. This condition existed as the borrowing season was approached. The seasonal demands were normal and were met without disturbances. Rates have been comparatively easy during the year and fluctuations in rates not material. The response of the banking institutions, member and nonmember, to the Government's plans of war financing has been indeed liberal.

Clearings at the principal cities of the district for the 11 months ending November 30, 1917, show an increase of 34 per cent over the same period of 1916.

Post-office receipts at the larger cities have been unusually large and show a heavy increase for the year over 1916, the cantonment cities, especially Waco, showing increases of from 25 to 75 per cent.

The number of commercial failures in this district and amount of liabilities involved have each month shown a substantial decrease as compared with 1916, and indicates that business is on a generally sound basis.

To summarize, it may be stated that business has been very satisfactory in 1917, and the new year is approached with optimism. Adjustments to war conditions have gradually been made, and while conservatism will continue to be the general policy in many lines, and new undertakings will be entered upon with caution and deliber-

ation, it is believed the future will justify the prediction that the year 1918 will be as prosperous as the past year.

ACTIVITIES OF THE FEDERAL RESERVE BANK DURING THE YEAR.

DISCOUNT OPERATIONS.

The volume of discount operations of the bank shows a large increase over 1916, the aggregate for the year being \$92,129,552.99 as compared with \$22,055,589.56 last year. There were accommodated during the year by rediscounts 258 member banks, of which 29 were banks which had not previously rediscounted with us. The largest note discounted was for \$958,000, the smallest \$10.50. Exhibit 4 shows the volume of our discount operations by months throughout the year. Exhibit 5 shows the changes in our discount rates during the year. The changes have been but few, as conditions, while unusual, have not made revision necessary. Exhibit 6 shows the classification, by maturities, of the paper discounted during the year.

The facilities offered by this bank for handling the so-called commodity paper have never been extensively availed of by our member banks. This is unquestionably due to the fact that during the past two years all commodities raised on the farm, and for which the preferential rate on this class of paper was established to assist in gradual marketing, have sold at prices far beyond those previously received. As the result there was no occasion for the storage of the products and little necessity of assistance of banks to finance producers pending their marketing.

While the use of trade acceptances in substitution for open-book accounts is being gradually adopted by business men in this district, there yet remains much educational work to impress upon manufacturers and jobbing houses the desirability of this form of paper and its adoption by commercial interests generally. Our officials have endeavored in every possible way to arouse interest in this form of paper and have the trade acceptance substituted for the open-book account, and their efforts have met with some success. This is evidenced by the increased numbers of inquiries for information on trade acceptance. Exhibit 7 shows the amount of trade acceptances discounted during the year and maturities of the same.

BILL OF LADING COLLECTIONS.

The service rendered member banks through the handling of bill of lading collections has been a means of relieving them of a burden upon their facilities during the crop-moving period. It has proven a source of earnings as well, since interest as 4 per cent is charged on the items while outstanding. The total of such items handled

during the year was \$5,339,916.91, classified, by commodities, is shown in Exhibit 8.

ACCEPTANCE BUSINESS.

The volume of acceptances which this bank has handled throughout the year, both by purchase in the open market and through other Federal Reserve Banks, has shown a large increase over the amount bought in 1916. The acceptance system is growing in this district, and we predict a still further and more rapid development of this method of credits as the banks become familiar with the advantages of the bills. The purchase of acceptances has proven advantageous in increasing our earning assets, as well as providing a cover for the issue of Federal Reserve notes. Exhibit 9 shows the amount of acceptances purchased, rates at which purchased, and classification by maturities.

The rates on acceptances purchased have averaged 3.32 per cent. Most of the acceptances purchased covered goods imported or exported, and only a small percentage of the transactions were domestic. There is a growing tendency, however, to use domestic acceptances, and we believe the field will ultimately be developed, and domestic acceptances be offered in larger volume. The purchase of acceptances has been principally from member banks.

UNITED STATES BOND OPERATIONS.

Exhibit 10 shows the operations of the bank in United States bonds during the year. Of the amount of bonds held \$2,732,400 cover Federal Reserve Bank note circulation. During the year the bank purchased \$1,337,750 from member banks and \$50,000 in the open market. The table referred to shows the amount of bonds converted into Treasury notes and sales of such securities. Holdings of United States bonds on December 31, 1917, are shown in Exhibit 11.

MUNICIPAL WARRANTS.

Our investment in municipal warrants has not been large. Exhibit 12 shows the volume of such transactions, rates at which purchased, maturities, and classification of these securities by character of bodies issuing.

The amendment to the Federal Reserve act, passed during the latter part of 1916, by which member banks can borrow on their own notes, for a period not exceeding 15 days, such notes to be secured by eligible paper, or United States securities, has filled a long-felt want, and the facilities offered by such short-time accommodation have grown in popularity with our members, as evidenced by Exhibit 13, showing the amount of this class of paper handled and the

number of banks for which we have discounted. The service extended by these promissory notes enable our member banks to care for any unusual demands of a temporary nature, and is especially helpful in building up debit reserves.

CHANGES IN THE RESERVE POSITION OF THE BANK DURING THE YEAR.

The attached chart (Exhibit 14) shows the reserve position of the bank throughout the year. It will be noted that the bank has at all times been well above the amount required.

THE FEDERAL RESERVE BANK AND MEMBER BANKS.

CHANGES IN MEMBERSHIP DUE TO TRANSFERS FROM AND TO OTHER DISTRICTS.

The membership of this bank has not been affected during the year by transfers from or to other districts, and, so far as we are informed, no alterations are contemplated in the boundary lines of the eleventh district, except the agitation of a slight change in northern New Mexico, which has not seemed to meet with the approval of any considerable number of the banks which would be affected by the change. While the area covered by the eleventh district is rather extensive, we believe the service rendered our members, even in the remotest sections, is satisfactory, and transfers to other districts are therefore not necessary or desirable.

MOVEMENT OF MEMBERSHIP WITHIN THE DISTRICT.

On January 1, 1917, there were 621 member banks in this district. The total capital subscribed by these banks was \$5,400,100, of which \$2,695,300 had been paid in. During the year 9 banks liquidated, retiring from business entirely or taking out State charters. This reduced our paid-in capital stock \$17,200. There were added during the year by new national charters and State banks' memberships 20 banks, increasing our paid-in capital \$48,350.

Additional stock allotments, by reason of increase in the capital and surplus of member banks, have been made, aggregating \$143,600, with \$71,800 paid in. Stock surrendered on account of reduction in the capital and surplus of members, aggregated \$9,900 and reduced our paid-in capital \$4,950.

After taking into consideration the changes in membership enumerated above, we have in the district on December 31, 1917, 632 member banks, with total subscribed capital of \$5,589,800 and total paid-in capital of \$2,794,900, an increase in number over December 31, 1916, of 11 and increase in amount of capital paid in of \$9,600. The membership, by States, is as follows: Arizona, 7; Louisiana, 12; New Mexico, 32; Oklahoma, 30; Texas, 551; total, 632.

RELATION TO NATIONAL BANKS, STATE BANKS, AND TRUST COMPANIES.

The officials of this bank appreciate that the success of the institution depends in a large measure upon the attitude of our member banks, and it is a real pleasure to mention the hearty cooperation of the institutions generally of the district. Our relations with them are most cordial and we continue to enjoy their good will. As in other sections, there developed some opposition over installation of the check-clearing plan, but this unfavorable sentiment has largely though not entirely disappeared.

Experience has demonstrated that much good can be accomplished by personal contact with the bankers of the district, and following the practice adopted since the bank opened, one or more of the official staff have attended the various bankers' meetings, district and State, held during the year.

RELATION TO STATE BANKS AND TRUST COMPANIES—STATE BANK MEMBERSHIPS.

The preceding paragraph referring to relations with member banks includes, of course, those State banks which are already members. The eligible State banks have not only been circularized, but special letters written, detailing at length the prerequisites to membership advantages and benefits to be derived, etc.

As a rule, the State banks are friendly to the system, and we think the majority of them are as patriotic as our own members. There are probably several reasons for the apparent apathy of State banks. Many State bankers have the impression, to a large extent erroneous, that by joining they will be subject to dual supervision. Another deterrent factor is the question of exchange, and some objections to membership are based on that score. These and many other reasons are advanced for State banks remaining out of the system. The fact that financial conditions have been comparatively easy since the Federal Reserve System was established, for which its existence is directly responsible, and the ability of State banks to derive indirect benefit from the system through their national-bank correspondents is, we believe, one of the principal reasons why so little progress has been made in State-bank membership. The number of State banks in the district eligible for membership, based on figures compiled from a bank directory of July, 1917, is as follows: Arizona, 6; Louisiana, 33; New Mexico, 28; Oklahoma, 5; Texas, 370; total, 442.

ACCOMMODATION OF MEMBER BANKS THROUGH DISCOUNTS AND THE PURCHASE OF ACCEPTANCES.

In a paragraph preceding mention is made of the accommodation to member banks by discount operations, and an exhibit attached

shows the number of banks served and the volume of paper handled. These functions are being rapidly developed, and the growth in such operations in 1917 has really been phenomenal. As the banks use our rediscount facilities and become familiar with our requirements they appreciate that the same are not onerous, and if they "keep their house in order," they are assured every service consistent with sound banking principles. There may have existed in the past some criticism of so-called "red tape" in this regard. If such fear did previously prevail, we believe it has been almost, if not entirely, eliminated. Our executive committee has always inclined to be liberal in policy, although requiring that offerings come within our regulations.

The acceptance field is yet to be developed in this district, and the volume of this class of paper handled by banks is not large, though we have purchased some acceptances from member banks in limited amounts, as shown in Exhibit 9 attached. Acceptance credits furnish an excellent means of handling cotton accounts, and their liquidity, early maturity, and favorable rates should make such investments quite attractive, and we anticipate a rapid growth in the acceptance market.

MEMBER-BANK DEPOSITS—EXCESS DEPOSITS—OVERDRAFTS.

Exhibit 15 shows the deposits of member banks, by months, throughout the year, excess carried, and amount of overdrafts.

Penalties for deficient reserves amounted during the year to \$12,968.16. We require a weekly report from member banks, showing their net deposits, from which the reserve balances are calculated, and if deficiencies occur penalties are assessed. The member banks, we think, are disposed to keep their reserve balances at the required figure, and there has been considerable improvement shown during the year. Notwithstanding the final transfer of reserves after the passage of the amendments to the act, June 21, 1917, deficiencies were not large, nor were the amount of penalties increased perceptibly. Unfamiliarity with time schedules, the operation of the clearing system, and availability of items for credit contribute to the impairment of required reserves. Experience shows that often the same banks are offenders week after week and, as in other requirements, banks that comply with regulations are seldom, if ever, on the deficient list.

Amounts of overdrafts were comparatively small, as shown by Exhibit 15, and have resulted in impaired reserves, through a misunderstanding of mail schedules, deferred availability of items handled through the district clearing house, and delay in receipt of remittances and transfers.

PERIODIC REPORTS REGARDING CONDITION OF MEMBER BANKS—EXAMINATIONS OF MEMBER BANKS.

The reports of condition of member banks on the periodic examinations by the chief examiner's force, as well as the statements submitted on the Comptroller's calls, are carefully examined and analyzed by the Federal Reserve agent and our credit information division. Memoranda of unusual or unfavorable items appearing thereon are made and form a permanent record in our credit files. If of a serious nature, remedial steps are immediately taken. It is gratifying to report that few such cases have arisen during the year, and as a result only three special examinations by the officers of this bank were necessary. Such investigations have, without exception, disclosed an entire willingness on the part of the member bank to correct irregularities, and conform strictly with the department's regulations and those of the Federal Reserve Bank. We endeavor, in such instances, to act in an advisory capacity, as well as to institute regulatory measures.

BANK FAILURES WITHIN THE DISTRICT.

There have been no bank failures in the eleventh district during the year. In one or two instances, where unfavorable reports about a bank's condition have been received, special attention was immediately given.

OVERDUE PAPER.

This bank has held no overdue paper during the year, provision having been made by member banks to take care of all paper as it matured.

THE FEDERAL RESERVE BANK AND THE PUBLIC.

OPEN MARKET OPERATIONS OF THE FEDERAL RESERVE BANK.

There has been a large increase in our open-market activities during the year. The volume of paper purchased in this manner is shown in the following tables and attached exhibits. The favorable rates at which such investments are offered, and the liquidity of the same, make them attractive for the employment of our funds. A large portion of the earning assets of the bank throughout the year have consisted of open-market purchases. Most of these operations have been conducted for us by the Federal Reserve Bank of New York, as member banks in this district have as yet engaged in such business only in a very limited way. We anticipate a rapid development in this field and growth of such operations with this bank. It is a service for which the banks were established, and their resources can be employed to excellent advantage by such investments.

EFFECT OF THE DISCOUNT RATE POLICY OF THE BANK UPON GENERAL
MARKET RATES.

Rates of discount are of course governed by financial conditions and the general principle of supply and demand. We have made but slight changes in our rates during the year. Even with conditions somewhat abnormal on account of the war, there has been no occasion for rates to be increased materially. Fluctuation in the rates of commercial banks in the district were not great, and we do not believe that variations either way throughout the year have exceeded 1 per cent. Unquestionably this is to a considerable extent due to our rates and facilities of rediscount. The effect or influence, therefore, of our rediscount policy on general market rates is to equalize the same and, while not necessarily reducing the rates of commercial banks, to exert the healthy condition of stability. The eleventh district is unlike the districts in the East, in that it is largely agricultural, and variations in rates are not subject to local conditions as in the larger financial centers.

PUBLICITY WORK OF THE BANK.

The average individual knows but little of the operations of the Federal Reserve Bank, except that it is a "bank for bankers," and therefore has no transactions with the public. There is, however, a growing appreciation in the public mind of what the institutions mean to the financial world, and of the service rendered to member banks. While this bank has never actively undertaken any public relations work, and has no publicity department proper, it is our policy to keep the public well informed, through the local newspapers and Associated Press, of the bank's activities.

THE FEDERAL RESERVE BANK AND THE GOVERNMENT.

GOVERNMENT DEPOSITS.

Prior to the inauguration of the Government's war financing our relations as fiscal agent had been confined principally to receiving deposits from local authorities, for credit in the Treasurer's general account, and making transfers of funds. Exhibit 16 shows the amount of such deposits and transfers prior to the handling of Liberty loan funds.

RELATION TO THE UNITED STATES TREASURY.

This subject is partly covered in the paragraph preceding, touching fiscal operations. Other relations, of course, include transactions with the subtreasuries in the supply of various forms of money, particularly small bills and fractional coins, of which, since we have

extended our service and developed additional functions pertaining to those of a subtreasury, it has been necessary to keep large amounts on hand. We endeavor to supply our member banks with all forms of currency and coin, and therefore our transactions and frequent relations with the Treasury are somewhat intimate.

RELATION TO THE COMPTROLLER'S OFFICE.

The office of the chief examiner for the district, who is really the comptroller's representative on the ground, is in the bank building. During the year the examiners have been called in conference by the chief examiner, and our officials had the opportunity to meet them and discuss matters of mutual interest. The Federal Reserve agent's department and the bank proper have frequent transactions with the comptroller in connection with Federal Reserve notes, their receipt, redemption, etc.

THE FEDERAL RESERVE BANK AND NOTE ISSUES.

GENERAL POLICY IN THE MATTER OF NOTE ISSUES.

The bank has not altered its previous policy of issuing Federal Reserve notes to supply the currency needs of the district at crop-moving periods and other seasons and as the means of increasing our gold stock. The Federal Reserve note is rapidly being substituted for other forms of currency. The chart attached (Exhibit 17) shows the amount of notes outstanding during the year. There is also attached a chart (Exhibit 18) showing similar figures for 1916. A comparison proves interesting and shows that whereas the total outstanding on January 1, 1917, was \$23,762,855, the amount on December 31, 1917, was \$47,716,950, while the minimum during the year was \$18,905,115, on July 30. Exhibits 19 and 20 show all transactions in notes during 1917 and since organization of the bank to December 31, 1917.

SUBSTITUTION OF FEDERAL RESERVE NOTES FOR GOLD AS CIRCULATING MEDIUM.

Since the passage of the amendments to the act, whereby only balances with the Federal Reserve Bank count as reserve, there is no occasion for member banks to hold gold in any considerable amounts. We have taken advantage of this opportunity to increase our stock of gold by exchange for Federal Reserve notes. Considerable gold has been thus acquired, and Federal Reserve notes substituted. Further steps will be taken in this direction, since the notes can be issued directly against gold, and gold held by the Federal Reserve agent as cover is counted as reserve. Not only have

member banks been willing to cooperate by shipping us their gold for Federal Reserve notes and other currency, but many nonmember banks have done so.

COVER OF NOTES ISSUED.

Exhibit 21 is a transcript of the daily statement of the Federal Reserve agent's department on December 31, 1917. It shows the cover of notes issued, both gold and commercial paper.

DENOMINATIONS OF NOTES ISSUED.

Exhibit 19 shows the denominations of notes issued during the year. Of the notes issued, fives, tens, and twenties are in greatest demand, especially tens and twenties, and it has been difficult to maintain a sufficient supply of these notes to meet requirements. There is small demand for fifties and hundreds, and if ordered it is generally to fill a special purpose of creating balances, or to meet a temporary requirement.

AVERAGE LIFE OF NOTES ISSUED.

It would, in our opinion, require careful study of this matter, and probably the working out of a test plan to determine with any degree of accuracy the average life of Federal Reserve notes. Any statement or estimate, therefore, is purely guesswork. The purpose for which issued, or rather the individual circumstances of issue, and location of bank to which furnished, and other factors enter into the problem. The smaller denominations, being issued in greater numbers, naturally become mutilated sooner than others. Assuming that the paper used in the preparation of the notes is of the same standard of quality as other forms of United States currency, it occurs to us that the amount of unfit notes returned for redemption and destruction, in proportion to the amount issued, is quite large. It is the practice in this district to begin issuing Federal Reserve notes for the crop movement about the middle of August. Shipments for this purpose continue through October, and often occur in November. About the first of the year member banks begin to return them, and our experience is that about 50 per cent of the notes returned are mutilated and have to be forwarded to Washington for destruction. Along with our own notes are large numbers of notes of other districts, and the latter are as a rule in better condition than our own. We have noted this fall a comparatively small number of twenties returned, and are unable to account for this fact unless it be that they are used for troops' pay rolls and find their way back more slowly than the other denominations.

INTERDISTRICT MOVEMENT OF NOTES.

Amounts of Federal Reserve notes of this bank received from other banks exceeded by over 60 per cent the amounts of notes of other banks returned by us. The ratio has been smaller this year than last on account of the shipment of notes of other banks to cantonment points in this district for soldiers' pay rolls. Such notes have come to us in original packages. Exhibit 22 shows the amounts of notes received from other Federal Reserve Banks and returned to such banks during the calendar year 1917. The total amount of our notes received from other banks was \$5,765,280. The total amount of notes of other banks returned to them was \$3,506,950. The cost per thousand dollars of our notes returned is approximately 22½ cents. This includes amounts returned direct to us or forwarded to the Treasury Department for redemption. The Federal Reserve Banks nearest Dallas, of course, receive the largest number of our notes, St. Louis, Kansas City, and Atlanta returning more than any other banks. From New York also we receive our notes in large amounts.

REDEMPTION AND DESTRUCTION OF NOTES.

Exhibit 20 shows the amount of notes forwarded to the comptroller for redemption and destruction during the year, as well as total amount redeemed and destroyed since the bank was established to December 31, 1917.

COST OF FEDERAL RESERVE NOTES.

Exhibit 23 attached shows the cost of Federal Reserve notes printed for the bank during 1917. The statement shows a large increase over 1916, as our transactions in notes during the year have been very heavy, necessitating large orders from the comptroller. Early in the year the Federal Reserve Board arranged to have a minimum supply of notes of this bank always available in Washington and at the Subtreasury of St. Louis. The supply agreed upon in the several denominations has been sufficient for our requirements. The cost of the notes has added materially to our expense account.

FEDERAL RESERVE BANK NOTES.

There has been no occasion to use Federal Reserve bank notes during the past year. On January 1 we held these circulating notes aggregating \$2,000,000. During the year we increased the same to \$2,732,400, and that amount is now held by us. The bank-note circulation will be used only in emergencies. It is impracticable to use these notes in view of the circulation tax. With the supply of Federal Reserve notes always ample for our currency requirements, there should be little necessity to issue the bank notes.

FEDERAL RESERVE AGENTS AND NOTE ISSUES.

In the issue of Federal Reserve notes the Federal Reserve agent endeavors to be of real service to the bank and, as the Government's representative, to comply with all requirements of the Federal Reserve act regarding note issues. The supply of notes has to be carefully watched and the various denominations maintained at all times. The Federal Reserve agent's department and the bank officials work in close cooperation in such transactions, and, as a result, render efficient service to our members, which we feel is an important function of Federal Reserve banks. The deposit of a supply of notes with the Assistant Treasurer at St. Louis, to be availed of in emergencies, has been very advantageous and enabled us to secure shipments quickly where, on account of unusual demands, we could not judge our needs in advance.

AMENDMENT REGARDING NOTE RESERVE.

Since the passage of this amendment to the act, on June 21, the bank's position has been materially strengthened, since gold with the agent counts as part of the bank's required reserve, and notes can be issued directly against gold. The issuing power of the banks is thus materially increased.

INTERNAL MANAGEMENT OF THE BANK.

FUNCTIONS AND WORK OF DIRECTORS, EXECUTIVE COMMITTEES, OFFICIAL AND CLERICAL STAFF, MEMBER OF ADVISORY COUNCIL.

Our board of directors meets the first Tuesday of each month, and, with the exception of August, when some of our members were unavoidably absent from the State, the meetings have been held regularly, a total of 11 having been held in the year. At all of these meetings a quorum has been present, and at most of them a full attendance. The directors have discussed the affairs of the bank in the freest and fullest manner. The members are all men of large affairs, representing various lines of business, and the three classes of directors are typical of the commercial, industrial, and financial interests of the district.

There has been no change in the personnel of our board in 1917. On December 19, 1916, class C director, H. O. Wooten, whose term expired December 31, 1916, was reappointed by the Federal Reserve Board for the three-year term beginning January 1, 1917.

On January 3 class C director, W. B. Newsome, was designated deputy chairman of the board and deputy Federal Reserve agent for the year ending December 31, 1917.

The terms of class A director, E. K. Smith, and class B director, J. J. Culbertson, expired December 31. In accordance with the provisions of section 4 of the Federal Reserve act an election of successors to these gentlemen was held, the polls opening November 20 and closing December 4. Director Smith was originally elected by banks in group 2, and Director Culbertson by group 3. The banks were regrouped, with the result, however, that no change was made in the grouping from last year. The present grouping is as follows: Group No. 1, banks with an aggregate capital and surplus of \$120,000 or more; group No. 2, banks with an aggregate capital and surplus of \$60,000 but less than \$120,000; group No. 3, banks with an aggregate capital and surplus of less than \$60,000.

Of 221 banks in group 2 only 50 sent in certificates of election of district reserve elector. Mr. Smith was reelected, being the only nominee, and received 50 votes. Of 201 banks in group 3 only 25 sent in certificates of election of district reserve elector. Mr. Culbertson was reelected, being the only nominee, and received 25 votes.

As in the past, our member banks took very little interest in the election, as indicated by the small number of banks certifying the election of a district reserve elector. In such an important matter, and one so vitally affecting the bank, it would seem that our members, if not desiring to make a nomination, would, at least, take enough interest to vote. It would be encouraging to the nominee to know that all of the member banks had a part in his election.

The executive committee of the bank, as its name implies, directs the affairs of this institution, under the supervision and control of the board of directors, and exercises the powers conferred on it by the by-laws. The governor, as chairman of the executive committee, makes monthly reports to the board of directors, in which the work of the committee is fully reviewed. The committee meets daily to pass on discount offerings, to initiate open-market purchases, transactions in securities, if any are contemplated, and to discuss matters of importance which may have developed during the past 24 hours.

The officers of the bank meet on Tuesday and Friday of each week, at 9 o'clock a. m., for a general discussion and review of operations. Any important correspondence received since the previous meeting is read. Official communications with the Federal Reserve Board are also, if deemed desirable, presented and matters of policy outlined. These meetings enable the officers to keep in the closest touch with developments from day to day.

At the directors' meeting January 4 Mr. T. J. Record was reelected to represent the eleventh district on the Federal Advisory Council. Mr. Record has attended the regular sessions of the council, and frequently conferred with our directors and officials on subjects dis-

cussed by the council and matters of general interest to the eleventh district.

On December 31, 1917, there were employed by the bank, including the district clearing house, 90 clerks and 9 officers.

OFFICE AND VAULT FACILITIES—BANK PREMISES.

The vault space proper of the bank is ample for present needs, and we believe sufficient for our requirements for some time to come. This is not true, however, of office facilities, and additional space is needed, some of the departments being badly crowded. At a recent meeting of our board the class B directors were appointed a committee to consider the feasibility of leasing additional quarters, or of adding new stories to the present building. Their report will soon be submitted. In the meantime some relief has been afforded by the leasing of space in a near-by building for the Liberty loan and depositary divisions.

EXAMINATIONS BY FEDERAL RESERVE EXAMINER.

The bank proper and the Federal Reserve agent's department were examined by the chief examiner and his staff for the Federal Reserve Board on February 13, 1917. This examination included every department of this institution, and was most thorough, as previous examinations have been. It is gratifying to state that on the schedule "Suggestions to officers," the chief examiner reported "none." Commenting on the conduct of the affairs of the institution the chief examiner reports, "The bank has a well-balanced and efficient organization."

CLEARING OPERATIONS.

Since the beginning of general clearing operations July 15, 1916, there has been a gradual and steady increase in the number and amount of items handled. While this increase is due to business development rather than to solicitation, still the member banks in this district are beginning to realize the advantages offered them in the Federal Reserve par collection system and are availing themselves of its facilities to an increasing extent.

It has not been the policy of this bank to resort to solicitation in order to increase its par list. New clearing accounts are welcomed, however, and advantage is taken of every opportunity to explain to banks that contemplate sending us their miscellaneous items the advantages that are to be gained. It seems desirable for the smooth working of the system and for the insurance of its permanency that the development be gradual.

Items received and handled for account of other Federal Reserve Banks are in number almost equal to the number received and han-

dled for account of our member banks. While the number of items received from member banks has greatly increased, it is not meant to convey the impression that the number of clearing accounts has increased in proportion. The majority of these items are received from the large central banks, the country banks still preferring to send their items to their city correspondent with whom they have had satisfactory relations extending over a long period of time. A large portion of such items forwarded, however, finally seek collection through the district clearing house, the city banks finding it much to their advantage to send us the items, thus obviating the necessity of having their funds scattered over a wide territory, and also saving the expense of extra accounting. The method of operation, with few exceptions, remains unchanged.

On account of the delayed mail service the average collection time of items drawn on banks in this district has been increased, and as a consequence it has been necessary to withhold credit to other Federal Reserve Banks' accounts for an additional 24 hours, making proceeds of such items now available in four days after receipt. When conditions become normal it is possible that the former practice of crediting such items in three days will be resumed.

EFFECT UPON RESERVES.

The method of making charge to member banks' accounts covering items sent them, after sufficient time has elapsed for us to receive their credit advice, whether or not same has been received, has not materially affected the reserves of member banks. Although in a number of cases penalties were assessed for deficiencies, and occasional overdrafts, the aggregate reserves have been well maintained, which indicates that the majority of member banks have become thoroughly familiar with the effect of deferred time schedules on the available reserves.

It has been the policy of this bank to improve impaired balances occasionally by mail delays, but not until a thorough investigation has been made of the mail schedule and not until it is found that the member bank has exercised due diligence in restoring such balance. Improvement is not made then unless our attention has been directed to the delay. This method has been productive of much good in that member banks are now checking the daily statement of account forwarded them immediately upon receipt. This has also enabled us to keep the time schedules current.

SERVICE CHARGES.

The service charge in this district applicable to all items on which deferred credit is given has permitted of the accumulation of sufficient funds to offset all expenses incidental to the operation of the

district clearing house, in which has been included a monthly depreciation charge of 2 per cent on equipment. The cost of equipment has not been included in this expense.

IMMEDIATE CREDIT ENTRY.

This bank has maintained its liberal policy toward its members in the manner of making settlement of debit balances received in the district clearing house. Immediate credit upon receipt has been given for drafts drawn on banks in all Federal Reserve cities, as well as points on which other Federal Reserve Banks allow us immediate credit.

The means afforded by the operation of the reserve city clearing house has also been of much assistance to the country banks in making quick settlement of such balances.

RESERVE CITY CLEARING HOUSE.

The reserve city clearing house, operated for the convenience of former reserve city banks and at their expense, has fulfilled all expectations. Its operations are regarded now as a necessity. The member banks of the clearing house continue to send the actual checks and drafts which they receive on each other to the drawee banks for credit. Against these drawings they draw drafts in favor of the Federal Reserve Bank and forward it for their credit in reserve city clearing house. A clearing is effected and resultant balances advised by wire. Settlement of balances is made on the same day. Debit balances may be covered in any of the following ways: Debited to reserve account of debtor bank; remittance by mail to other Federal Reserve Banks for credit of Federal Reserve Bank of Dallas at the current rate of exchange; or by arrangement with any other bank to deposit funds with the Federal Reserve Bank for that purpose and remittance of currency by registered mail insured. Disposition of credit balances are subject to the instructions of the creditor banks. In the absence of advice the reserve city clearing house account is closed by making debit or credit entry to reserve account.

Some of the large member banks not participating in the reserve city clearing house have made drafts, drawn on them by their country correspondents immediately available at the Federal Reserve Bank, by permitting us to charge their reserve account. Viewing the clearing operations of this district as a whole, the service rendered to member banks, as well as to other banks, would be difficult to overestimate. Opposition to the plan has greatly decreased, and expressions of cooperation are being continually received. Exhibit 24 shows the total operations of the district clearing house for the year December 15, 1916, to December 15, 1917.

SERVICE RENDERED TO THE BANKS BY THE GOLD-SETTLEMENT FUND.

During the past year the bank and its members availed themselves to an increasing extent of the services of the gold-settlement fund. As shown in Exhibit 25, this bank paid out during the year in gold through the gold-settlement fund \$637,849,800 and received payments of \$647,424,000. This plan has obviated the necessity of shipping millions of dollars in settlement of balances between Federal reserve banks. It has proven especially valuable in making heavy transfers for the account of the Treasurer, occasioned by the Government's fiscal activities. The concentration by this plan of accumulated funds from proceeds of Liberty bond sales has enabled us to make these transfers at a small attendant expense and thus to avoid actual cash shipments to meet the Treasurer's demands.

That this plan has to a marked degree stabilized the exchange market and tended to properly distribute credit throughout the country is obvious. It also affords an effective means of making deposits in gold with the Federal reserve agent as cover for the issuance of Federal reserve notes and transfers resulting therefrom.

The necessity of this plan in promoting transactions between the Federal reserve banks becomes more and more apparent. In our opinion improvement could be made only by effecting settlements at more frequent intervals.

Exhibit 25A shows, by months, the settlement and resultant balances, both debit and credit, made during the year. This does not include the many other transactions made through the fund.

SHIPMENTS OF CURRENCY AND COIN.

Exhibit 26 gives the amounts of currency and coin shipped, by months, to member banks during the year. The bank has rendered a distinct service to its members in this regard, but especially have our facilities been used during the cotton movement of the late summer and fall months. While previously the banks of the district called upon their reserve city correspondents and the Subtreasuries for their currency and coin needs, they now order through us, and we have met their demands by keeping ample stocks on hand, and have thus performed the functions of a Subtreasury. The total currency and coin shipments during the year were \$55,717,633, a considerable increase over 1916, the total for that year being \$45,527,252. The large shipments to member banks at cantonment sites, for construction and soldiers' pay rolls, account for part of the increase.

HISTORY OF LIBERTY LOAN ORGANIZATION.

On May 15, 1917, the first Liberty loan central advisory committee was called together. The committee was composed of about 80 of

the principal bankers and merchants of the eleventh Federal district, together with the Federal Reserve Bank officers. At the meeting an executive committee of 17 members was formed.

It was not deemed necessary to have separate committees for the different phases of activity, the responsibility for the conduct of the campaign resting very largely upon Mr. J. W. Hoopes, as executive manager, the executive committee meeting when necessary. At a somewhat later date a chairman of the women's Liberty loan committee of the district was appointed. At the first meeting of the executive committee it was agreed unanimously that the county judge should be appointed chief local organizer. The judge was requested to call a meeting at the county seat of all the more responsible citizens in the county, and at this meeting subcommittees were appointed to handle the loan in those cities, towns, and communities remote from the county seat. The response of the county judges was reasonably good; in some cases, particularly good, although it should be noted that owing to the short time at our disposal, the newness of the whole proposition, and the geographic extent of the district, organization was not as near perfect as could have been desired.

The banks were approached through letters, and the response was gratifying. In some cases where the county judge refused to act, banks took the whole burden of the loan upon their shoulders. The loan was subscribed very slowly at first, more than 50 per cent of it being subscribed during the last week.

During the period of the second Liberty loan campaign the same committee as before was appointed to handle the matter. Arrangements for organization and publicity were started on September 19 in preparation for the opening of the campaign on October 1. The earlier start, as compared with the first campaign, was of great advantage, and resulted in a 95 per cent county organization; that is to say, 95 per cent of our 295 counties were organized, with a chairman and a committee. The unorganized sections of our district comprised counties in which there are neither railroads nor towns of any size.

The county judge was again designated as chief local organizer, and in most cases was found a very satisfactory organizer. The banks showed more enthusiasm during the second campaign, advertised the loan more extensively, and generally showed an awakening to the needs of the situation. The women's Liberty loan committee was particularly well organized, and a careful estimate shows that at least \$13,000,000 in subscriptions were obtained as a direct result of the efforts of the women's committee, which was organized with

a chairman in each county, working in conjunction with the county judge.

Appreciative acknowledgment is hereby made to the many citizens who patriotically and unselfishly cooperated in the work of the local Liberty loan organization and who freely devoted their time to the task of placing the bonds in the hands of subscribers.

Exhibit 27 gives detailed information regarding subscriptions to the first and second Liberty loans received by the bank, also regarding the distribution of certificates of indebtedness sold through the bank.

Exhibit 28 gives expenditures and number of employees of the Liberty loan department, also amount of reimbursements received from the Treasury Department.

CONCLUSION.

The influence and effect which the operations of this bank have had not only in the financial world but in the channels of trade generally would be difficult to estimate. With the rapid growth in our resources and the general development of facilities not before undertaken, the sphere of the institution's usefulness is thus broadened and its opportunities for real service increased. For the past two years—in fact, since the bank was established—conditions in the eleventh district have been generally prosperous, and the proverbial “rainy days” for bankers have not materialized. The bank has therefore not been thoroughly tested. There unquestionably exists in the minds of the initiated, however, an appreciation of the service Federal Reserve Banks can and do render, and the assurance that when stressful times come they can turn to this institution for assistance. The management of the Dallas bank will continue, as it has in the past, to encourage our members to use our facilities and become familiar with our methods. The majority of the banks have already done so, and the task of education is less arduous. The bank's position is well established. The institution is dedicated to service. Its functions and activities have just begun. We approach the new year, therefore, with confidence, in the firm belief and assurance that past achievements and service will be even surpassed in the future.

EXHIBIT 1.—Comparative statement of the Federal Reserve Bank of Dallas.

	Dec. 31, 1917.	Dec. 31, 1916.
RESOURCES.		
Bills discounted and bought.....	\$22,880,546.54	\$3,032,115.69
United States bonds to secure circulation.....	2,732,400.00	2,000,000.00
Other United States bonds and Treasury notes.....	3,193,700.00	3,033,250.00
Investments, municipal warrants.....	150,458.74	127,318.87
Bill of lading drafts.....	682,058.19	11,072.50
Bank premises.....	136,736.31	144,246.31
Furniture and fixtures.....	11,000.00	37,164.32
Cash and due from banks (not reserve).....	5,227,722.99	1,407,448.37
Federal Reserve bank notes on hand.....	2,732,400.00	2,000,000.00
Credit balance in gold settlement fund.....	24,520,700.00	14,946,500.00
Gold with agent for retirement of outstanding Federal Reserve notes.....	25,036,675.00	22,862,855.00
Gold and lawful money.....	13,896,493.91	5,308,894.50
Gold held with foreign agencies.....	1,837,500.00	
Deferred debits.....		5,022,023.23
Deferred debits—checks and drafts in process of collection.....	6,581,975.95	
Federal Reserve Banks—transfers bought (net).....	3,619,774.36	
Total.....	113,240,141.99	59,932,888.79
LIABILITIES.		
Capital stock.....	2,794,900.00	2,695,050.00
Net profits.....	217,906.06	33,864.51
Federal Reserve notes issued.....	47,716,950.00	24,162,855.00
Reserve deposits (net).....	44,155,240.99	25,742,902.95
Government deposits.....	6,609,284.55	1,493,691.05
Due to other Federal Reserve Banks (net).....	1,515,970.49	1,292,435.51
Deferred credits—checks and drafts in process of collection.....	7,497,489.90	2,511,089.77
Federal Reserve Bank notes (secured by United States bonds).....	2,732,400.00	2,000,000.00
Total.....	113,240,141.99	59,932,888.79

EXHIBIT 2.—Comparative statement of earnings and expenses of bank for years 1917, 1916, and since organization.

	1917	1916	Since organization.
EARNINGS.			
Bills discounted, members.....	\$198,571.22	\$205,232.29	\$646,039.47
Bills discounted, other Federal Reserve Banks.....	10,493.44		10,493.44
Acceptances bought in open market.....	138,512.74	10,879.64	149,392.38
United States bonds and Treasury notes.....	159,431.61	64,576.25	224,642.74
Municipal warrants.....	6,832.79	736.80	7,558.49
Profits realized on United States securities.....	4,007.67		4,007.67
Transfers—net earnings.....	31,027.34	7,305.20	42,552.19
Deficient reserve—Penalties.....	12,968.16		12,968.16
Sundry profits.....	3,747.42	18,144.46	22,177.40
Total.....	568,592.39	306,874.64	1,120,131.94
EXPENSES.			
Assessments account expense Federal Reserve Board.....	11,438.78	9,664.82	48,314.85
Federal Advisory Council expenses.....	150.00	752.80	1,346.21
Governors' conferences.....	398.42	1,300.80	1,699.22
Federal Reserve agents' conferences.....	207.64	613.55	821.19
Salaries:			
Bank officers.....	41,050.54	33,055.08	110,951.22
Clerical staff.....	39,940.27	28,361.56	103,417.23
Special officers and watchmen.....	2,761.68	1,771.02	4,961.70
All other.....	2,980.78	2,585.33	7,613.11
Directors' remuneration and expenses.....	3,521.89	4,259.10	13,705.80
Officers' and clerks' traveling expenses.....	1,138.77	1,234.33	4,953.73
Legal fees.....	2,400.00	2,422.40	5,236.25
Rent.....			10,079.78
Taxes and fire insurance.....	927.20		3,439.18
Telephone.....	869.47	871.74	2,388.29
Telegraph.....	584.46	645.24	1,685.73
Postage.....	3,166.32	3,088.43	10,126.45
Expressage.....	8,424.31	10,783.23	30,690.87
Insurance and premiums on fidelity bonds.....	1,517.92	476.73	6,371.14
Light, heat, and power.....	1,468.24	1,318.65	2,965.29
Printing and stationery.....	6,327.37	496.97	16,236.07
Repairs and alterations.....	2,472.86	209.30	3,173.09
All others not specified, including exchange.....	5,154.00	6,298.69	18,828.57
Cost of Federal Reserve currency issued.....	30,910.82	12,346.43	50,640.81
Total.....	167,811.74	122,556.20	459,645.79

EXHIBIT 3.—Chart showing earnings and expenses of the Federal Reserve bank of Dallas for 1917.

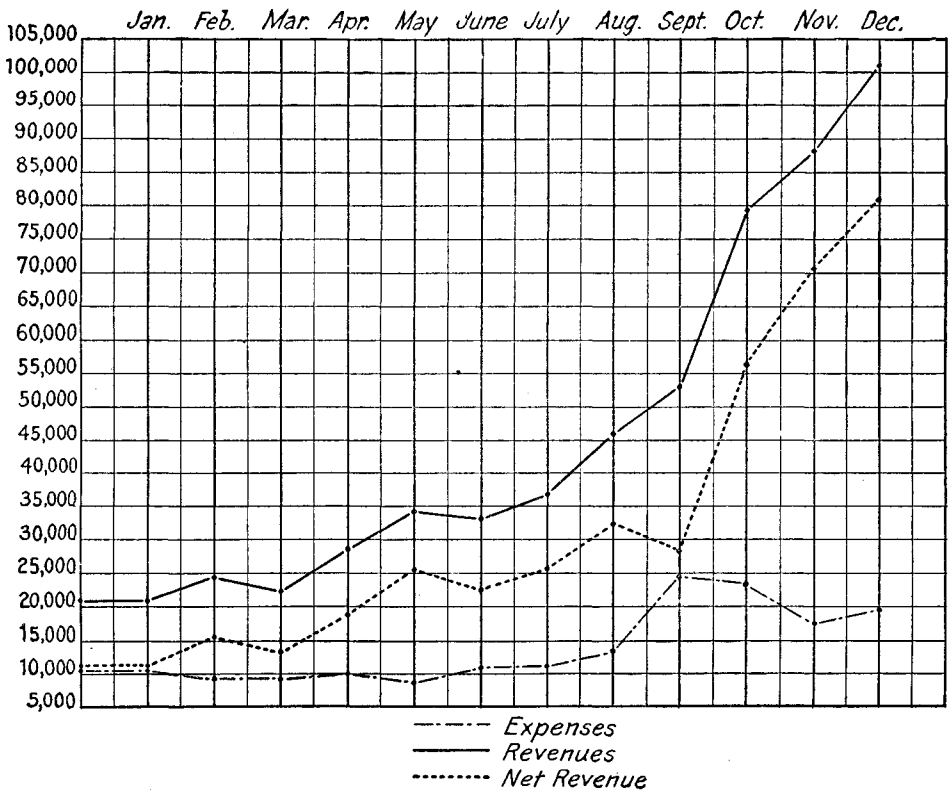


EXHIBIT 4.—Rediscounts.

Volume of rediscounts for 1917:

Rediscounts for member banks.....	\$52,052,599.99
Bankers' acceptances purchased	35,076,917.00
Rediscounts for other Federal reserve banks.....	5,000,036.00

Total.....	92,129,552.99

Volume of rediscounts for 1916:

Rediscounts for member banks.....	18,512,542.85
Bankers' acceptances purchased	3,543,046.71

Total	22,055,589.56

Total number of banks accommodated in 1917.....	258

Total number of new banks accommodated in 1917.....	29

Largest note rediscounted, \$958,000; smallest, \$10.50.

REDISCOUNTS FOR 1917, BY MONTHS, AND DISTRIBUTION BY STATES.

Month.	Texas.	Oklahoma.	New Mexico.	Arizona.	Louisiana.
January.....	\$621,024		\$37,795		
February.....	693,452	\$4,603	23,900		
March.....	791,175		239,690		
April.....	1,545,506	23,210	241,292	\$56,419	
May.....	1,922,188	106,985	221,958		\$21,958
June.....	3,310,387	176,794	342,140		
July.....	3,703,544	53,996	404,894		20,471
August.....	3,904,851	106,800	212,966		7,250
September.....	4,670,209	35,066	483,979		25,767
October.....	10,940,833	170,000	610,809		
November.....	12,407,467	110,000	227,229		91,000
December.....	2,759,341	15,000	435,022	107,137	228,493
Total.....	47,269,977	742,454	3,481,674	163,556	394,939

Total of paper rediscounted as shown above, \$52,052,600.

EXHIBIT 5.—Discount rates for 1917 and dates on which effective.

Class of paper.	Time.	Jan. 1.	Jan. 24.	May 23.	Dec. 5.
Industrial and commercial.....	Up to 15 days.....	4.0	3.5	3.5	4.0
Do.....	16 to 60 days.....	4.0	4.0	4.0	4.5
Do.....	61 to 90 days.....	4.0	4.5	4.5	4.5
Agricultural and live-stock.....	Up to 15 days.....	4.0	3.5	3.5	4.0
Do.....	16 to 60 days.....	4.0	4.0	4.0	4.5
Do.....	61 to 90 days.....	4.0	4.5	4.5	4.5
Do.....	91 days to 6 months.....	4.5	5.0	5.0	5.0
Trade acceptances.....	Up to 60 days.....	3.5	3.5	3.5	3.5
Do.....	61 to 90 days.....	3.5	3.5	3.5	4.0
Commodity paper.....	Up to 90 days.....	3.0	3.5	3.5	3.5
Member bank rediscounts, United States securities.....	Up to 15 days.....			3.5	3.5
Do.....	16 to 90 days.....			3.5	4.0
Member bank collateral notes, United States securities.....	Up to 15 days.....			3.5	3.5
Member bank collateral notes, other securities.....	do.....	3.5	3.5	3.5	4.0

EXHIBIT 6.—Classification by maturities of bills discounted and bought in 1917.

Due within 15 days.....	\$34,486,685.99
Due 16 to 30 days.....	7,325,335.16
Due 31 to 60 days.....	29,947,444.15
Due 61 to 90 days.....	15,243,514.05
Due 91 days to 6 months.....	5,126,574.00
Total.....	92,129,553.35

EXHIBIT 7.—Classification of trade acceptances by maturities.

Due within 15 days.....	\$6,967.00
Due 16 to 30 days.....	3,911.00
Due 31 to 60 days.....	85,938.00
Due 61 to 90 days.....	81,137.00
Total.....	177,953.00

EXHIBIT 8.—*Bill of lading drafts.*

Based on grain and grain products.....	\$1, 339, 365. 41
Based on alfalfa.....	330, 495. 14
Based on hay.....	131, 273. 91
Based on cotton and cotton products.....	3, 259, 159. 74
Based on wool.....	192, 572. 38
Based on miscellaneous produce.....	70, 558. 20
Based on machinery, hardware, furniture, etc.....	16, 492, 13
Total.....	5, 339, 916. 91

EXHIBIT 9.—*Statement of bankers' acceptances—Rates and time.*

Purchased at 4 per cent.....	\$150, 000. 00
Purchased at $3\frac{3}{4}$ per cent.....	40, 000. 00
Purchased at $3\frac{5}{8}$ per cent.....	1, 260, 352. 64
Purchased at $3\frac{7}{8}$ per cent.....	1, 281, 898. 53
Purchased at $3\frac{1}{2}$ per cent.....	6, 178, 486. 82
Purchased at $3\frac{3}{8}$ per cent.....	10, 331, 446. 57
Purchased at $3\frac{7}{8}$ per cent.....	1, 951, 765. 04
Purchased at $3\frac{1}{4}$ per cent.....	6, 561, 325. 42
Purchased at $3\frac{7}{8}$ per cent.....	14, 242. 72
Purchased at $3\frac{1}{8}$ per cent.....	3, 511, 201. 29
Purchased at $3\frac{1}{8}$ per cent.....	429, 238. 25
Purchased at 3 per cent.....	2, 746, 030. 88
Purchased at $2\frac{7}{8}$ per cent.....	620, 928. 10
Total.....	35, 076, 916. 26

TIME CLASSIFICATION.

Due within 15 days.....	\$428, 906. 99
Due 16 to 30 days.....	5, 700, 650. 16
Due 31 to 60 days.....	18, 806, 952. 06
Due 61 to 90 days.....	10, 140, 407. 05
Total.....	35, 076, 916. 26

Average rate of discount at which purchases were made, 3.32 per cent.

EXHIBIT 10.—*Operations in United States bonds and securities for the year 1917.*

	Held on Dec. 31, 1916.
Registered 2 per cent consol bonds of 1930.....	\$2, 923, 350
Registered 2 per cent Panama bonds, series 1936.....	542, 500
Registered 2 per cent Panama bonds, series 1938.....	155, 000
Registered 3 per cent conversion bonds, series 1916-46.....	707, 400
Registered 3 per cent one-year Treasury notes.....	705, 000
Total.....	5, 033, 250

BONDS AND TREASURY NOTES—PURCHASES, SALES, AND CONVERSIONS.

Registered 2 per cent consol bonds of 1930:

Purchase from member banks, at par.....	\$478, 750
Converted.....	951, 200

Registered 2 per cent Panamas, series 1936:

Purchased from member banks, at par	\$84, 000
Converted	500, 000
United States 3 per cent conversions, 1916-46, sold at 102	200, 000
United States 3 per cent conversions, 1917-47, received by conversion of 2 per cent bonds	726, 200
United States 3 per cent one-year Treasury notes:	
Received by conversion of 2 per cent bonds	725, 000
Replaced by new notes	1, 430, 000
Charged to Treasurer of United States	1, 430, 000
First series 3½ per cent Liberty bonds:	
Purchased from Treasury Department	3, 800
Purchased from member banks	775, 000
Sold at par	301, 700
Second series 4 per cent Liberty bonds:	
Purchased from Treasury Department	3, 400
Purchased in open market	50, 000
Sold at par	400

EXHIBIT 11.—*Bonds and Treasury notes held on Dec. 31, 1917.*

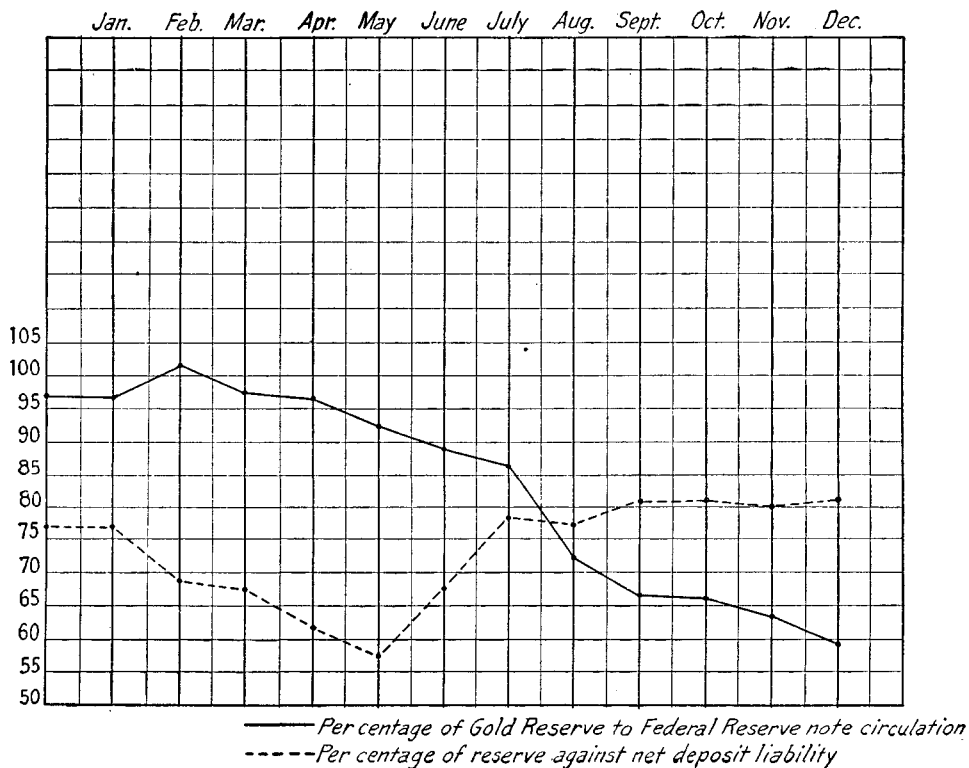
Registered 2 per cent consols of 1930	\$2, 450, 900
Registered 2 per cent Panamas, series 1938	155, 000
Registered 2 per cent Panamas, series 1936	126, 500
Registered 3 per cent conversion bonds, series 1946	507, 400
Registered 3 per cent conversion bonds, series 1947	726, 200
Registered 3 per cent one-year Treasury notes	1, 430, 000
First series 3½ per cent Liberty bonds	477, 100
Second series 4 per cent Liberty bonds	53, 000
Total	5, 926, 100

EXHIBIT 12.—*Purchases of municipal warrants.*

Municipality.	Rate.	Maturity at time of discount.	Maturity value.
	<i>Per cent.</i>		
San Antonio, Tex.	4	After 90 days, but within six months.	\$46, 265. 00
Do.	4	do.	104, 193. 74
Do.	3	After 30 days, but within 60 days.	52, 291. 67
Do.	3½	do.	51, 703. 47
Do.	3½	do.	52, 062. 50
New York City.	3½	After 90 days, but within six months.	50, 806. 50
Do.	2½	do.	50, 561. 21
Do.	2½	do.	30, 317. 21
Do.	2½	do.	25, 395. 55
Do.	3	do.	253, 955. 48
Newark, N. J.	2½	do.	20, 350. 00
Total			737, 902. 33

EXHIBIT 13—*Member banks' collateral notes.*

Total of member banks' collateral notes.....	\$33,374,300.00
Number of banks accommodated in this manner.....	87
Paper secured by United States bonds and certificates of indebtedness:	
Member banks' collateral notes.....	\$16,270,250.00
Member bank rediscounts.....	2,019.20
Rediscounts for other Federal Reserve Banks.....	5,000,036.00
Total.....	21,272,305.20

EXHIBIT 14.—*Reserve position.*

Yearly averages:

Gold reserve against Federal Reserve note liability—90.2.
 Gold reserve against net deposit liability—73.0.

EXHIBIT 15.—Statement showing the required reserve deposits of member banks by months, amount actually carried, excess, and amount of overdrafts during year 1917.

	Required reserves.	Actual reserves.	Excess.	Overdrafts.
January.....	\$535,756,032.00	\$652,010,040.64	\$116,254,008.64	\$1,202,972.32
February.....	458,327,600.00	543,170,450.14	84,842,850.14	45,709.91
March.....	502,679,028.00	623,494,182.22	120,815,154.22	117,711.04
April.....	463,679,842.00	558,738,029.48	95,058,187.48	94,649.92
May.....	495,698,072.00	600,902,055.42	105,203,983.42	117,964.35
June.....	440,829,125.00	580,425,581.49	139,596,456.49	351,602.97
July.....	551,402,462.00	715,550,757.09	164,148,295.09	891,370.34
August.....	665,708,910.00	767,902,583.65	102,193,673.65	62,558.66
September.....	680,415,672.00	759,123,816.81	78,708,144.81	154,399.16
October.....	875,290,000.00	957,179,988.21	81,889,988.21	200,779.96
November.....	903,299,725.00	1,058,948,144.19	155,648,419.19	435,188.22
December.....	882,415,009.00	1,133,257,371.70	250,842,371.70	340,861.96
Total.....	7,455,501,468.00	8,950,703,001.04	1,495,201,533.04	4,015,768.81

Total amount of penalties on deficient reserves charged during year 1917, \$12,968.16.

EXHIBIT 16.—Amount of deposits in the Treasurer's general account, and amount of transfers from the same by months, for the period prior to Mar. 31, 1917, the first date of deposit in the account of Liberty loan funds.

	Funds received.	Payments made.
January.....	\$417,645.42	\$327,846.51
February.....	413,226.60	1,073,015.68
March.....	410,854.63	663,821.86
Total.....	1,240,726.65	2,064,684.05

EXHIBIT 17.

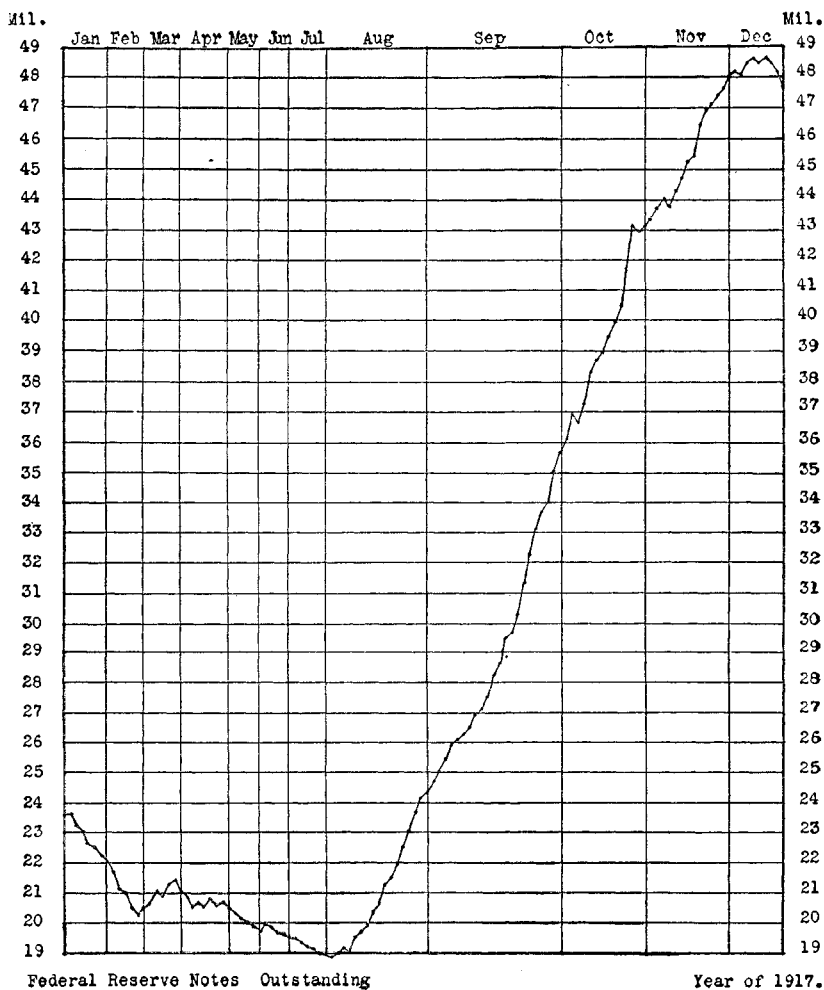


EXHIBIT 18.

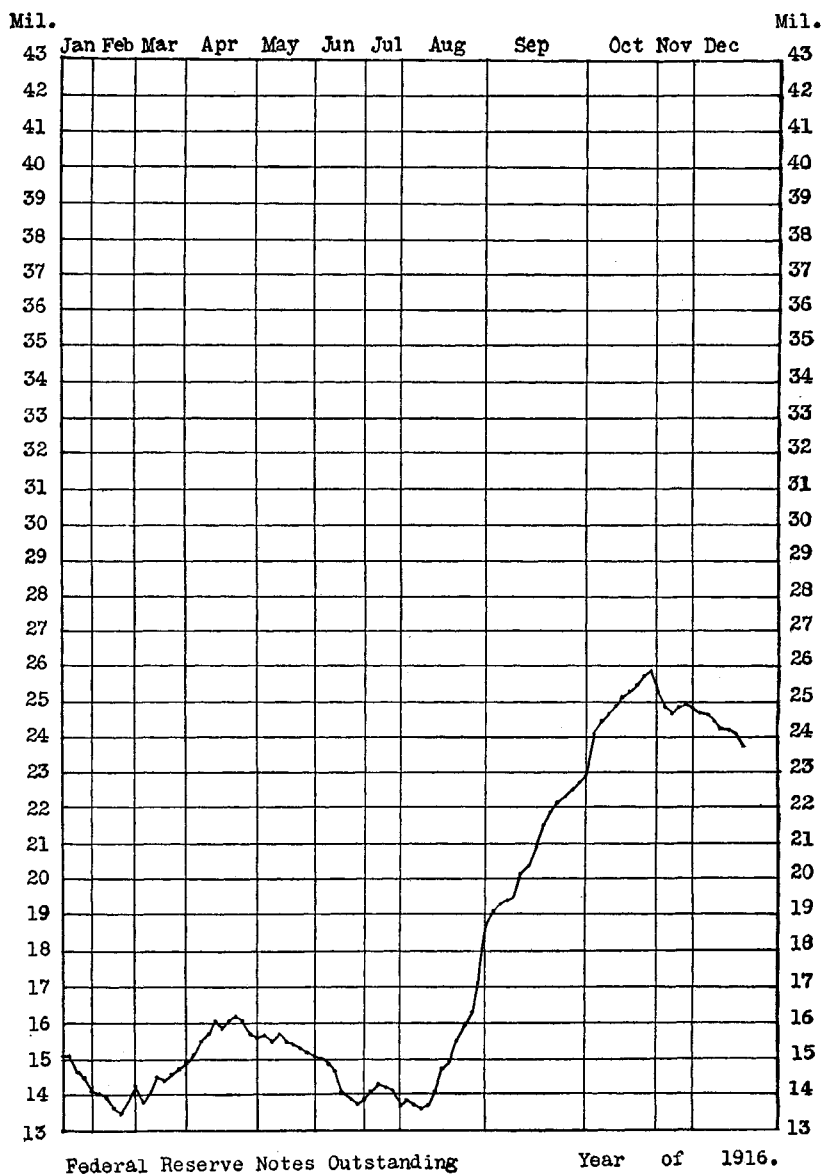


EXHIBIT 19.—*Number of Federal Reserve notes, by denominations, and aggregate amounts received, issued to the bank, and returned to the comptroller during the year 1917.*

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Aggregate amount.
Received from comptroller.....	1,188,000	1,188,000	668,000	8,000	16,000	\$33,180,000
Received from Federal Reserve Bank.....	135,000	269,500	110,500	7,500	24,100	8,365,000
Received by comptroller from Treasurer of United States for destruction and credit of Federal Reserve agent's account (unfit notes).....	551,197	320,080	87,773½	837	132	7,767,305
Total.....	1,874,197	1,777,580	866,273½	16,337	40,232	49,312,305
Issued to Federal Reserve Bank.....	1,351,050	1,476,550	750,500	21,013	25,050	40,086,400
Returned to Comptroller of the Currency for destruction, including notes returned by United States Treasurer for credit of Federal Reserve agent's account.....	551,197	320,080	87,773½	837	132	7,767,305

EXHIBIT 20.—*Number of Federal Reserve notes, by denominations, and aggregate amounts received, issued to the bank, and returned to the comptroller since organization and on hand at close of business on Dec. 31, 1917.*

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Aggregate amount
Received from comptroller.....	3,028,000	2,328,000	1,164,000	56,000	40,000	\$68,500,000
Received from Federal Reserve Bank.....	459,250	686,350	259,450	29,400	31,750	18,993,750
Received from Treasurer of United States (fit notes).....	350	140	180	13	.....	7,400
Received by comptroller from Treasurer of United States for destruction and credit of Federal Reserve agent's account (unfit note).....						
From other Federal Reserve Banks.....	109,483	69,926	23,440	269	32	1,732,125
Direct from reporting Federal Reserve Banks and from other sources.....	858,630	366,540½	91,918½	1,652	154	9,894,925
Total.....	4,455,713	3,450,956½	1,538,983½	87,334	71,936	99,128,200
Issued to Federal Reserve Bank.....	3,076,000	2,844,090	1,330,930	65,413	46,350	78,345,150
Returned to Comptroller of the Currency for destruction, including notes returned by United States Treasurer for credit of Federal Reserve agent's account.....	1,005,713	471,366½	120,558½	1,921	186	12,268,050
Notes on hand at end of month.....	374,000	135,500	87,500	20,000	25,400	8,515,000
Total.....	4,455,713	3,450,956½	1,538,983½	87,334	71,936	99,128,200

EXHIBIT 21.—Federal Reserve agent's note account Dec. 31, 1917.

Description.	Balance forward.	Debit.	Credit.	Balance.
RESOURCES.				
Federal Reserve notes on hand.....	\$8,515,000.00			\$8,515,000.00
Federal Reserve notes outstanding.....	47,726,950.00		\$10,000.00	47,716,950.00
Federal Reserve notes sent to Comptroller of Currency for destruction.....	12,258,050.00	\$10,000.00		12,268,050.00
Bills to secure Federal Reserve notes.....	23,131,747.18	379,200.25	630,400.89	22,880,546.54
Funds held against Federal Reserve notes:				
Gold coin and certificates on hand.....	14,080,000.00			14,080,000.00
Credit balance in gold redemption fund.....	2,482,675.00			2,482,675.00
Credit balance with Federal Reserve Board.....	8,471,000.00			8,471,000.00
Total.....				116,417,221.54
LIABILITIES.				
Federal Reserve notes received from Comptroller of Currency, gross amount.....	68,500,000.00			68,500,000.00
Collateral pledged against outstanding Federal Reserve notes:				
Paper.....	25,036,675.00			25,036,675.00
Gold.....	23,131,747.18	630,400.89	379,200.25	22,880,546.54
Total.....				116,417,221.54

EXHIBIT 22.—Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit and returned to other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of Dallas during the period Jan. 1, 1917, to Dec. 31, 1917.

Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$12,270	\$6,115	\$82,100	\$274,960	\$1,120	\$1,120
New York.....	217,805	113,160	389,210	219,990	353,300	195,920
Philadelphia.....	11,500	49,410	33,500	247,890	47,000	14,900
Cleveland.....	6,420	25,630	15,930	14,270	12,760	252,540
Richmond.....	6,000	58,080	13,430	15,910	13,420	14,940
Atlanta.....	233,500	103,000	319,500	224,830	215,000	166,900
Chicago.....	223,000	29,955	379,000	39,680	290,000	51,700
St. Louis.....	506,500	64,670	649,000	156,040	464,000	146,360
Minneapolis.....	13,170	14,970	23,240	22,770	21,540	28,000
Kansas City.....	97,700	242,250	152,950	256,670	57,600	239,900
Dallas.....						
San Francisco.....	38,805	16,260	78,710	22,140	100,640	49,400
Total.....	1,368,670	723,500	2,136,570	1,495,150	1,617,640	1,159,800

Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$5,050	\$700	\$1,800	\$800	\$141,400	\$283,695
New York.....	31,500	15,250	20,400	22,600	1,014,415	566,920
Philadelphia.....	4,800	50	4,200	200	101,000	312,450
Cleveland.....	1,200	1,850	100	1,100	36,410	295,300
Richmond.....	650	2,050		1,000	33,500	91,980
Atlanta.....	70,400	12,900	122,100	18,200	960,500	525,830
Chicago.....	19,600	5,400	7,400	2,600	921,000	129,335
St. Louis.....	18,800	5,550	323,200	1,100	1,961,500	373,720
Minneapolis.....	50	1,250		1,200	58,000	66,250
Kansas City.....	1,400	14,200	1,300	1,800	310,950	754,820
Dallas.....						
San Francisco.....	5,350	8,300	3,100	10,400	226,665	106,560
Total.....	158,800	67,500	483,600	61,000	5,765,280	3,506,950

EXHIBIT 23.—Cost of new Federal Reserve notes printed during year 1917.

Cost of printing Federal Reserve notes during January, 1917 (details not available)	\$652. 99
Cost of printing Federal Reserve notes during February, 1917: Fives, 85,000 sheets, value \$1,700,000; tens, 93,000 sheets, value \$3,720,000	6, 117. 50
Cost of printing Federal Reserve notes during March, 1917: Fives, 61,000 sheets, value \$1,220,000; tens, 71,000 sheets, value \$2,840,000; twenties, 44,000 sheets, value \$3,520,000; fifties, 9,000 sheets, value \$1,800,000; hundreds, 8,000 sheets, value \$3,200,000	6, 633. 02
Cost of printing Federal Reserve notes during April, 1917: 84,000 sheets, value \$3,700,000 (further details unavailable)	2, 886. 91
Cost of printing Federal Reserve notes during March, 1917 (details unavailable)	3, 093. 12
Cost of printing Federal Reserve notes during period June 1 to 18, 1917, inclusive: Fives, 42,000 sheets, value \$840,000; tens, 20,000 sheets, value \$800,000	2, 130. 82
Cost of printing Federal Reserve notes during period June 19 to 30, 1917, inclusive: Fives, 54,000 sheets, value \$1,080,000; tens, 23,000 sheets, value \$9,200,000	2, 646. 33
Cost of printing Federal Reserve notes during July, August, and September, 1917: Fives, 2,000 sheets, value \$40,000; twenties, 22,000 sheets, value \$1,760,000	877. 44

During the year we paid a total of \$2,746.79 postage on transporting our new and unissued Federal Reserve notes between places of custody. This necessitated payment of insurance covering these shipments as follows:

Washington to Dallas, \$20,860,000	\$2, 503. 20
Washington to St. Louis Subtreasury, for our account, \$11,480,000	1, 148. 00
St. Louis Subtreasury to Dallas, \$4,800,000	696. 00
Total	4, 347. 20

EXHIBIT 24.—Statement showing total items handled through the district clearing house for 12 months ending Dec. 31, 1917.

	Items handled.		Amount handled.	
	With service charges.	Without service charges.	With service charges.	Without service charges.
1917.				
January.....	286,928	25,427	\$32,747,289.20	\$26,423,472.78
February.....	246,108	23,113	29,746,051.78	24,853,171.80
March.....	288,075	27,870	34,055,645.75	28,992,748.18
April.....	263,836	26,300	34,073,912.86	29,536,386.94
May.....	242,044	41,135	34,571,703.72	34,146,761.97
June.....	248,329	24,701	34,988,518.71	36,823,190.04
July.....	234,065	24,513	33,209,055.53	30,450,449.85
August.....	239,227	24,586	35,826,134.04	35,947,651.20
September.....	247,739	35,650	43,073,740.10	41,137,358.39
October.....	366,938	39,111	63,987,609.75	73,137,116.06
November.....	326,276	35,030	60,007,754.56	66,319,565.08
December.....	363,095	37,114	65,242,748.78	60,904,236.82
Total.....	3,352,670	364,550	501,530,194.78	488,672,109.11

Disbursement, district clearing house	\$51, 262. 80
Cost per item handled with service charges	. 01529
Cost per item, including those handled without service charges	. 01379
Cost per \$1,000 handled with service charges	. 10221
Cost per \$1,000, including those handled without service charges	. 05177

EXHIBIT 25.—Funds paid out and received through gold-settlement fund during year 1917.

Total payments received through medium of gold-settlement fund during 1917	\$647, 424, 000
Total payments made through medium of gold-settlement fund during 1917	637, 849, 800

To verify above figures:

Gold-settlement fund balance Dec. 31, 1916.....	14,946,500
Funds received during year, as above.....	647,424,000
Total	662,370,500
Funds transferred during year, as above.....	637,849,800
Gold-settlement fund balance Dec. 31, 1917.....	24,520,700

EXHIBIT 25A.—Statement showing by months the gold settlement fund settlements and resultant balances, both debit and credit, for year 1917.

Month.	Funds wired by us.	Funds wired to us.	Debit balances.	Credit balances.
January.....	\$37,522,000	\$32,097,000	\$5,425,000	.....
February.....	28,429,000	24,837,000	3,592,000	.....
March.....	29,019,000	30,214,000	.....	\$1,165,000
April.....	29,392,000	32,669,000	.....	3,277,000
May.....	40,052,000	47,345,000	.....	7,293,000
June.....	32,945,000	47,849,000	.....	14,404,000
July.....	35,237,000	34,855,000	.....	1,558,000
August.....	40,831,000	47,443,000	.....	6,562,000
September.....	43,291,000	50,120,000	.....	6,829,000
October.....	75,006,000	97,245,000	.....	22,239,000
November.....	72,142,000	88,160,000	.....	16,018,000
December.....	74,218,000	75,010,000	.....	792,000
Total for year	536,224,000	607,344,000	9,017,000	80,137,000
Net for year		71,120,000		71,120,000

EXHIBIT 26.—Statement showing amount of currency and coin shipped to member banks by months, during 1917, detailed as to nature and denomination.

PAPER MONEY.

Month.	Ones and twos.	Fives.	Tens.	Twenties.	Other.
January.....	\$61,200	\$109,500	\$551,000	\$464,000	\$179,000
February.....	114,800	145,250	681,000	445,000	431,350
March.....	118,903	322,250	1,077,500	702,500	1,828,500
April.....	158,500	260,500	711,000	584,500	609,000
May.....	136,800	278,160	517,580	588,600	95,000
June.....	195,872	343,200	523,500	411,000	84,000
July.....	123,500	257,500	591,100	496,000	81,500
August.....	517,200	1,375,800	2,323,000	3,609,000	422,000
September.....	425,000	2,386,000	3,919,500	3,712,000	91,000
October.....	320,350	1,586,100	3,424,500	3,560,000	453,900
November.....	282,550	951,165	3,162,750	3,844,000	535,500
December.....	313,352	320,250	1,032,500	1,018,160	274,000
Total	2,768,027	8,335,675	18,514,930	19,494,760	5,084,250

SILVER AND SUBSIDIARY COIN.

Month.	Ones.	50, 25, and 10 cent pieces.	Nickels and pennies.	Total, paper and silver.
January.....	\$2,000	\$8,860	\$441	\$1,376,001
February.....	10,600	12,235	1,240	1,841,475
March.....	10,000	13,325	1,500	4,073,978
April.....	8,300	23,000	1,335	2,356,135
May.....	17,650	10,800	1,180	1,645,770
June.....	32,700	34,490	1,570	1,626,331
July.....	15,300	23,100	575	1,588,575
August.....	54,950	156,200	23,420	8,541,570
September.....	142,000	206,680	37,200	10,919,380
October.....	103,750	279,725	28,505	9,756,830
November.....	62,800	33,200	5,220	8,877,185
December.....	37,500	99,875	18,765	3,114,402
Total	497,550	901,490	120,951	55,717,632

Exhibit 27.—Operations of Liberty loan department.

FIRST LIBERTY LOAN.

Total amount of bonds subscribed for.....	\$48,962,000
Total amount of bonds subscribed for by nonmember banks.....	\$9,190,200
Banks and individual subscriptions through member banks.....	\$39,771,800
Total number of subscribers.....	93,707
Total number of individual subscribers.....	92,475
Total number of subscriptions by corporations.....	410
Total number of subscriptions by member banks.....	434
Total number of subscriptions by nonmember banks.....	388

SECOND LIBERTY LOAN.

Total amount of bonds subscribed for.....	\$77,899,850
Total amount of bonds subscribed for by nonmember banks.....	\$20,878,900
Banks and individual subscriptions through member banks.....	\$57,020,950
Total number of subscribers.....	250,206
Total number of subscriptions through member banks.....	153,266
Total number of subscriptions through nonmember banks.....	96,940

Treasury certificates of indebtedness.

Issue of—	Group, or allotment to subscriber.	Number of subscribers.	Total amounts allotted to each group.
Apr. 25.....	\$25,000 and less.....	99	\$1,280,000
	\$50,000 and less.....	18	860,000
	\$100,000 and less.....	7	635,000
	\$250,000 and less.....	9	1,775,000
	\$500,000 and less.....	3	950,000
	\$1,000,000 and less.....	2	1,500,000
			7,000,000
May 10.....	\$25,000 and less.....	133	1,470,000
	\$50,000 and less.....	33	1,500,000
	\$100,000 and less.....	12	1,095,000
	\$250,000 and less.....	5	960,000
	\$500,000 and less.....	1	500,000
			5,525,000
May 25.....	\$25,000 and less.....	155	1,095,000
	\$50,000 and less.....	15	483,000
	\$100,000 and less.....	9	541,000
	\$250,000 and less.....	2	281,000
			2,400,000
June 8.....	\$25,000 and less.....	80	791,000
	\$50,000 and less.....	15	690,000
	\$100,000 and less.....	9	815,000
	\$250,000 and less.....	3	492,000
	\$1,000,000 and less.....	1	512,000
			3,300,000
Aug. 9.....	\$25,000 and less.....	84	965,000
	\$50,000 and less.....	19	835,000
	\$100,000 and less.....	8	690,000
	\$250,000 and less.....	7	1,190,000
	\$500,000 and less.....	3	1,020,000
			4,700,000
Aug. 28.....	\$25,000 and less.....	50	544,000
	\$50,000 and less.....	14	645,000
	\$100,000 and less.....	6	552,000
	\$250,000 and less.....	4	689,000
			2,430,000

Treasury certificates of indebtedness—Continued.

Issue of—	Group, or allotment to subscriber.	Number of subscribers.	Total amounts allotted to each group.
Sept. 17.....	\$25,000 and less.....	58	\$759,000
	\$50,000 and less.....	14	625,000
	\$100,000 and less.....	4	365,000
	\$250,000 and less.....	1	200,000
	\$500,000 and less.....	1	418,000
			2,367,000
Sept. 26.....	\$25,000 and less.....	174	2,289,000
	\$50,000 and less.....	58	2,486,000
	\$100,000 and less.....	19	1,735,000
	\$250,000 and less.....	8	1,700,000
	\$500,000 and less.....	6	2,385,000
			10,595,000
Oct. 18.....	\$25,000 and less.....	196	2,738,000
	\$50,000 and less.....	65	2,930,000
	\$100,000 and less.....	27	2,400,000
	\$250,000 and less.....	10	1,805,000
	\$500,000 and less.....	3	1,100,000
	\$1,000,000 and less.....	2	1,065,000
			12,038,000
Oct. 24.....	\$25,000 and less.....	142	2,047,000
	\$50,000 and less.....	38	1,670,000
	\$100,000 and less.....	15	1,380,000
	\$250,000 and less.....	4	675,000
	\$500,000 and less.....	1	445,000
	\$1,000,000 and less.....	1	1,000,000
			7,217,000
Nov. 30.....	\$25,000 and less.....	33	502,500
	\$50,000 and less.....	22	1,007,000
	\$100,000 and less.....	10	849,000
	\$250,000 and less.....	6	1,030,000
	\$1,000,000 and less.....	2	2,000,000
		1,726	5,388,500
			62,960,500

UNITED STATES CERTIFICATES OF INDEBTEDNESS.

Maturity.	Rate.	Purchases.			Disposition.		
		From Treasury Department.	From banks.	Total.	Sold to banks.	Held to maturity.	Total.
	<i>Per cent.</i>						
June 29, 1917.....	2	\$2,000,000		\$2,000,000		\$2,000,000	\$2,000,000
June 30, 1917.....	3	900,000		900,000	\$900,000		900,000
July 17, 1917.....	3	65,000	\$15,000	80,000	65,000	15,000	80,000
July 30, 1917.....	3½	14,000	263,000	277,000	14,000	263,000	277,000
Nov. 15, 1917.....	3½	595,000	283,000	878,000	207,000	671,000	878,000
Nov. 22, 1917.....	4	667,000	845,000	1,512,000	667,000	845,000	1,512,000
Nov. 30, 1917.....	3½	11,000	140,000	151,000	10,000	141,000	151,000
Dec. 15, 1917.....	3½	428,000	120,000	548,000	170,000	378,000	548,000
Do.....	4	1,585,000	2,120,000	3,705,000	1,660,000	2,045,000	3,705,000
June 25, 1918.....	4	215,000		215,000	215,000		215,000
Total.....		6,480,000	3,786,000	10,266,000	3,908,000	6,358,000	10,266,000

EXHIBIT 28.—*Statement of expenditures during year.*

	First loan.	Second loan.	Total.
Salaries.....	\$15,994.30	\$19,720.36	\$35,714.66
Traveling.....	416.35	2,595.43	3,011.78
Telephone and telegraph.....	199.25	6,180.54	6,379.79
Postage.....	3,674.04	3,876.55	7,550.59
Printing and stationery.....	956.54	14,919.61	15,876.15
Sundry accounts paid.....	10,483.73	10,403.48	20,887.21
Miscellaneous expenses.....	437.86	1,884.18	2,322.04
Total.....	32,162.07	59,580.15	91,742.22

Reimbursements by Treasury Department: First loan, \$22,369.95; second loan, \$5,426.71; total, \$27,792.66.

On December 31, 1917, there were employed 67 clerks in the war loan department, excluding the two officers in charge.

34365°—18—37

DISTRICT NO. 12.—SAN FRANCISCO.

JOHN PERRIN, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATIONS.

COMPARATIVE STATEMENT.

The large growth of the Federal Reserve Bank of San Francisco during the past two years is shown in the following comparative statement:

	Dec. 31, 1917.	Dec. 31, 1916.	Dec. 31, 1915.
RESOURCES.			
Total gold reserve.....	\$94,018,470	\$35,815,250	\$20,380,960
Legal tender notes.....	408,823	78,678	4,778
Total reserves.....	94,427,293	35,893,928	20,385,738
Bills discounted, members.....	25,780,201	250,968	467,162
Bills bought in open market.....	17,082,456	12,462,266	683,840
Total bills on hand.....	42,862,657	12,713,234	1,151,002
United States Government long-term securities.....	2,455,000	2,633,750	1,000,475
United States Government short-term securities.....	1,500,000	500,000	.....
Municipal warrants.....	.....	737,376	344,978
Total earning assets.....	46,817,657	16,584,360	2,496,455
Due from other Federal reserve banks, net.....	5,908,934	4,294,110	3,924,326
Uncollected items.....	12,809,375	3,846,266	213,708
Total deductions from gross deposits.....	18,718,309	8,140,376	4,138,034
Real estate.....	120,000	.....	.....
All other resources.....	463,807	.....	92,471
Total resources.....	160,547,066	60,618,664	27,112,698
LIABILITIES.			
Capital paid in.....	4,162,450	\$3,929,300	\$3,941,800
Government deposits.....	12,353,939	3,643,138	427,321
Due members' reserve account.....	63,779,910	37,852,376	17,509,725
Due nonmember banks, clearing account.....	2,620,985	.....	.....
Collection items.....	9,835,477	2,030,467	21,832
Total gross deposits.....	88,640,311	43,525,981	17,958,878
Federal reserve notes in actual circulation.....	67,744,305	13,098,115	5,212,020
All other liabilities.....	.....	65,268	.....
Total liabilities.....	160,547,066	60,618,664	27,112,698

It will be observed that the amounts due to member banks have approximately doubled in each of the past two years, while the gold reserve has increased in still greater proportion. The development

of rediscounting for member banks is shown in the growth from an insignificant total at the beginning of the year to \$25,780,201 at the close. The total discounted during the year 1916 was \$1,973,355, which compares with \$102,981,205 during the year 1917. During the first five months of 1917 the discounts aggregated approximately \$1,500,000, while in the month of June alone they exceeded \$9,000,000. This large increase was, of course, occasioned by the requirements growing out of payments in connection with the first Liberty loan. The discounts during the month of November aggregated \$26,964,721, the first important payment on the second Liberty loan falling due in that month.

EARNINGS, EXPENSES, AND DIVIDENDS.

The important increase in earnings is shown in the following comparative statement:

	1917	1916
EARNINGS.		
Bills discounted for members	\$292,981.91	\$20,682.97
Acceptances bought	308,595.60	133,331.07
United States securities	147,355.24	67,529.54
Municipal warrants	11,934.70	49,772.61
Profits realized on United States securities	11,250.00	14,487.50
Penalties for deficient reserve	18,221.97	.....
Transfers bought and sold, net	64,363.55	18,200.00
Service charges	31,047.40	7,660.26
Sundry profits	52.08	4,786.15
Total	885,802.45	316,450.10
EXPENSE.		
Current expense	267,541.28	187,902.73
Cost of Federal reserve notes	43,074.97	56,804.69
Total cost furniture and fixtures	28,142.34	12,589.59
Total	338,758.59	257,297.01
Net earnings	547,043.86	59,153.09

Balance profit and loss, Dec. 31, 1916..... \$15,416.87

Net earnings..... 547,043.86

Total..... 562,460.73

June 30, 1917, dividend No. 3..... \$108,356.51

Dec. 31, 1917, dividend No. 4..... 286,418.85

Contingent reserve..... 85,000.00

Depreciation..... 6,000.00

485,775.37

Undivided profits..... 76,685.37

The two dividends paid during the year cover the cumulative 6 per cent dividend accrued from March 31, 1915, to December 31, 1916. Dividends remaining unpaid are for the year January 1 to December 31, 1917, amounting to approximately \$240,000.

Net earnings, by months, have been as follows:

January-----	\$36, 275. 44	August-----	\$50, 933. 47
February-----	17, 394. 27	September-----	49, 691. 34
March-----	5, 321. 44	October-----	61, 671. 62
April-----	26, 199. 79	November-----	83, 274. 72
May-----	40, 728. 95	December-----	106, 313. 76
June-----	31, 495. 66		
July-----	37, 743. 40	Total-----	547, 043. 86

ACTIVITIES DURING THE YEAR.

DISCOUNT OPERATIONS.

Discounts, which during the year 1916 aggregated \$1,973,355, expanded to a total of \$102,981,205 during the year 1917 for 156 member banks out of a total of 553.

DISCOUNT RATES.

The discount rates in force January 1, 1917, were slightly modified on March 1, those for maturities of 60 days or less being advanced one-half per cent and the rate for agricultural and live stock paper having maturities beyond 90 days decreased one-half per cent. On April 2 the rate for maturities of 31 to 60 days was decreased one-half per cent. On December 10 the rates for maturities of 60 days and less were again advanced one-half per cent. As the year closes rates range from 4 to 5½ per cent for various maturities, except 3½ per cent for member-banks' promissory notes maturing in 15 days or less, secured by Government bonds, and 2½ to 4½ for bankers' acceptances.

As member banks have become familiar with rediscounting they have manifested a steadily growing tendency to offer shorter maturities, and have applied for considerable advances upon their own notes maturing within 15 days or less, collateraled by eligible paper, Liberty bonds, or Treasury certificates of indebtedness.

TRADE ACCEPTANCES.

There has been increasing interest in trade acceptances, and their use has gained considerable headway in the Pacific Northwest, having been adopted by the grain dealers and millers of the Northwest and by the West Coast Lumbermen's Association. It appears that chambers of commerce and associations of merchants and manufacturers and credit men are more concerned than bankers to secure their adoption. They have every good argument in their favor as against the unavailable open-ledger account, being far surer of prompt payment and providing admirable paper for discount.

ACCEPTANCE BUSINESS.

During the year \$58,646,605 acceptances covering foreign shipments have been purchased, comparing with \$32,775,678 during the previous year. These have been chiefly those of bankers and acceptance houses, a smaller amount being those bearing bank indorsement but drawn on strong mercantile or manufacturing concerns to cover goods imported. A considerable part has been those of Pacific-coast banks for imports from the Orient. However, the embargo against the export of gold, effective September 7, 1917, has served to reduce greatly the volume of bills coming from the Orient. This country's exports of commodities to the Orient being less than its imports, there was no method of settling balances except by exports of gold. When the embargo stopped these, imports of commodities were curtailed, because payments to a certain extent could only take the form of credits which could not be withdrawn or used.

In San Francisco the same actual rates as in New York have been maintained for acceptances.

An amendment to the Federal Reserve Act approved September 7, 1916, provided for domestic acceptances. It was thought that a large volume of such bills would develop. Thus far, however, this has not proved true. The total volume of domestic acceptances bought by this bank during the period from September 7, 1916, to December 31, 1917, has been \$6,809,694.

Member bank acceptances have been purchased at rates slightly lower than those of nonmember banks.

UNITED STATES BOND OPERATIONS.

In January \$1,000,000 United States 3 per cent conversion bonds were sold at a premium of \$11,250. This was the only transaction in obligations of the United States aside from Liberty loan bonds and Treasury certificates of indebtedness.

MUNICIPAL WARRANTS.

The total purchases of municipal warrants during the year, almost wholly in January, aggregated \$785,394.21, comparing with \$5,962,621.14 purchased during the year 1916. The discontinuance of such purchases was with a view to conserving the banks' resources for accommodation of member banks.

RESERVE POSITION.

Table 2 shows the reserve position of the bank at the end of each month during the year.

THE FEDERAL RESERVE BANK AND MEMBER BANKS.

MOVEMENT OF MEMBERSHIP WITHIN THE DISTRICT.

The number of national banks in this district increased during the year from 522 to 536. This increase consisted of 12 newly organized and 11 conversions from State banks, partially offset by the voluntary liquidation of 9. Of those liquidating, all but 4 were absorbed by other national banks.

STATE BANKS AND TRUST COMPANIES.

The deposits of national banks in this district are approximately \$1,000,000,000 and those of State banks \$1,200,000,000. National banks presumably have a larger proportion of demand deposits, so that as members of the Federal Reserve system their required reserve with Federal Reserve Bank would be a larger percentage of their deposits. Therefore if all State banks were members it is probable that the deposits of Federal Reserve Bank would be approximately doubled and its strength likewise doubled. The stability of the financial structure, of which the State banks constitute more than half, unavoidably depends upon the sustaining power of the Federal Reserve system. In the present situation, with State banks outside of Federal Reserve system, the base beneath this huge fabric is one-half of what it might be and should be, especially in view of possible financial strains ahead.

In this district there are 1,321 State banks and trust companies, including 152 branches, of which 685 have capital and surplus such as to render them eligible for membership. In addition there are 223 which are desirable as members but have insufficient capital and surplus to meet requirements of membership. Thus far the following have become members:

Name.	Capital and surplus.	Resources.
Coffman Dobson Bank & Trust Co., Chehalis, Wash.....	\$250,000	\$1,800,000
Spokane & Eastern Trust Co., Spokane, Wash.....	1,200,000	11,259,000
Live Stock State Bank, North Portland, Oreg.....	110,000	688,000
Bank of Rosalia, Rosalia, Wash.....	30,000	334,000
First Savings & Trust Bank of Whitman County, Colfax, Wash.....	65,000	786,000
Genesee Exchange Bank, Genesee, Idaho.....	37,500	536,000
Dexter Horton Trust & Savings Bank, Seattle, Wash.....	500,000	7,907,000
Metropolitan Bank, Seattle, Wash.....	300,000	3,081,000
Ladd & Tilton Bank, Portland, Oreg.....	2,000,000	21,669,000
First State Bank, La Crosse, Wash.....	68,000	570,000
Bank of Kimberly, Kimberly, Idaho.....	46,250	292,000
State Bank of Wilbur, Wilbur, Wash.....	55,000	815,000
Northwestern State Bank, South Bellingham, Wash.....	145,000	1,474,000
Butler Banking Co., Hood River, Oreg.....	125,000	915,000
Farmers State Bank, Reardon, Wash.....	32,500	592,000
Lumberman's Bank, Hoquiam, Wash.....	112,500	610,000
Fidelity Trust Co., Tacoma, Wash.....	800,000	6,634,000
Total.....	5,876,750	60,952,000

In addition to these there have been filed applications of eight banks having \$2,626,500 capital and surplus and \$18,641,000 resources.

In the States of Washington, Oregon, and Idaho quite active and definite inclination for membership has been manifested. The State bank superintendents of Oregon and Idaho, by circular letters to banks under their jurisdiction, have urged all eligible banks to join the Federal Reserve system. It is probable that a good many banks in these three States would quickly make application for membership if it were possible for the officers of Federal Reserve Bank to personally point the way and explain the vital need of the country that each eligible bank add its quota of strength. The advantages of membership to the banks themselves are so great and so obvious to those understanding the workings of the system that it seems no persuasion should be required.

The provisions of the California bank act present some obstacles to membership. A State bank or trust company in becoming a member bank would not only be required to carry with the Federal Reserve Bank the reserve deposit such as required of national banks, but would also be required to carry reserve in vault not required of national banks, amounting in the case of city banks to 9 per cent of demand deposits. In addition to this, savings departments are permitted to invest in commercial, rediscountable paper to an amount equal to only 5 per cent of savings deposits.

There is earnest desire on the part of the State banks, especially of Los Angeles and San Francisco, to secure a modification of the State bank act so as to permit membership without disadvantage, a modification such as has been made in the Pennsylvania law, which in the matter of reserves provides only that State banks becoming members of the Federal Reserve system shall carry reserves as required by the Federal Reserve Act. The banks of Los Angeles, during the fall, took the initiative in having a conference with San Francisco and Oakland banks, seeking concurrent action of all in applying for membership. Banks having deposits approximating a total of \$500,000,000 were represented. A committee was appointed which visited Washington and conferred with the Federal Reserve Board with regard to possible amendments to the Federal Reserve Act. While these banks have taken no definite steps as yet toward membership, their interest presumably has not diminished.

From a patriotic viewpoint the obligation resting upon this great group of banks is so important that there seems reason to hope for favorable action.

ACCOMMODATION OF MEMBER BANKS THROUGH DISCOUNTS.

Rediscounts, exclusive of member banks' collateral notes, by months for the year 1917 have been as follows:

January -----	\$123, 358	August -----	\$3, 393, 523
February -----	106, 785	September -----	7, 668, 213
March -----	151, 522	October -----	7, 976, 461
April -----	698, 888	November -----	10, 900, 421
May -----	450, 599	December -----	23, 582, 580
June -----	9, 058, 095		
July -----	4, 804, 568	Total -----	68, 915, 013

Classification by maturities of paper rediscounted is shown in Table 1.

DEPOSITS FROM MEMBER BANKS.

On January 1, 1917, deposits from member banks aggregated \$35,656,826, and on December 31 had grown to \$63,779,910, while deposits from nonmember banks for clearing purposes, which were nonexistent at the beginning of the year, amounted to \$2,620,985 on December 31.

Deficiencies in required reserve deposits during 11 months averaged \$215,000, which were taxed at $6\frac{1}{2}$ per cent per annum, viz, a rate 2 per cent above the 90 days' discount rate. The payments on this account during this period have aggregated \$13,966.38. It is obviously more advantageous for member banks to obtain funds by rediscounting, which is possible at a rate as low as $3\frac{1}{2}$ per cent. To advance funds to member banks by rediscounting likewise impairs the resources of a Federal Reserve Bank less than withdrawal of an equal amount from its reserves.

PERIODIC REPORTS REGARDING CONDITION OF MEMBER BANKS—EXAMINATIONS OF MEMBER BANKS.

Weekly reports are furnished by member banks showing their daily totals of demand and time deposits and required reserve deposits with Federal Reserve Bank. Those having net deposits less than \$1,000,000 give only the figures of each Friday. No occasion has arisen for any special examination of member banks during the year.

BANK FAILURES WITHIN THE DISTRICT.

In this district no national bank has failed since the establishment of the Federal Reserve system. Failures of State banks during the year have been as follows: In Arizona, Commercial Bank of Parker; in Washington, Broadway State Bank, Northern Bank & Trust Co., German-American Mercantile Bank, and Fremont State Bank, all of Seattle.

OVERDUE PAPER.

Some days before maturity this bank forwards rediscounted paper for collection, usually to the bank from which received, charging to that bank's account on the day of maturity. There has been no instance of overdue paper and no loss through these transactions.

BRANCHES.

From the time of the establishment of the Federal Reserve Bank of San Francisco, bankers and business men of the Pacific Northwest urged the location of a branch in that region, the principal cities of which are two or more days by mail from San Francisco. It was deemed wise, however, to give first attention to the development and organization of the head office and to defer establishing branches until after the several successive payments on account of capital and reserve deposits had been made.

On April 3, 1917, a conference was called in San Francisco to take the matter under definite consideration, those present being the Hon. A. C. Miller, of the Federal Reserve Board, representatives of the clearing-house banks of Portland, Seattle, and Spokane. The determination reached was that, instead of a single branch serving the Pacific Northwest, it was desirable to establish, at least tentatively, three branches, one at each of the points named. It was recognized that whenever experience proved that the service required at any point was of too little importance to justify the expense of operation, a branch could readily be discontinued or modified in character.

Spokane bankers urged that the first branch be established there, in view of the impending need for rediscounting in connection with handling the maturing wheat crop, and, as evidence of cooperation of the clearing-house banks, proposed that, if the branch were established, (a) the clearing-house banks would employ the branch to conduct the clearing-house examinations, paying as compensation an amount equal to the previous cost of conducting such examinations, and (b) all clearing-house State banks and trust companies would maintain reserve deposits with the branch in the same percentages as if they were member banks, and subject to the same penalties for deficiencies. The Spokane branch was accordingly established, opening for business on July 26, 1917, its territory being eastern Washington and northern Idaho.

Upon the same basis of cooperation of clearing-house banks, the Seattle branch was established and opened for business on September 19, 1917, with western Washington as its territory, and the Portland branch on October 1, 1917, with the State of Oregon as its territory.

In importance of operations Seattle leads, with Portland and Spokane following in the order named. The great shipbuilding, lumbering, and import and export operations now centering at Seattle, largely expanded by war activities, have occasioned an exceptional volume of transactions there. Camp Lewis, near Tacoma, with 40,000 or more soldiers, adds to Seattle's pay-roll requirements. Up to December 13, 1917, the total amount of Federal reserve notes shipped to the respective branches has been as follows: Seattle, \$8,175,000; Portland, \$5,425,000; Spokane, \$2,690,000.

While it is anticipated that these branches will show reasonable earnings, it is recognized that their value can not be measured by earnings but by the service they render. It is beyond question that the important territory situated in the Pacific Northwest, more remote from a Federal reserve bank than is any other section of the country, is tremendously benefited by these branches. The financial status of the respective branches on November 30 was as follows:

Branch.	Members.	Capital paid in.	Deposits, excluding United States deposits.
Portland	80 national banks, 3 State banks.....	\$448,000.00	\$8,292,272.46
Seattle	31 national banks, 2 State banks.....	291,000.00	8,197,289.32
Spokane.....	59 national banks, 3 State banks.....	269,000.00	5,549,611.96

While capital paid in by the member banks attached to each branch is shown as a separate amount, this is only as a matter of bookkeeping, since the operations of a branch are in nowise limited or determined by the amount of capital. In other words, the accommodation and service which a branch extends are no more limited than if extended by a head office without branches.

The bankers of Salt Lake City have expressed a strong desire to have a branch located there, but have not as yet arranged for the same measure of cooperation by both State and national banks as was done at Spokane, Seattle, and Portland. Salt Lake City and tributary territory would doubtless find a branch of advantage, since the city is located approximately 24 hours from the nearest larger city. Adequate supplies of gold, Federal Reserve notes, and credit, immediately at hand, would obviously give security and stability not otherwise possible.

THE FEDERAL RESERVE BANK AND THE PUBLIC.

OPEN-MARKET OPERATIONS.

In the open market a total of \$52,532,168 bankers' acceptances have been purchased during the year and \$15,733,940 bank-indorsed foreign trade acceptances. Rates have been within the limits of 2 to 41 per cent, authorized by the Federal Reserve Board, being highest

during the latter part of the year, though not reaching the higher limit. The total held at one time has fluctuated between \$3,924,381.66 on October 31 and \$23,029,460 on December 13.

EFFECT OF DISCOUNT-RATE POLICY UPON GENERAL MARKET RATES.

During the previous year the discount operations of the Federal Reserve Bank had little perceptible influence upon general market rates, but during the current year, particularly the latter half, the discount operations have been of such increased volume, growing out of necessities connected with financing Government loans and crop movements, that the influence has been important in adding steadiness. Federal Reserve Bank's discount rates have remained substantially unchanged since January, 1915, there having been only fractional advances for shorter maturities. General market rates have shown a somewhat firmer tendency, but the constantly available privilege of rediscounting at exceptionally moderate rates has both enabled member banks to meet all their customers' legitimate requirements and has maintained an unexampled stability of rates. In many instances and to a degree far beyond previous experience the Federal Reserve Bank has been called upon to extend unusual accommodations in carrying member banks over peak loads.

PUBLICITY WORK OF THE BANK AND ATTITUDE OF THE PUBLIC TOWARD THE SYSTEM.

The absorbing attention demanded for the rapidly expanding volume and complexity of current operations has rendered it impracticable to undertake any publicity work during the year. The fact that the Federal Reserve Bank as fiscal agent of the Government has been the center from which activities have radiated in connection with the two great Liberty loan campaigns has, of course, brought it before the public in an extraordinary way.

The public generally and gratefully recognizes the vital service which the Federal Reserve System has rendered during the year as a vast sustaining power under conditions of unprecedented financial strain. The comment is frequent that without the Federal Reserve System financial convulsion could not have been avoided.

THE FEDERAL RESERVE BANK AND THE GOVERNMENT.

RELATION TO THE COMPTROLLER'S OFFICE.

Except in connection with Federal reserve notes, this bank has had little direct dealings with the office of the Comptroller of the Currency. With Mr. Claud Gatch, however, the chief national bank examiner of this district, frequent communication has been had and not infrequently also with the examiners under his direction.

A spirit of most cordial cooperation and helpfulness has been invariably shown. Copies of considerable parts of the reports of examinations of national banks have been filed with the Federal reserve agent and fuller information given upon request.

GOVERNMENT DEPOSITS.

On the first day of each month of the past year Government deposits with this bank have been as follows, an occasional large sum being an unexpended balance derived from payments for Liberty bonds:

January -----	\$3, 679, 633. 15	July -----	\$1, 779, 172. 07
February -----	2, 776, 722. 84	August -----	818, 570. 23
March -----	1, 715, 612. 03	September -----	2, 826, 401. 21
April -----	3, 391, 645. 88	October -----	5, 022, 190. 29
May -----	12, 258, 442. 10	November -----	18, 100, 899. 98
June -----	6, 836, 449. 51	December -----	42, 927, 205. 30

RELATION TO THE UNITED STATES TREASURY.

Particularly in its service as fiscal agent of the Government, this bank has had important relations with the Treasury Department. In San Francisco all Government funds hitherto deposited in national banks, except court and post-office deposits, are now deposited with the Federal Reserve Bank. A large volume of warrants drawn upon the Treasurer of the United States are presented for payment at this bank and its branches, particularly Seattle. During the month October 16 to November 15 these items averaged 1,270 per day, amounting to \$3,554,297, or more than double the amount at any other Federal reserve bank except at New York, where the average daily amount was \$6,610,037.

WAR LOANS.

The supreme service as fiscal agent, however, and one which has severely tested the capacity of the management of the Federal Reserve Bank, has been in connection with the sale and distribution of the Government's war securities in this district.

FIRST LIBERTY LOAN.

On May 15, 1917, the preliminary organization for the first Liberty loan was effected at a meeting of San Francisco bank presidents and bond dealers called by the chairman of the board of the Federal Reserve Bank, who suggested that the governor of the Federal Reserve Bank be made chairman of the general executive committee to centralize the direction in the Federal Reserve Bank. A general executive committee was chosen, having supervision of the entire twelfth Federal Reserve district.

The State was used as the larger basis of organization, and a State chairman, generally a banker of some standing, was appointed by the general chairman in each of the seven States of the district. This State chairman in turn suggested the nomination of his local committee chairmen, who were then appointed by the executive committee at San Francisco. A special representative, generally a member of some local bond house, was assigned to cooperate with each State chairman, to put into effect the definite plan of campaign of working through the banks to reach their depositors, and in general to aid in formulating an effective organization.

The general distribution committee had responsibility for the campaign initiated by it for appealing through banks to their depositors, and for following up by direct methods the work of obtaining subscriptions through the agency of appointed salesmen, etc. Besides supervising all committees in the district the general organization committee managed the sales in San Francisco.

The general publicity committee handled copy for newspaper publicity, both in San Francisco and throughout the district; arranged the distribution of posters and campaign literature; arranged addresses before conventions, organizations, etc.; encouraged subscriptions of employees; arranged parades, mass meetings, etc.

Wherever practicable, local committees were modeled after those in San Francisco. The finance committee had jurisdiction of allowances for expense of committees, of campaign budget, and of tabulation of quotas. The executive manager was the guiding spirit in the campaign, and most of the questions of policy were decided by him. He was continually in direct communication with the seven State chairmen and all local committees, and sent out to committees a daily bulletin covering department rulings and general news items of interest to the workers.

There was no precedent by which to determine the amount of energy and extent of organization required to market an issue of \$2,000,000,000 bonds, so there was great uncertainty at all stages. The period was brief in which to create an organization and secure subscriptions for the allotted quota; but an inspiring readiness to help was generally manifested, both in subscribing and in working to secure subscriptions. Apathy of farmers as a class in subscribing for the bonds was, however, quite generally reported and lack of cooperation with the Liberty loan committees. In a hastily organized campaign it was inevitable that there should be duplication of effort and occasional frictions, but total subscriptions of \$175,623,900, with a so-called minimum allotment of \$140,000,000 and maximum of \$175,000,000, prove the essential effectiveness of the work done in the first campaign. The campaign closed on June 15—one month after the first meeting.

The accounting work in connection with the first Liberty loan was conducted in the restricted quarters occupied by the Federal Reserve Bank. The lack of space enhanced extraordinary difficulties incident to handling a vast volume of unaccustomed transactions by a hastily gathered and wholly inadequate force, numbering a maximum of 66 individuals. It was inevitable that some confusion and consequent delays should result.

SECOND LIBERTY LOAN.

After the first Liberty loan was closed, much consideration was given to improving the organization for the second. In accordance with the request of the Secretary of the Treasury to maintain the established organization, the same general executive board was continued, with some additions, James K. Lynch serving as ex officio chairman, he having meanwhile been elected governor of the Federal Reserve Bank to succeed A. C. Kains, resigned.

A general advisory council of 104 members was chosen from the district at large and appointed by the Secretary of the Treasury. This council included the governor of each State, chairmen of the State councils of defense, and other prominent men. As in the first campaign, each State was held responsible for the success of the campaign within its own confines, each State being divided into several auxiliary sections, which in turn were subdivided into local divisions. Special representatives were again sent out to perfect State and local organization and to cooperate with the State chairman.

The first meeting of the general executive committee was held on August 20, and the campaign closed October 27. More time, more careful preparation, and valuable experience gained in the first campaign all aided in the second. In the latter there was superior organization, although the formulated plans were not rigidly followed. In the first campaign there was perhaps greater patriotic enthusiasm, with more of grim determination in the second. So vast an undertaking, carried to splendid success through volunteer effort, evidences a fine patriotism and remarkable spirit of cooperation. The total subscriptions were \$292,889,300.

To avoid the accounting difficulties experienced in the first loan, the fiscal agent department of the Federal Reserve Bank was established apart from the bank in ground-floor rooms of the Mills Building some three blocks distant. Later it became necessary to occupy space on the third floor in order to accommodate the staff, which grew to 130 members and still continues approximately at this number, new work having been added in connection with war savings certificates and thrift stamps.

This force, laboring under handicaps of hasty gathering and lack of coordination, has shown a spirit of devotion born of real patriotism. The same was true in equal degree of the accounting force in the first loan.

Even with the greatly larger force and fuller experience in the second campaign it has not been possible to avoid confusion, delay, and complaint. There has been no lack of industry but, because trained men have not been available, it has been increasingly necessary to employ many not trained for difficult work.

Subscriptions and allotments to the two loans were as follows:

<i>First Liberty loan.</i>		<i>Second Liberty loan.</i>	
Total subscriptions_____	\$175, 623, 900	Total number of sub- scriptions _____	582, 162
Allotments:			
To individuals_____	1, 559, 900	By individuals_____	\$349, 000
To corporations_____	2, 962, 000	By corporations_____	2, 532, 900
To member banks____	74, 499, 700	By member banks____	164, 337, 250
To non member banks _____	54, 672, 400	By non member banks _____	125, 670, 150
Total_____	133, 694, 000	Total_____	292, 889, 300
		Allotted _____	261, 138, 000

Second Liberty loan of 1917.

Amounts subscribed.	Number of subscrib- ers in each group.	Amounts subscribed.	Number of subscrib- ers in each group.
\$50_____	274, 004	\$25,050 to \$50,000_____	603
\$100_____	177, 162	\$50,050 to \$100,000_____	299
\$150 to \$500_____	89, 817	\$100,050 to \$250,000_____	131
\$550 to \$1,000_____	27, 217	\$250,050 to \$500,000_____	38
\$1,050 to \$5,000_____	9, 679	\$1,000,000 and over_____	29
\$5,050 to \$10,000_____	2, 193		
\$10,050 to \$25,000_____	990	Total_____	582, 162

It will be noted that fewer than three in every hundred subscribers bought amounts over \$1,000.

In addition to the foregoing, there have been received by Federal Reserve Bank 2,163 subscriptions for various issues of Treasury certificates, as follows, bearing the dates indicated:

Mar. 31, 1917 ¹ _____	\$2, 500, 000	Sept. 17, 1917 _____	\$9, 030, 000
Apr. 25, 1917_____	20, 000, 000	Sept. 26, 1917 _____	23, 000, 000
May 10, 1917_____	7, 500, 000	Oct. 18, 1917 _____	20, 000, 000
May 25, 1917_____	4, 200, 000	Oct. 24, 1917 _____	13, 408, 000
June 8, 1917_____	5, 200, 000	Nov. 30, 1917 _____	3, 762, 000
Aug. 9, 1917_____	13, 000, 000		
Aug. 28, 1917_____	7, 520, 000	Total_____	129, 120, 000

¹ Subscribed by Federal Reserve Bank.

Classification by denominations of subscriptions is shown in Table 3.

The Federal Reserve Bank owns United States securities as follows:

2 per cent consols.....	\$2, 429, 000
3 per cent 1-year Treasury notes.....	1, 500, 000
3½ per cent Liberty bonds.....	26, 000
Total	3, 955, 000

No Treasury certificates are now owned, although the Federal Reserve Bank has at times owned considerable amounts, the maximum being \$3,793,000 on October 6, and has in every instance repurchased from member banks whenever requested.

Member banks' promissory notes collateraled by United States bonds and Treasury certificates have been discounted as follows:

July.....	\$400, 000	October.....	\$4, 562, 000
August.....	1, 261, 000	November.....	7, 059, 500
September.....	1, 494, 400	December.....	5, 127, 925

On December 31, 1917, the total held of such loans was \$1,017,688.

The number of new employees engaged, salaries paid, and expenses incurred in the conduct of operations connected with Liberty loans, Treasury certificates, war savings certificates, and thrift stamps were as follows:

	Number of employees.	Salaries.	Expenses.
First loan—May 15-Dec. 31.....	66	\$54, 013. 86	\$152, 036. 05
Second loan—Sept. 1-Dec. 31.....	130	75, 723. 62	222, 607. 05

A partial account of these expenses, amounting to \$128,614.76, has been rendered to the Secretary of the Treasury and reimbursement received. A further account is in preparation.

It was an unprecedented thing to endeavor to sell bonds in amounts so large in proportion to banking resources, a minimum for this district of \$140,000,000 in the first loan and a minimum of \$210,000,000 in the second. There were varying opinions as to the effect of successful flotations upon the banking situation and upon industries and commerce. By some it was believed that the district would be drained of its circulating medium—its actual money. By others, who saw the operation more clearly as a series of credit transactions, it was feared that those banks extending credit to customers to buy Liberty bonds would have their loanable funds so absorbed that they would be unable to meet the necessary requirements of commerce.

Many feared that, for investment in Liberty bonds, particularly if bearing a rate of 4 per cent or more, savings deposits might be withdrawn to the point of embarrassment of savings banks.

The published reports of banks give a fair indication of the actual results. In some States such reports of State banks are not compiled in sufficiently detailed form to make the desired comparisons possible; consequently only the trend can be deduced from reports of part of the banks instead of a complete exposition tabulated from the reports of all.

DATES OF IMPORTANT PAYMENTS OF THE TWO LOANS.

First loan: June 28, 1917, 18 per cent; July 30, 20 per cent; August 15, 30 per cent; August 30, 30 per cent.

Second loan: November 15, 1917, 18 per cent; December 15, 40 per cent; January 15, 1918, 40 per cent.

Deposits.

(1) ALL NATIONAL BANKS, TWELFTH DISTRICT.

	Total deposits, including Government deposits.	Total deposits, excluding Government deposits.
1917.		
June 20.....	\$885,647,000	\$871,390,000
Sept. 11.....	\$931,816,000	\$917,465,000
Increase.....	\$46,169,000	\$46,075,000
Per cent.....	5.21	5.20
Sept. 11.....	\$931,816,000	\$917,465,000
Nov. 20.....	\$1,017,287,000	\$952,281,000
Increase.....	\$85,471,000	\$34,816,000
Per cent.....	9.2	3.8

(2) NATIONAL BANKS IN RESERVE CITIES, TWELFTH DISTRICT.

June 20.....	\$513,681,000	\$505,412,000
Sept. 11.....	\$554,839,000	\$546,683,000
Increase.....	\$41,158,000	\$41,271,000
Per cent.....	8	8.4
Sept. 11.....	\$554,839,000	\$546,683,000
Nov. 20.....	\$696,450,000	\$569,810,000
Increase.....	\$141,611,000	\$123,127,000
Per cent.....	9.3	4.2

(3) NATIONAL BANKS OUTSIDE RESERVE CITIES, TWELFTH DISTRICT.

June 20.....	\$371,966,000	\$365,978,000
Sept. 11.....	\$376,977,000	\$370,782,000
Increase.....	\$5,011,000	\$4,804,000
Per cent.....	1.4	1.3

Time deposits.

(4) ALL NATIONAL BANKS, TWELFTH DISTRICT.

	Time deposits.
1917.	
May 1.....	\$160,065,000
June 20.....	162,900,000
Increase.....	2,835,000
Per cent.....	1.9
June 20.....	162,900,000
Sept. 11.....	179,275,000
Increase.....	16,375,000
Per cent.....	10.05

(5) SAVINGS DEPOSITS OF ALL CALIFORNIA STATE BANKS, SAVINGS BANKS, AND TRUST COMPANIES.

	Savings deposits.
1917.	
June 20.....	\$596,325,000
Nov. 20.....	606,205,000
Increase.....	9,880,000
Per cent.....	1.66

Between the two reports of national banks published on the Comptroller's calls June 20 and September 11, the four important payments, 98 per cent, were made upon the first Liberty loan, the total amount being \$133,694,000.

Nevertheless, between those two dates the combined deposits of all national banks of this district showed an increase of \$46,169,000, equal to 5.21 per cent. (See (1) above.) A part of these banks in making payment received back a deposit of Government funds. Such transactions would cause an increase in their Government deposits. Excluding Government deposits on both dates, the increase was \$46,075,000, equal to 5.20 per cent. Of those amounts, national banks in reserve cities (Los Angeles, Cal.; Ogden, Utah; Portland, Oreg.; Salt Lake City, Utah; San Francisco, Cal.; Seattle, Wash.; Spokane, Wash.; and Tacoma, Wash.) gained in total deposits \$41,158,000, equal to 8 per cent, and excluding Government deposits gained \$41,271,000, equal to 8.4 per cent. (See (2) above.) This shows a decrease and not an increase in Government deposits.

National banks outside reserve cities gained in total deposits \$5,011,000, equal to 1.4 per cent, and excluding Government deposits gained \$4,804,000, equal to 1.3 per cent. (See (3) above.)

It appears, therefore, that even excluding Government deposits, the combined deposits of all national banks increased during the time that \$133,694,000 of first Liberty loan bonds were bought and

paid for in this district, but that the increase was somewhat greater in reserve city banks than in banks outside reserve cities.

Time deposits, which, it might be thought, would be drawn upon for investment in Liberty bonds, increased in even greater proportion. (See (4) above.)

Between June 20 and the date of the preceding call, that is, before any important payment was made on the first Liberty loan, time deposits of all national banks increased \$2,835,000, equal to 1.9 per cent, but between June 20 and September 11, during which 98 per cent was paid on this loan, the increase in time deposits was \$16,375,000, equal to 10.05 per cent. (See (4) above.)

On November 15 the first important payment became due on the second Liberty loan, the allotments of which aggregated \$261,138,000. Payment of only 18 per cent was then required, but many subscriptions were paid in full, the total payments aggregating \$167,259,000, equal to 64 per cent of the entire allotments.

Between Comptroller's calls of September 11 and November 20, in spite of the payment of this great sum, deposits of all national banks increased \$85,471,000, equal to 9.2 per cent, but Government deposits in these banks in the same period increased \$50,655,000, equal to 355 per cent. Excluding the latter, the increase was \$34,816,000, equal to 3.8 per cent. (See (1) above.) Between the same dates, deposits of national banks in the eight reserve cities increased \$51,611,000, equal to 9.3 per cent. Excluding Government deposits, the increase was \$23,127,000, equal to 4.2 per cent. (See (2) above.) This shows that while there was a general increase in deposits, there was a greater increase in reserve cities than outside.

Between June 20 and November 20, savings deposits of all California State banks, savings banks, and trust companies combined show an increase of \$9,880,000, equal to 1.66 per cent (see (5) above), showing that savings depositors are so prospering through continuous employment at high wages that the new deposits have somewhat more than offset the withdrawals for investment in Liberty bonds.

Between June 20 and November 20, while national banks in reserve cities gained \$64,398,000, 12.7 per cent, in deposits, excluding those of the United States, their loans increased only \$27,265,000, 8 per cent. This group, which includes the larger commercial banks, would probably feel the chief pressure of any emergency demand for loans. Its resources constitute approximately 60 per cent of the total resources of all national banks in the district.

Thus in five months \$468,513,200 Liberty bonds were subscribed, of which \$394,832,000 were allotted, and payments made aggregating \$300,953,000. In spite of this deposits of both commercial and savings banks have increased, with a materially smaller proportion of increase in loans.

Money has not been shipped out of the district. The conclusion is inevitable that the general bank position is stronger than before the Liberty loans were offered. The economic explanation is of course that, in effect, this district has paid for \$300,000,000 of Liberty bonds with ships, metals, agricultural products, etc., at very high prices. It is not surprising that bank clearings should be making new records and that industry and commerce should be generally active and prosperous.

THE FEDERAL RESERVE BANK AND NOTE ISSUES.

GENERAL POLICY.

It has been the general policy of this bank to substitute Federal Reserve notes for gold whenever possible. This has been difficult on the Pacific coast where custom for more than half a century has made gold the ordinary medium. The use here of gold for currency has been more than a custom; it has been a pride and, it might be said, almost a religion, grounded in the discovery of gold in California in 1849, which first attracted conspicuous attention to the possibilities of this section, and fostered by the production in California and Alaska since then of hundreds of millions of gold. Gold dust, gold slugs, as well as gold coins were used as money here when a depreciated currency circulated elsewhere throughout the country. The custom and prejudice of the people favor the use of gold as currency. Purses are adapted to it. Bank tellers trained to handle gold find it bothersome to handle paper to which they are unaccustomed.

The gradual introduction of national-bank circulation made some progress toward a change. The panic of 1907 caused scrip to circulate. People were glad to get it when gold was unobtainable. The Aldrich-Vreeland issues in the fall of 1914 also found favor because of the relief they brought at a crisis. For nearly three years after the establishment of the Federal Reserve Bank it was found possible to issue only a relatively small amount of Federal Reserve notes. With the enactment of the amended reserve provisions approved June 21, 1917, a change in the situation began, gold in more important volume flowed to the Federal Reserve Bank and Federal Reserve notes issued in exchange. Army and Navy paymasters, who had hitherto made up their pay rolls with gold, received official instructions to use Federal Reserve notes, the Treasury giving gold to the Federal Reserve Bank in exchange. A good many millions of Federal Reserve notes have been shipped to the Seattle branch for use in pay rolls at Camp Lewis.

The Assistant Treasurer at San Francisco has made Federal Reserve notes his ordinary counter money, paying gold only when de-

manded. The San Francisco Mint has adopted the method of making payment by checks on the Treasury, which are paid by the Subtreasury chiefly in Federal Reserve notes. It was arranged that the Subtreasury become a member of the San Francisco Clearing House and settle its balances through the Federal Reserve Bank, again minimizing the use of gold for settlements. From Portland gold has always been shipped to points down the Columbia River to pay the fishermen. It was found that this gold never returned. Federal Reserve notes have been substituted for this service. Taxes in California, State, county, and city, are payable in gold and until recently were collected almost entirely in gold. By cooperation of treasurers, it has now been arranged that Federal Reserve notes and cashiers' checks of the Federal Reserve Bank be used for the principal part of such payments. The Federal Reserve Bank now pays express charges on gold or gold certificates shipped to it and prepays charges on Federal Reserve notes sent in exchange.

The appeal of the President, made on October 13, 1917, to State banks to join the Federal Reserve system as a patriotic duty in order to build up to the maximum its gold reserve has called important attention to the fact that the Nation is financially able to withstand strains in direct proportion to the extent of the gold reserve of the Federal Reserve system. It is perhaps not generally comprehended that a holder of a Federal Reserve note has to that extent deposited gold in the Federal Reserve Bank, and that anyone paying out a Federal Reserve note by the same act pays gold into the Federal Reserve Bank. Paying money thus offers opportunity to every bank teller to render patriotic service by aiding in the financial fortification of the country. This wave of substitution of Federal Reserve notes for gold has had a striking effect upon the volume of Federal Reserve notes issued by this bank. At the beginning of the year 1917 only \$14,000,000 were outstanding. This had expanded to less than \$25,000,000 when the amended reserve provisions became effective June 21, 1917. The amount had risen to \$41,900,000 at the end of October, to \$58,400,000 at the end of November, and to \$77,097,550 at the end of December.

Frequent reference is made in press comments to the large volume of Federal Reserve notes outstanding, as if they were additions to the currency in circulation, whereas they are largely issued in place of gold which is absorbed into Federal Reserve Bank reserves. Gold in circulation serves no purpose which paper credit currency does not adequately serve. But in a Federal Reserve Bank's reserve gold multiplies its power, every dollar constituting the potential basis for two and a half dollars of credit for the needs of commerce.

The following illustrates the fact that gold is absorbed into the Federal Reserve Bank's reserve as Federal Reserve notes are paid

out: On September 1 Federal Reserve notes outstanding were \$28,-434,930 and net deposits \$53,402,231.52, amounting together to \$81,-837,161.52. The combined gold reserve held against both amounted to \$57,270,522.50, or 70 per cent. On December 1 notes outstanding were \$58,402,405; net deposits, \$77,474,184.11; combined gold reserve, \$96,367,990 or 71 per cent. It will be seen that \$39,097,468 gold was added to reserve, although the increase in deposits was only \$24,071,953. At the end of December Federal Reserve notes outstanding were \$77,097,550; net deposits, \$69,922,002; and combined gold reserve, \$94,018,470, or 64 per cent.

By denominations, Federal Reserve notes issued have been as follows:

	Issued 1917.	Redeemed 1917.
Fives.....	\$11,700,000	\$1,729,430
Tens.....	17,600,000	955,690
Twenties.....	25,120,000	1,496,670
Fifties.....	4,400,000	146,150
Hundreds.....	8,000,000	175,600
Total.....	\$66,820,000	4,503,540

† Net amount outstanding Dec. 31, 1917, \$77,097,550.

INTERDISTRICT MOVEMENT OF NOTES.

Federal Reserve notes have been received from and returned to other Federal Reserve Banks as follows:

January–November, inclusive.....	\$3,783,290
Returned	1,502,110

Largest exchanges have been with Federal Reserve Bank of New York:

Received from Federal Reserve Bank, New York.....	\$2,254,540
Returned to Federal Reserve Bank, New York.....	331,025

That Federal Reserve notes issued in one district have relatively small circulation in other districts is shown by the fact that from January 1 to November 30 the total of the notes of this bank received by other Federal Reserve Banks amounted to only \$3,783,290. Under the provisions of the Federal Reserve Act, these were returned to the issuing bank. In the same period this bank returned notes of other Federal Reserve Banks to an amount of \$1,502,110. Of these amounts \$2,254,540 of this bank's notes were received from the Federal Reserve Bank of New York and \$331,025 of that bank's notes returned to it.

INTERNAL MANAGEMENT OF THE BANK.

FUNCTION AND WORK OF DIRECTORS, EXECUTIVE COMMITTEE, AND STAFF.

A list of officers and directors is given in Table 4.

Directors' meetings are held with great regularity and excellent attendance on the first and third Tuesdays of each month. Information regarding the bank's activities is furnished in considerable detail, and all matters of general policy are considered by the board. The executive committee is rarely convened. Rediscounts and loans are first authorized over the signatures of the governor or deputy governor and the chairman, the other members of the executive committee signing at their convenience and after such investigation as each desires.

Since the inauguration of the Liberty-loan campaigns the governor, as chairman of the general committee, has given his attention largely to these. In consequence the deputy governor has borne the brunt of the executive work in the bank. An assistant deputy governor was appointed to assist, but for a temporary period it became necessary to have him serve as acting manager of the Portland branch, an assistant cashier of the head office later taking this place. Another assistant cashier of the head office also served as acting manager of the Seattle branch, and was subsequently appointed manager. Three trained employees of the head office have also served as acting cashiers of the three branches, two of them subsequently being appointed cashiers. This draft upon its staff has placed a heavy pressure upon the head office during the exceptional demands of the past few months, and while both official and clerical staffs have been largely expanded, they are still inadequate.

The force of the fiscal agent department, though large, has been quickly gathered and has not as yet been properly organized for best results. The difficulty is generally recognized of obtaining skilled clerks at this time.

There has been no change during the year in the personnel of the directors of class A and of class B. Of the class C directors, the class appointed by the Federal Reserve Board, Mr. Claud Gatch, chief national bank examiner, completed the term of his appointment with end of the year 1916, and, in conformity with the policy of the Federal Reserve Board that national bank examiners shall not be directors, he was unavailable for reappointment. On January 4, 1917, Mr. E. C. Bradley, former vice president of Pacific Telephone & Telegraph Co., was appointed to succeed him. After serving a brief period he was called to Washington to act as assistant to the Secretary of the Interior, and necessarily resigned as director. On April 23, 1917, Mr. Edward Elliott, professor of international

law in the University of California, and of the law firm of Lane & Elliott, was appointed as Mr. Bradley's successor.

On July 5, 1917, Mr. A. C. Kains resigned as governor, and on August 7, 1917, Mr. J. K. Lynch, class A director, was appointed as his successor. Although it is the policy of the Federal Reserve Board that a governor of a Federal Reserve Bank shall not at the same time be a director, the Board permitted Mr. Lynch to complete his term ending with December 31, 1917. In the regular election of directors, completed in December, Mr. J. E. Fishburn, president of the Merchants' National Bank of Los Angeles, was elected to succeed him. Mr. A. B. C. Dohrmann, class B director, was reelected.

For the systematic guidance and supervision of branches Mr. John U. Calkins, deputy governor, was appointed deputy governor in charge of branches, with the purpose of his frequently visiting the branches in person.

On July 17, 1917, Mr. William A. Day, previously assistant cashier of the Savings Union Bank & Trust Co., of San Francisco, was appointed assistant deputy governor, and from September 26, 1917, to December 14, 1917, served as director and acting manager of the Portland branch. Other official appointments were as follows: June 6, 1917, Mr. Ira Clerk, as assistant cashier; December 14, 1917, Mr. W. N. Ambrose, acting manager Portland branch; Mr. C. J. Shepherd, assistant cashier, served as acting cashier Spokane branch, from July 26, 1917, to September 18, 1917, and from September 18, 1917, to December 18, 1917, served as director and acting manager Seattle branch, being appointed manager Seattle branch on December 18, 1917; December 18, 1917, Mr. J. C. Galbraith, cashier Seattle branch; December 18, 1917, Mr. C. R. Shaw, cashier Spokane branch; September 26, 1917, Mr. H. N. Mangels, acting cashier Portland branch; October 29, 1917, Mr. C. S. Loveland, examiner Portland branch; October 29, 1917, Mr. E. B. McBride, assistant examiner Spokane branch; December 18, 1917, Mr. H. S. House, auditor.

Upon inauguration of preparations for the second Liberty loan the fiscal agent department of the bank was quartered in the Mills Building, three blocks from the bank, and Mr. G. O. Bordwell, cashier, assumed entire charge of its operations.

The following is a list of the members of the bank's staff who have entered military or naval service: J. B. Watts, corporal, Three hundred and sixty-third Regiment, National Army; Nat Neal, Coast Artillery; Emmett Cashin, Aviation Corps; Donald Henderson, Ambulance Corps; F. W. Kiser, yeoman, first class, United States Navy; Homer E. Malaby, ensign, Paymaster's Department; Thomas E. Graves, first lieutenant, Aviation Section, Officers' Signal Reserve Corps; Judson Swift, Sixty-second Machine Gun Corps; Sam H. Davis, jr., Company D, United States Naval Reserve; Monroe Baer,

One hundred and sixty-sixth Depot Brigade; T. O'Connor, Seventieth Company, One hundred and sixty-sixth Depot Brigade; R. S. Paden, sergeant, Quartermaster's Department; Thomas S. Marlor, lieutenant, United States Geological Survey; Fred Robbins, Three hundred and twenty-second field battalion, Signal Corps, Ninety-first Infantry Division; Harry B. Fuller, sergeant chauffeur, Quartermaster's Department; G. J. Concannon, Company F, Fourth Battalion, Twentieth Engineer Corps.

OFFICE AND VAULT FACILITIES—BANK PREMISES.

The present office of this bank, occupied from the outset, grows increasingly inadequate. During the year a small additional space has been obtained, but further expansion at this location seems impracticable, and exhaustive search discloses no other available quarters. The fact that the business part of this city has been entirely rebuilt within 10 years measureably accounts for this.

The vault is approached through the quarters of the lessor bank, with which it is jointly used. The Subtreasury has courteously placed considerable vault space at the disposal of the bank, and this has given a measure of relief.

The fiscal agent department has been established for the time being in an office building a few blocks distant. Its requirements have extended beyond the available ground floor space, so that parts of the force are accommodated in various offices above.

The increasing requirements for greater space and the apparent impossibility of finding adequate quarters with proper vault facilities have led the directors to decide that the construction of a building for the bank's use is necessary. At an expense of \$120,000 an appropriate site has therefore been purchased, approximately 120 feet square, with frontage on three streets, assuring unusual provision for light. Building plans are now under consideration.

CHECK COLLECTIONS.

During the year the check collections of this bank have steadily increased, the total to November 30 aggregating 2,367,015 items, amounting to \$1,082,192,465, a daily average of 8,564 items, amounting to \$13,554,053.

The number of banks using the collection system has gradually increased, but approximately 80 per cent of the checks handled have been received from other districts, chiefly from New York and Chicago.

Banks in this district using the system have been largely those in reserve cities, although the smaller banks have manifested a growing disposition to benefit by the advantages as they gain information. The establishment of branches at three centers in the Northwest has served to greatly expedite collection of checks drawn on banks in

that section, which increases the value of the check-collection service. Every effort is made to reduce the time of collection to the minimum, and to give quickest returns possible, thus reducing the "float," that is, the amount of outstanding collections. Proceeds of checks deposited for collection are made available for the depositing bank on the day scheduled for arrival of checks at destination. On request, authority is given for sending checks direct to branches, the proceeds being made available as a credit with head office on the day of expected arrival at branches. By arrangement, a bank may also send checks direct to the banks upon which drawn, credit being given by Federal Reserve Bank on the day checks are scheduled to reach the drawee banks.

To cover the cost of handling, a service charge is made of $1\frac{1}{2}$ cents for each item, but no charge is made on the first 500 checks received from any bank in one calendar month.

For a considerable time this bank collected, by express, checks drawn on nonmember banks which refused par remittance. On October 20, 1917, express collections were discontinued and thereafter a par list has been used. From this list those banks are excluded which refuse par remittance and checks drawn upon them are not accepted by Federal Reserve Banks or their branches.

At the time of discontinuance, checks upon 122 banks were being collected by express. There are now 136 banks which refuse to remit at par and checks drawn upon them are consequently refused by Federal Reserve Bank and its branches. Including 152 branches of State banks there are 1,321 State banks in this district. Approximately 90 per cent remit at par.

During the year much progress has been made in developing methods for the settlement of clearing-house balances through Federal Reserve Bank. Los Angeles clearing-house banks, all of whom are member banks, initiated the movement, arranging that after each day's clearings the clearing-house manager certifies by telegraph the balances due from and due to the clearing banks. Federal Reserve Bank then enters the proper credits and debits upon its books and telegraphs confirmation. This plan has worked smoothly since its inauguration July 16, 1917. On the same date San Francisco banks began settling clearing-house balances through Federal Reserve Bank. Although the clearing-house manager certifies to Federal Reserve Bank the amounts due to and due from the several banks, this serves as authority only for receiving and crediting the amounts due creditor banks. With one or two exceptions each debtor bank draws its draft on and sends it to Federal Reserve Bank for the amount of its debtor balance. At Spokane, Seattle, and Portland, clearing balances are settled through the respective branches of Federal Reserve Bank.

The service rendered by the check collection and clearing systems is of such fundamental advantage in reducing "float" by avoiding circuitous collection methods and in economizing the use of actual money that an increasing use will surely result. Another service of great value is that rendered by the gold-settlement fund, deposited in the Treasury at Washington subject to the order of the Federal Reserve Board. Through this device, for example, Federal Reserve Bank of San Francisco transfers for its members by telegraph gold from San Francisco to New York and from New York to San Francisco with no charge except for the telegrams. It serves for transfers between all Federal Reserve Banks or their branches.

GENERAL BUSINESS CONDITIONS.

Shipbuilding has probably been the most conspicuous single factor in the activities of this district during the first year of participation in the war. There has been vast expansion in the operations of established shipbuilding concerns and many new companies have organized for constructing both steel and wooden ships. San Francisco now has the largest shipbuilding plant in the United States, and this industry, confined here almost wholly to steel construction, has expanded enormously. While Seattle has had the greatest development of new concerns, in which many thousands of men are now employed, shipbuilding at Portland has likewise assumed vast proportions. At Portland and Seattle both steel and wooden ships are building. At Los Angeles too, important construction is under way.

A most interesting enterprise is the construction of a reinforced-concrete ship of some 5,000 tons, at a point near San Francisco. Vessels of this character of 200 or 300 tons have hitherto been successfully constructed, but this is the first instance of such a vessel of any considerable size. The smaller ones, at least in some instances, have been built keel up, then with hatches tight have been launched upside down, quickly righting when floated. It is proposed to launch the large vessel sidewise. If this vessel proves a success, it will be important as the cost will be little more than one-third that of steel. Furthermore, steel is now difficult to obtain, while cement is readily available, made more so by discontinuance of road construction and decrease in building operations.

The lumbering industry has been handicapped by lack of transportation and by labor troubles, menacing I. W. W. disturbances having developed at times in the Northwest, where the latest factor has been an embargo on fir to hold it for the Emergency Fleet Corporation and for aeroplane construction. Had it not been for such difficulties, the lumbering industry would have shown phenomenal results for the year. The actual results, however, have been suf-

ficiently favorable to impart substantial commercial activity to all sections in which lumbering is important, dissipating the sluggishness which has clogged them for several years. Revival in lumbering and vast development in shipbuilding have given special advantages to Seattle and Portland at this time.

Mining of all kinds has been exceedingly active in this district and for the most part profitable. It is estimated that mining dividends for 1917 in the territory known as the inland empire, of which Spokane is the center, will aggregate approximately \$100,000,000. The metals there are chiefly lead, zinc, copper, and magnesite. The United States Geological Survey estimates that, except as to zinc ore and concentrates, the production in the first six months of 1917 has equaled the entire output of 1916.

Copper mining has continued on a huge scale throughout the year, although maximum output has not been reached because of labor troubles, I. W. W. disturbances having especially affected the Arizona mines. The value of copper mined in Arizona during 1917 is estimated at \$200,000,000, other metals \$60,000,000.

The production of petroleum in California has fallen far below consumption. During 1917 production was 97,267,832 barrels and shipments were 108,853,457, reducing stored stocks from 44,036,190 barrels on December 31, 1916, to 32,450,465 barrels. Stored stocks on December 31, 1915, were 57,147,051 barrels.

In many respects the year 1917 has been unfavorable for agricultural products. The spring was cold and backward in the Northwest, with hot winds and deficient moisture in the later season. The Washington wheat crop was about 27,000,000 bushels against 45,000,000 the preceding year. The yield of barley in Oregon, Washington, Idaho, and Nevada was about 18 per cent less than in 1916, but in California there was a considerable increase.

In California the area planted in beans increased from 253,000 acres in 1916 to 295,000 acres, the yield being nearly double, an estimated total of 9,280,000 bushels.

In 1912 the acreage in rice was 1,400. This was increased yearly until in 1917, 92,000 acres were planted.

These typify the agricultural situation of the year, some crops poor, some good. There was, however, such an effort for large product, stimulated by both patriotism and extraordinary prices, that in spite of unfavorable conditions the product of foodstuffs in the entire district was exceptionally large. There were many abundant yields in California—35,000 tons more raisins than ever before; more peaches than in 1916 by 1,300,000 bushels; a record number of carloads of deciduous fruits and perishable commodities; shipments of citrus fruits, aggregating 54,361 carloads, surpassed all previous

records. The apple crop of Idaho, Oregon, and Washington was large. The salmon pack of Alaska was exceptional.

Present forecasts of next year's production of foodstuffs would be sheerest guessing, because there is ample time for any unfavorable condition to be righted. Concern is, however, being felt because of the lack of precipitation in California, there having been only about 10 to 15 per cent of the normal seasonal precipitation. In the wheat regions of the Northwest the fall planting was practically a failure. Later rains have made the conditions there such as to be promising for spring planting.

In spite of curtailment of available range, the high price of feed, and the difficulty in securing labor, live stock holdings in the Pacific Northwest, according to Government estimates, generally showed slight increase on December 31, 1917, over the same date in 1916. In Oregon, Washington, and Idaho the holdings of cattle, excluding milch cows, increased from 2,055,000 head to 2,165,000 head during this period; of milch cows from 623,000 to 633,000 head; of sheep from 6,141,000 to 6,306,000 head. Holdings of swine decreased from 890,000 to 811,000 head. Total live-stock holdings increased 206,000 head, or 2.1 per cent.

Labor is unsettled and there have been many strikes, though there are none of importance as the year closes.

Import and export trade, in spite of deficient tonnage, is at record volume. Seattle's foreign trade exceeds that of San Francisco, the totals for the two being, respectively, \$480,000,000 and \$400,000,000.

Building permits during the past five months are 17 per cent less than in 1916. Bank deposits, bank clearings, and post-office receipts are continually making new high records.

The year has been one of great agricultural, industrial, and commercial activity and prosperity in this district. This reflects the fact that it has made important contribution of products vitally necessary for winning the war.

TABLE 1.—*Classification by maturities of paper rediscounted.*

MATURITIES.						
Month.	15 days and less.	Over 15 to 30 days.	Over 30 to 60 days.	Over 60 to 90 days.	Over 90 days to 6 months.	Total.
January.....	\$4,514	\$7,863	\$25,569	\$37,707	\$47,705	\$123,358
February.....	25,931	9,266	34,705	32,344	4,540	106,786
March.....		8,578	46,794	74,157	21,990	151,521
April.....	120,302	200,577	216,366	139,828	21,814	698,887
May.....	50,254	114,823	132,380	125,995	27,147	450,599
June.....	460,935	2,520,000	2,833,932	3,089,878	103,351	9,058,096
July.....	842,881	599,191	1,067,110	1,437,418	42,387	4,178,987
August.....	1,216,019	474,815	877,941	636,470	188,277	3,393,522
September.....	1,520,765	1,879,306	2,762,063	1,344,130	161,927	7,668,211
October.....	2,197,799	1,863,551	1,923,762	1,971,127	20,224	7,976,463
November.....	2,296,856	1,973,355	3,803,274	2,655,771	171,165	10,900,421
December.....	2,910,940	3,731,567	9,718,057	6,981,795	240,221	23,582,580
Total.....	11,647,195	13,382,892	23,511,975	18,526,620	1,220,748	68,289,431

TABLE 2.—*Reserve position of Federal Reserve Bank of San Francisco at the end of each month during the year 1917.*

Month.	Net deposits.	Federal Reserve notes outstanding.	Gold and gold certificates, gold settlement fund.	Other cash.	Gold with Federal Reserve agent.	Total gold reserve.
January.....	\$32,911,714.14	\$15,726,890	\$20,893,505.00	\$82,879.10	\$15,726,890	\$36,620,395.00
February.....	33,715,308.10	16,185,845	21,070,995.00	31,551.70	16,195,845	37,266,840.00
March.....	39,049,682.53	16,205,545	27,040,167.50	65,343.35	16,207,545	43,247,712.50
April.....	36,841,247.13	19,954,290	21,337,340.00	102,393.05	19,954,290	41,291,620.00
May.....	39,064,838.49	22,843,600	20,345,645.00	114,299.35	22,843,600	43,189,245.00
June.....	61,127,208.14	24,387,600	35,494,235.00	141,412.20	24,387,600	59,881,835.00
July.....	64,561,712.33	26,088,230	45,319,530.00	92,587.00	26,088,230	71,407,760.00
August.....	53,402,231.52	28,434,930	28,835,592.50	45,849.80	28,434,930	57,270,522.50
September.....	52,422,235.60	36,420,270	37,065,360.00	33,772.40	26,516,270	64,181,630.00
October.....	51,682,569.58	41,903,470	49,968,910.00	62,064.35	30,949,470	71,918,380.00
November.....	77,474,184.11	58,402,405	57,769,585.00	83,775.60	38,598,405	96,367,990.00
December.....	69,922,002.00	77,097,550	47,024,920.00	408,822.55	48,993,550	94,018,470.00

NOTE.—An amendment to the Federal Reserve act approved June 21, 1917, includes in reserve gold with the Federal Reserve agent. For easier comparison, this table is constructed as if this provision had been in effect throughout the year.

TABLE 3.—*Report of Treasury certificates of indebtedness subscribed for through Federal Reserve Bank, San Francisco, during 1917.*

Series.	\$1,000 to \$25,000.		\$25,000 to \$50,000.		\$50,000 to \$100,000.		\$100,000 to \$250,000.	
	Num-ber.	Amount.	Num-ber.	Amount.	Num-ber.	Amount.	Num-ber.	Amount.
Mar. 31.....								
Apr. 25.....	143	\$1,990,000	48	\$2,220,000	30	\$2,835,000	14	\$2,740,000
May 10.....	121	1,322,000	24	1,138,000	13	1,195,000	12	2,545,000
May 25.....	132	1,237,000	14	498,000	10	635,000	6	930,000
June 8.....	71	833,000	18	792,000	15	1,425,000	7	1,350,000
Aug. 9.....	94	1,254,000	26	1,160,000	10	920,000	10	1,945,000
Aug. 28.....	160	1,268,000	23	987,000	22	1,940,000	13	2,925,000
Sept. 17.....	100	1,252,000	27	1,120,000	20	1,885,000	18	3,890,000
Sept. 26.....	227	2,910,000	60	2,750,000	54	5,145,000	35	6,637,000
Oct. 18.....	209	2,968,000	88	4,075,000	47	4,431,000	31	5,801,000
Oct. 24.....	79	1,007,000	42	1,871,000	29	2,765,000	18	3,795,000
Nov. 30.....	19	275,000	4	167,000	4	400,000	6	970,000
Total.....	1,295	16,315,000	374	16,778,000	254	23,576,000	170	33,528,000

Series.	\$250,000 to \$500,000.		\$500,000 to \$1,000,000.		\$1,000,000.		Total.	
	Num-ber.	Amount.	Num-ber.	Amount.	Num-ber.	Amount.	Num-ber.	Amount.
Mar. 31.....								
Apr. 25.....	12	\$4,835,000	3	\$2,700,000	1	\$2,500,000	1	\$2,500,000
May 10.....	3	1,300,000			1	2,680,000	251	20,000,000
May 25.....	3	900,000					173	7,500,000
June 8.....	2	809,000					165	4,200,000
Aug. 9.....	8	3,550,000	1	750,000	2	3,421,000	113	5,200,000
Aug. 28.....	1	400,000					151	13,000,000
Sept. 17.....	1	374,000	1	509,000			159	7,520,000
Sept. 26.....	9	3,560,000	1	600,000	1	1,458,000	167	9,030,000
Oct. 18.....	7	2,200,000	1	525,000			387	23,000,000
Oct. 24.....	9	3,970,000					383	20,000,000
Nov. 30.....	1	500,000	2	1,450,000			177	13,408,000
Total.....	56	22,329,000	9	6,534,000	5	10,059,000	2,163	129,120,000

TABLE 4.—*Officers and directors of Federal Reserve Bank of San Francisco.*

DIRECTORS.

Class A.—Alden Anderson, term expires December 31, 1918; C. K. McIntosh, term expires December 31, 1919; J. E. Fishburn, term expires December 31, 1920.

Class B.—Elmer H. Cox, term expires December 31, 1919; A. B. C. Dohrmann, term expires December 31, 1920; John A. McGregor, term expires December 31, 1918.

Class C.—Edward Elliott, term expires December 31, 1919; Walton N. Moore, term expires December 31, 1918; John Perrin, term expires December 31, 1920.

OFFICERS.

John Perrin, chairman of the board and Federal Reserve agent; James K. Lynch, governor; John U. Calkins, deputy governor in charge of branches; William A. Day, assistant deputy governor; George O. Bordwell, cashier; Ira Clerk, assistant cashier; W. N. Ambrose, assistant cashier and acting manager Portland branch.

BRANCH DIRECTORS AND OFFICERS.

Portland: W. N. Ambrose, assistant cashier of head office, acting manager; A. L. Mills, president First National Bank; J. C. Ainsworth, president United States National Bank; Nathan Strauss, of Fleischner & Meyer; Judge Thomas C. Burke; H. N. Mangels,¹ acting cashier.

Seattle: Clifford J. Shepherd, manager; M. F. Backus, president National Bank of Commerce; N. H. Latimer, president Dexter Horton National Bank; Charles E. Peabody, capitalist; Charles H. Clarke, of Kelley-Clarke Co.; J. C. Galbraith,¹ acting cashier.

Spokane: Charles A. McLean, manager; D. W. Twohy, president Old National Bank; Edwin T. Coman, president Exchange National Bank; Peter McGregor, farmer; G. I. Toevs, manager Centennial Mill Co.; Clarence R. Shaw, cashier.

TABLE 5.—*Comparison of deposits and of loans and discounts of national banks of the twelfth Federal Reserve district on Nov. 17, 1916, and Nov. 29, 1917.*

DEPOSITS.

	Nov. 20, 1917.	Nov. 17 1916.	Increase.	Per cent increase.
Reserve cities:				
Los Angeles.....	\$100,582,000	\$73,884,000	\$26,698,000	36
San Francisco.....	292,314,000	196,227,000	96,087,000	49
Portland.....	70,666,000	42,273,000	28,393,000	40
Salt Lake City.....	23,890,000	20,451,000	3,439,000	17
Seattle.....	61,396,000	42,480,000	21,916,000	52
Spokane.....	32,639,000	20,446,000	12,193,000	37
Tacoma.....	11,970,000	7,491,000	4,479,000	60
Ogden.....	9,993,000	9,332,000	661,000	8
Total.....	606,450,000	412,584,000	193,866,000	47
All national banks:				
Alaska.....	182,000	188,000	2 6,000	* 3
Arizona.....	9,554,000	7,585,000	1,969,000	29
California.....	618,289,000	522,800,000	95,489,000	18
Idaho.....	46,842,000	37,898,000	8,944,000	23
Nevada.....	13,380,000	10,595,000	2,785,000	26
Oregon.....	114,849,000	96,852,000	17,997,000	18
Utah.....	46,527,000	33,465,000	13,062,000	39
Washington.....	166,674,000	138,466,000	28,208,000	21
Total.....	1,017,287,000	847,879,000	169,408,000	19

TABLE 5.—Comparison of deposits and of loans and discounts of national banks of the twelfth Federal Reserve district on Nov. 17, 1916, and Nov. 20, 1917—Continued.

LOANS AND DISCOUNTS.

Reserve cities:				
Los Angeles.....	\$69,426,000	\$58,666,000	\$10,760,000	18
San Francisco.....	179,110,000	156,557,000	22,553,000	15
Portland.....	35,368,000	31,105,000	4,263,000	14
Salt Lake City.....	14,139,000	15,350,000	11,211,000	16
Seattle.....	34,737,000	28,915,000	5,822,000	20
Spokane.....	22,149,000	17,379,000	4,770,000	24
Tacoma.....	6,052,000	5,208,000	844,000	16
Ogden.....	6,632,000	4,952,000	1,680,000	33
Total.....	367,613,000	318,132,000	49,481,000	16
All national banks:				
Alaska.....	75,000	46,000	29,000	63
Arizona.....	5,485,000	4,582,000	903,000	20
California.....	398,593,000	339,600,000	58,993,000	17
Idaho.....	30,571,000	22,950,000	7,621,000	33
Nevada.....	8,068,000	6,178,000	1,890,000	30
Oregon.....	71,737,000	58,431,000	13,306,000	23
Utah.....	30,460,000	24,067,000	6,393,000	26
Washington.....	96,599,000	82,235,000	14,364,000	17
Total.....	641,513,000	538,089,000	103,424,000	19

1 Decrease.

TABLE 6.—Comparison of loans, investments, and deposits of national banks on June 30, 1914, with those on corresponding dates in 1915, 1916, and 1917, and on November 20, 1917.

LOANS AND INVESTMENTS.

Date of call.	Amounts.	Per cent of loans and investments to deposits.	Per cent increase over preceding figure.	Per cent increase over June 30, 1914.
June 30, 1914:				
Loans.....	\$439,092,000			
Bonds, etc.....	140,723,000			
	579,815,000	100.5		
June 23, 1915:				
Loans.....	440,555,000			
Bonds, etc.....	147,650,000			
	588,205,000	100.1	1.5	1.5
June 30, 1916:				
Loans.....	482,570,000			
Bonds, etc.....	157,255,000			
	639,825,000	91.7	8.8	10.4
June 20, 1917:				
Loans.....	584,525,000			
Bonds, etc.....	190,952,000			
	781,477,000	88.2	22.3	33.2
Nov. 20, 1917:				
Loans.....	641,513,000			
Bonds, etc.....	245,751,000			
	887,264,000	87.2	13.5	52.9

TABLE 6.—*Comparison of loans, investments, and deposits of national banks on June 30, 1914, with those on corresponding dates in 1915, 1916, and 1917, and on November 20, 1917—Continued.*

DEPOSITS.

Date of call.	Amounts.	Per cent of deposits to loans and investments.	Per cent of increase over preceding figure.	Per cent increase over June 30, 1914.
June 30, 1914.....	\$576,852,000	99.5	.....	.....
June 23, 1915.....	587,678,000	99.9	1.9	1.9
June 30, 1916.....	698,620,000	108.3	18.9	21.1
June 20, 1917.....	885,647,000	113.8	26.7	53.5
Nov. 20, 1917.....	1,017,287,000	114.7	14.9	76.3

TABLE 7.—*Federal Reserve notes issued and redeemed by Federal Reserve agent during 1917.*

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Outstanding Dec. 31, 1916.....						\$14,781,090
Issued during 1917.....	\$11,700,000	\$17,600,000	\$25,120,000	\$4,400,000	\$8,000,000	66,820,000
Unfit notes redeemed, 1917..	1,729,430	955,690	1,496,670	146,150	175,600	81,601,090
Outstanding Dec. 31, 1917.....						4,503,540
						77,097,550

EXHIBIT A.—Federal Reserve notes outstanding, 1917.

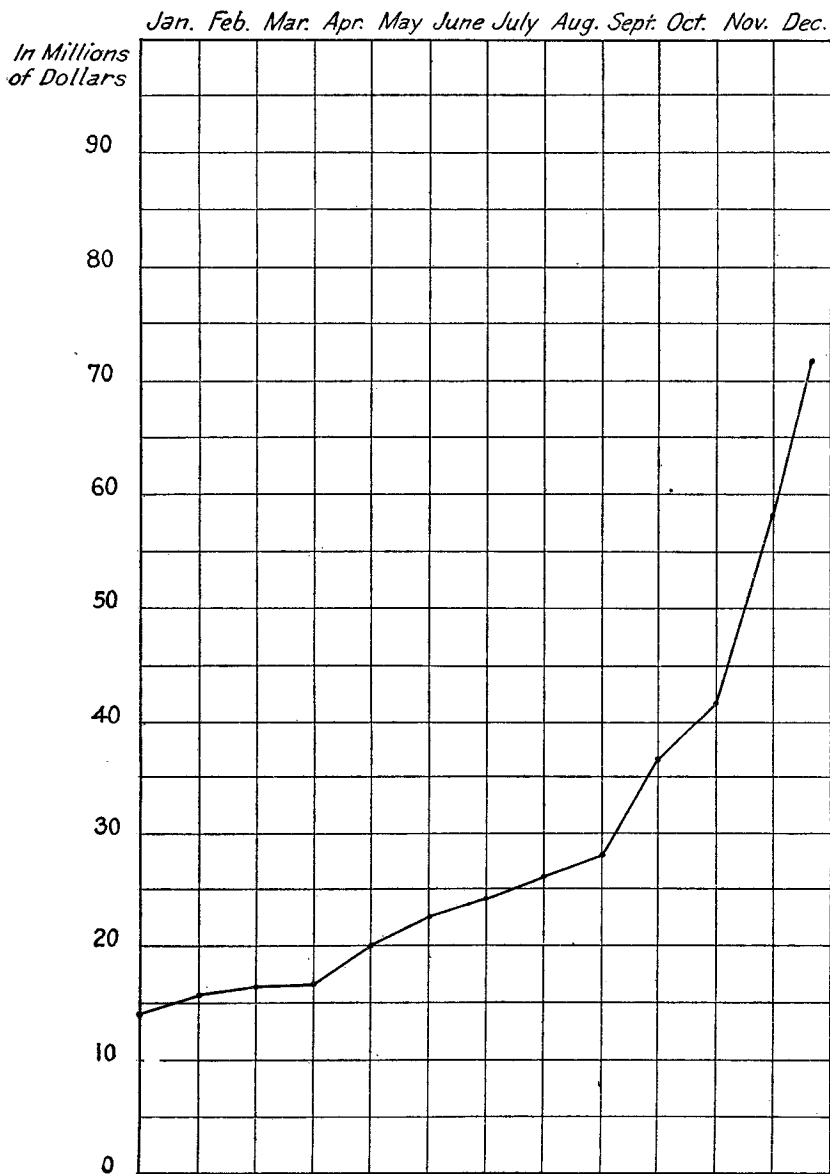


EXHIBIT B.—*Bank clearings of principal cities in twelfth district.*

[In millions; 000,000 omitted.]

	1911	1912	1913	1914	1915	1916	First 11 months, 1917
Bakersfield.....	(¹)	22	24	24	20	28	33
Fresno.....	40	51	57	53	54	72	96
Long Beach.....	(²)			17	26	30	35
Los Angeles.....	943	1,169	1,211	1,145	1,048	1,284	1,381
Oakland.....	173	223	189	176	181	223	246
Pasadena.....	42	47	48	44	44	50	53
Sacramento.....	78	93	108	103	101	126	146
San Diego.....	83	132	134	103	100	112	110
San Francisco.....	2,427	2,678	2,624	2,516	2,694	3,480	4,399
San Jose.....	30	36	36	36	35	44	49
Santa Rosa.....				13	12	13	14
Stockton.....	40	45	46	47	50	72	82
Reno.....		15	15	14	15	21	28
Portland.....	557	596	628	577	554	650	784
Salt Lake City.....		369	333	315	350	513	644
Ogden.....						61	88
Seattle.....	553	602	665	628	612	790	1,042
Spokane.....		225	219	203	193	255	310
Tacoma.....		139	133	110	99	115	145
Total.....	4,966	6,442	6,470	6,124	6,188	7,939	9,685

¹ Organized 1912.² Organized 1914.EXHIBIT C.—*Banking power of twelfth Federal Reserve district.¹*

[Resources and liabilities given in thousands; i. e., 000 omitted.]

	Arizona.		California.		Idaho.		Nevada.	
	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.
Number of banks.....	7	56	270	571	64	137	10	23
Date of report.....	Nov. 20	Sept. 11	Nov. 20	Nov. 20	Nov. 20	Sept. 11	Nov. 20	Sept. 11
RESOURCES.								
Loans and discounts.....	\$5,485	\$25,949	\$398,593	\$575,072	\$30,571	\$31,098	\$8,068	\$10,512
Stocks, bonds, and other securities.....	1,842	4,515	145,917	218,233	10,234	3,639	3,457	2,130
Banking house, furniture, and fixtures, and other real estate.....	330	1,530	17,761	35,849	1,662	1,797	417	682
Cash and exchange.....	3,578	14,533	208,803	142,786	13,709	14,230	4,353	4,433
Other resources.....	62		20,094	21,261	281	262	314	216
Total.....	11,297	46,527	791,168	993,201	56,457	51,026	16,609	17,973
LIABILITIES.								
Capital.....	675	2,938	59,525	66,186	3,789	4,042	1,435	1,846
Surplus and undivided profits.....	680	2,335	48,912	47,042	2,591	1,766	599	640
Due to banks.....	462	(²)	133,943	20,594	5,139	2,138	1,726	143
Individual deposits, demand.....	8,149	41,025	394,769	210,581	32,438	31,716	8,974	7,753
Individual deposits, time.....	743	(²)	84,577	625,281	9,265	10,809	2,610	7,526
Rediscunt ³			6,620	126	349	158		
Money and bonds borrowed.....			10,382	871	140	294		
Circulation outstanding.....	544		40,813		3,021		1,215	
Other liabilities.....	44	* 229	18,247	22,520	74	103	50	65
Total.....	11,297	46,527	791,168	993,201	56,457	51,026	16,609	17,973

¹ Includes 4 counties in eleventh Federal Reserve district.² Included in demand deposits.³ Subtracted from loans and discounts and not included in total liabilities for national banks.⁴ Includes rediscounts and money borrowed.

EXHIBIT C.—*Banking power of twelfth Federal Reserve district—Continued.*

[Resources and liabilities given in thousands; i. e., 000 omitted.]

	Oregon.		Utah.		Washington.		Total.	
	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.
Number of banks.....	81	178	24	102	78	284	534	1,351
Date of report.....	Nov. 20	Sept. 11	Nov. 20	Oct. 8	Nov. 20	Sept. 11	Nov. 20	.....
RESOURCES.								
Loans and discounts.....	\$71,737	\$46,868	\$30,460	\$57,240	\$96,599	\$76,323	\$641,513	\$823,062
Stocks, bonds, and other securities.....	29,834	11,516	9,764	6,333	44,703	18,297	245,751	264,663
Banking house, furniture, and fixtures, and other real estate.....	4,526	3,246	1,816	3,413	4,665	9,970	31,177	56,487
Cash and exchange.....	32,807	23,693	15,239	15,338	47,332	31,834	325,821	246,847
Other resources.....	849	782	61	458	3,097	1,749	13,542	24,581
Total.....	139,753	86,109	57,340	82,783	196,396	138,374	1,269,025	1,415,640
LIABILITIES.								
Capital.....	9,591	8,894	3,405	7,223	11,810	15,856	90,230	106,975
Surplus and undivided profits.....	6,717	4,364	2,501	4,322	7,368	8,110	69,368	67,479
Due to banks.....	13,733	4,210	12,467	4,152	23,448	7,997	196,918	39,234
Individual deposits, demand	76,647	41,482	24,121	30,247	96,205	59,197	641,303	412,001
Individual deposits, time...	24,462	24,860	9,939	30,007	47,021	54,095	178,617	742,578
Rediscount ²	1,082	492	540	.....	518	554	9,109	1,330
Money and bonds borrowed..	1,110	1,176	1,445	.....	1,005	1,157	14,087	3,498
Circulation outstanding.....	6,142	.....	3,236	.....	6,680	.....	61,651	.....
Other liabilities.....	1,338	631	228	6,742	2,821	2,230	22,759	32,618
Total.....	139,753	86,109	57,340	82,783	196,396	138,374	1,269,025	1,415,640

¹ Includes 134 branch offices.² Subtracted from loans and discounts and not included in total liabilities for national banks.

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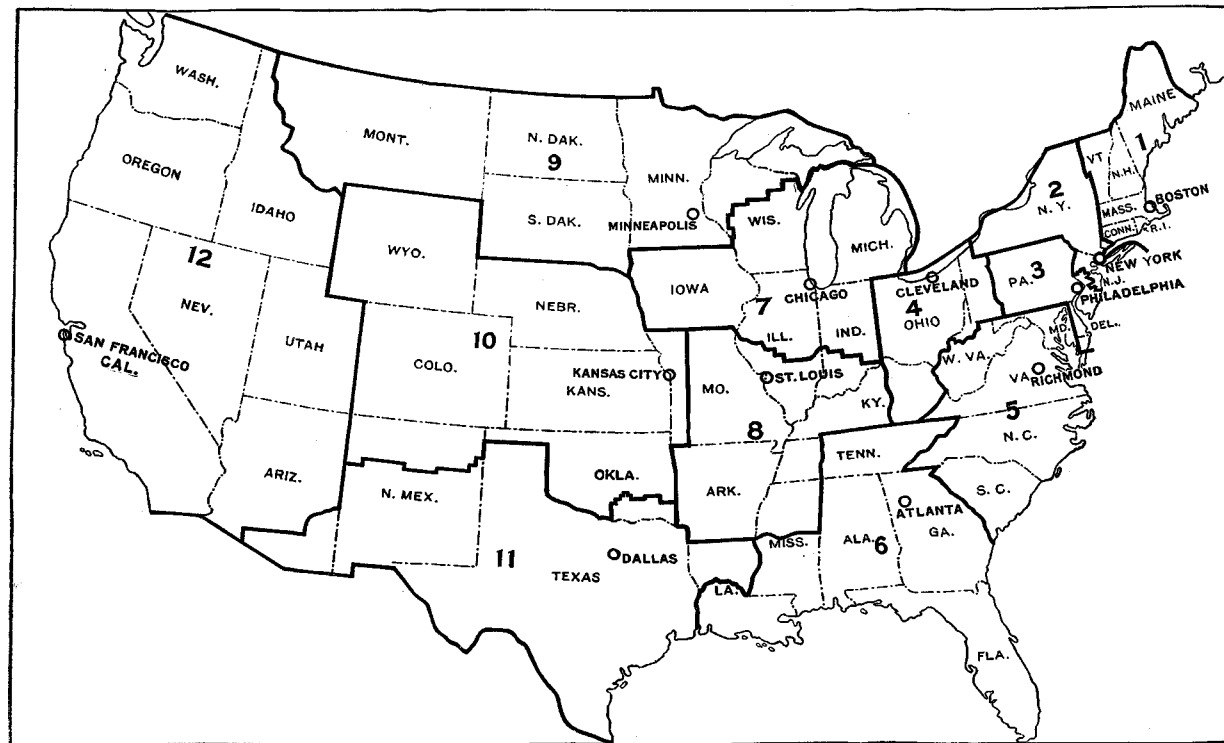
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