

STATEMENT FOR THE PRESS

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FEDERAL RESERVE BANKING DURING 1922.

Federal reserve developments in 1922 present a marked contrast to those of immediately preceding years. From the beginning of 1917 to the end of 1920 borrowings from the reserve banks increased rapidly in response to war and post-war conditions; 1921 and the first half of 1922 was a period of loan liquidation, accompanied by a rapid reduction of Federal reserve note circulation and by heavy imports of gold. By the summer of 1922 liquidation had run its course; production began to increase nearly a year earlier, prices started to rise at the beginning of the year; and these developments together with the credit and currency demands of the crop moving season, followed by the needs of active holiday trade, were reflected in increased borrowings from the reserve banks. During the past year credit liquidation, which had lasted for over eighteen months, came to an end, and the last quarter witnessed increased loan activity both at member banks and at Federal reserve banks. The condition of reserve banks at the end of 1922, consequently, shows relatively little change from the beginning of the year.

The year's developments can be divided into two distinct periods, the first continuing from the beginning of the year to the end of July and the second comprising the last five months of the year. During the first part of the year liquidation of discounts, which began in the late months of 1920, continued at an undiminished rate, their total at the end of July being about \$733,000,000 less than at the beginning of January. The reduction of discounts was offset in part by the purchase of Government securities, holdings of which increased by about \$310,000,000 during the period, and of acceptances of which the banks held \$29,000,000 more at the end of the first seven months than at the beginning of the year. During this period total earning assets declined by about \$394,000,000, this decline representing the excess of the reduction in discounts over the increase in Government security and acceptance holdings. During the same period Federal reserve note circulation declined by \$279,000,000, the total of \$2,127,000,000 on July 26 being close to the low point since the middle of 1918.

During the last five months of the year increasing seasonal demands for credit, together with a pronounced increase in production and trade, resulted in a reversal for the time being of the long-continued liquidation movement. Between the end of July and the end of December discounts of the reserve banks increased by \$250,000,000 and acceptances - by \$90,000,000, while Government securities declined by \$83,000,000, the increase in total earning assets for the period being \$257,000,000, and the increase in Federal reserve note circulation - \$337,000,000. For the year as a whole the reserve banks show a reduction of \$483,000,000 in discounts, offset by increases of \$227,000,000 in Government securities and of \$119,000,000 in acceptances. Reserves went up \$139,000,000, Federal reserve notes - \$59,000,000 and deposits - \$71,000,000. The reserve ratio at the end of the year was 72.1 per cent, compared with 71.1 per cent at the beginning. The ratio was at its lowest point at the opening of the year, reached its maximum of 80.4 per cent on August 9 and then declined for the remainder of the year as a consequence of the increase in note circulation and a reduction in reserves, with deposits practically stationary.

While total discounts of the reserve banks declined by \$483,000,000 during the year, discounts secured by Government obligations were reduced by \$161,000,000 and all other discounts - by \$322,000,000. Discounts secured by Government obligations, which had been declining almost continuously from the latter part of 1919 until the end of July, 1922, when they totaled only \$115,000,000, increased rapidly during the latter part of the year and stood at the end of the year at \$316,000,000. A large part of this increase in Government secured loans from Federal reserve banks is reported by the Federal Reserve Bank of New York, whose members in recent months received a considerable volume of accommodation on collateral notes secured by Government obligations. Other discounts reached their minimum on September 13, when they

stood at \$263,000,000, and show a rise to \$313,000,000 at the end of the year. Acceptance holdings of the reserve banks, after fluctuating within relatively narrow limits until the middle of June, increased steadily after that time and reached a total of \$246,000,000 on December 27, compared with \$127,000,000 on January 4.

Cash reserves of the reserve banks increased steadily, with but slight fluctuations, from the beginning of the year until October 18, when the total reached \$3,214,000,000, the highest point since the organization of the System, at which it remained with little change for five weeks. During the five weeks following November 22 cash requirements of the holiday trade resulted in a reduction of reserves by \$65,000,000, and they stood on the last report date of the year at \$3,149,000,000, or \$139,000,000 above the January 4 amount. Gold reserves increased by \$165,000,000, compared with an increase of \$312,000,000 during the preceding year.

Reserve bank holdings of Pittman certificates declined steadily throughout the year from \$113,000,000 on January 4 to \$12,000,000 at the end of the year. The decline was accompanied by a reduction in Federal reserve bank notes, which are secured by these certificates. The liability of the reserve banks on these notes was about \$11,000,000 at the end of the year, compared with \$84,000,000 at the beginning. This class of currency increased rapidly during 1918 and 1919 under the operation of the Pittman Act, but declined steadily when the Treasury began the purchase of silver to take the place of standard dollars melted and sold to England during the war, and to issue silver certificates against the newly coined dollars.

RESOURCES AND LIABILITIES
OF THE TWELVE FEDERAL RESERVE BANKS COMBINED.

(In thousands of dollars)

R E S O U R C E S	Dec. 27, 1922	Dec. 20, 1922	Dec. 28, 1921
Gold and gold certificates	273,825	291,081	380,911
Gold settlement fund - F. R. Board	509,580	582,494	534,099
<u>Total gold held by banks</u>	783,405	873,575	915,010
Gold with Federal Reserve Agents	2,198,846	2,117,688	1,846,369
Gold redemption fund	58,188	54,647	108,221
<u>Total gold reserves</u>	3,040,439	3,045,910	2,869,600
Legal tender notes, silver, etc.	108,398	110,799	122,600
<u>Total reserves</u>	3,148,837	3,156,709	2,992,200
Bills discounted:			
Sec. by U. S. Government obligations	316,495	314,851	487,193
Other bills discounted	313,390	300,707	692,640
Bills bought in open market	246,293	251,728	114,240
<u>Total bills on hand</u>	876,178	867,286	1,294,073
U. S. bonds and notes	179,192	174,958	59,472
U. S. Certificates of indebtedness:			
One-year certificates (Pittman Act)	12,000	14,000	119,500
Other certificates	266,691	242,282	62,472
Municipal warrants	40	26	334
<u>Total earning assets</u>	1,334,101	1,298,552	1,535,851
Bank premises	47,227	47,181	35,015
5% Redemption fund against			
F. R. Bank notes	2,520	2,625	7,896
Uncollected items	757,500	759,392	559,766
All other resources	15,226	14,840	20,578
<u>TOTAL RESOURCES</u>	5,305,411	5,279,299	5,151,306
L I A B I L I T I E S			
Capital paid in	107,256	107,261	103,186
Surplus	215,398	215,398	213,824
Deposits:			
Government	7,809	6,715	71,634
Member bank - reserve account	1,861,281	1,840,205	1,666,018
Other deposits	31,165	35,039	26,872
<u>Total deposits</u>	1,900,255	1,881,959	1,764,524
F. R. notes in actual circulation	2,464,121	2,456,711	2,443,497
F. R. Bank notes in circulation -			
net liability	10,632	12,499	84,548
Deferred availability items	578,502	576,997	458,960
All other liabilities	29,247	28,474	82,767
<u>TOTAL LIABILITIES</u>	5,305,411	5,279,299	5,151,306
Ratio of total reserves to deposit and			
F.R. note liabilities combined	72.1%	72.8%	71.1%

RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS, DECEMBER 27, 1922.

(In thousands of dollars)

	R E S O U R C E S												
Federal Reserve Bank of	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.	Total
Gold and gold certificates	15,984	121,730	19,256	13,338	5,549	5,542	50,724	2,443	7,581	2,661	10,046	18,971	273,825
Gold settlement fund - F. R. Board	28,822	186,672	12,909	84,638	14,583	24,769	47,795	17,433	22,493	29,405	12,657	27,404	509,580
Total gold held by banks	44,806	308,402	32,165	97,976	20,132	30,311	98,519	19,876	30,074	32,066	22,703	46,375	783,405
Gold with F. R. Agents	150,228	709,059	186,110	183,086	65,003	103,668	405,216	72,522	46,372	52,250	22,587	202,745	2,198,846
Gold redemption fund	9,074	10,919	4,925	4,764	4,061	2,489	7,542	2,345	3,593	2,323	1,789	4,364	58,188
Total gold reserves	204,108	1,028,380	223,200	285,826	89,196	136,468	511,277	94,743	80,039	86,639	47,079	253,484	3,040,439
Legal tender notes, silver, etc.	7,937	27,602	13,887	5,050	9,329	4,936	18,575	8,158	803	3,160	6,092	2,869	108,398
Total reserves	212,045	1,055,982	237,087	290,876	98,525	141,404	529,852	102,901	80,842	89,799	53,171	256,353	3,148,837
Bills discounted:													
Secured by U. S. Govt. obligations	25,036	125,487	39,618	28,147	25,024	3,036	29,106	16,549	2,177	9,767	992	11,556	316,495
Other bills discounted	44,935	19,323	14,020	22,534	31,813	26,632	58,994	13,638	18,902	20,669	13,208	28,722	313,390
Bills bought in open market	25,706	45,789	22,817	53,302	1,614	10,579	11,762	12,623	-	402	23,397	38,302	246,293
Total bills on hand	95,677	190,599	76,455	103,983	58,451	40,247	99,862	42,810	21,079	30,838	37,597	78,580	876,178
U. S. bonds and notes	7,282	41,497	24,325	11,896	1,241	143	7,270	16,765	11,109	27,418	2,629	27,617	179,192
U. S. Certificates of indebtedness:													
One-year certificates (Pittman Act)	750	3,000	500	500	1,360	499	1,667	571	500	821	500	1,332	12,000
Other certificates	24,054	72,190	17,750	19,827	6,000	2,031	70,452	13,781	2,499	12,647	8,310	17,150	266,691
Municipal warrants	-	-	-	-	-	-	-	-	40	-	-	-	40
Total earning assets	127,763	307,286	119,030	136,206	67,052	42,920	179,251	73,927	35,227	71,724	49,036	124,679	1,334,101
Bank premises	5,251	10,760	639	7,043	2,571	2,110	7,781	971	1,057	5,169	2,095	1,780	47,227
5% Redemption fund against F. R. Bank notes	422	149	75	89	68	468	665	23	196	200	146	19	2,520
Uncollected items	73,504	154,328	58,364	74,612	58,543	33,340	93,849	50,454	19,362	51,577	29,741	59,826	757,500
All other resources	446	2,175	432	527	696	354	892	379	1,731	845	1,856	4,893	15,226
TOTAL RESOURCES	419,431	1,530,680	415,627	509,353	227,455	220,596	812,290	228,655	138,415	219,314	136,045	447,550	5,305,411

RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS DECEMBER 27, 1922.

(In thousands of dollars)

LIABILITIES

Federal Reserve Bank	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.	Total
Capital paid in	8,126	28,688	9,327	11,708	5,595	4,309	14,772	4,813	3,535	4,623	4,195	7,565	107,256
Surplus	16,483	60,197	17,945	22,509	11,030	9,114	29,025	9,388	7,468	9,646	7,394	15,199	215,398
Deposits:													
Government	119	979	761	123	336	458	384	1,283	693	862	1,076	735	7,809
Member bank - reserve account	124,810	707,106	112,257	151,807	59,123	55,253	264,175	71,362	47,914	80,608	52,499	134,367	1,861,281
Other deposits	869	12,251	766	1,543	752	527	3,252	2,154	969	3,085	583	4,414	31,165
Total deposits	125,798	720,336	113,784	153,473	60,211	56,238	267,811	74,799	49,576	84,555	54,158	139,516	1,900,255
F. R. notes in actual circulation	211,213	599,001	221,536	257,372	103,398	129,493	428,298	97,272	60,027	72,230	39,685	244,596	2,464,121
F. R. Bank notes in circulation - net liability	150	2,450	76	444	914	349	1,269	457	115	3,034	1,274	100	10,632
Deferred availability items	55,609	113,477	50,659	60,901	44,959	19,702	67,447	40,694	16,106	43,652	27,532	37,764	578,502
All other liabilities	2,052	6,531	2,300	2,946	1,348	1,391	3,668	1,232	1,588	1,574	1,807	2,810	29,247
TOTAL LIABILITIES	419,431	1,530,680	415,627	509,353	227,455	220,596	812,290	228,655	138,415	219,314	136,045	447,550	5,305,411
Ratio of total reserves to deposit and F. R. note liabilities combined, per cent	62.9	80.0	70.7	70.8	60.2	76.1	76.1	59.8	73.8	57.3	56.7	66.7	72.1
Contingent liability on bills purchased for foreign correspondents	2,542	12,639	2,340	2,818	1,683	1,237	4,089	1,615	928	1,649	893	1,581	34,014

FEDERAL RESERVE NOTES OUTSTANDING AND IN ACTUAL CIRCULATION

F. R. notes outstanding	227,415	781,523	245,477	276,684	112,902	136,398	472,711	115,262	63,133	79,827	43,801	279,959	2,835,092
F. R. notes held by banks	16,202	182,522	23,941	19,312	9,504	6,905	44,413	17,990	3,106	7,597	4,116	35,363	370,971
F. R. notes in actual circulation	211,213	599,001	221,536	257,372	103,398	129,493	428,298	97,272	60,027	72,230	39,685	244,596	2,464,121

DISTRIBUTION OF BILLS, U. S. CERTIFICATES OF INDEBTEDNESS AND MUNICIPAL WARRANTS BY MATURITIES

	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Bills discounted	436,465	48,609	63,372	50,059	31,380	629,885
Bills bought in open market	83,210	50,737	69,056	38,083	5,207	246,293
U. S. Certificates of indebtedness	103,595	-	76	62,670	112,350	278,691
Municipal warrants	14	18	8	-	-	40

FEDERAL RESERVE AGENTS' ACCOUNTS AT CLOSE OF BUSINESS, DECEMBER 27, 1922.

(In thousands of dollars)

Federal Reserve Agent at	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy	Dallas	San Fran.	Total
R E S O U R C E S													
Federal Reserve notes on hand	83,100	399,610	37,360	29,940	26,400	67,189	78,920	22,470	9,710	19,060	16,939	53,470	844,168
Federal Reserve notes outstanding	227,415	781,523	245,477	276,684	112,902	136,398	472,711	115,262	63,133	79,827	43,801	279,959	2,835,092
Collateral security for Federal Reserve notes outstanding:													
Gold and gold certificates	15,300	283,184	7,000	13,275	-	2,400	-	11,975	13,052	-	7,471	-	353,657
Gold redemption fund	16,928	34,875	16,221	14,811	2,208	4,268	15,571	4,047	1,320	2,890	2,616	17,335	133,090
Gold fund - F. R. Board	118,000	391,000	162,889	155,000	62,795	97,000	389,645	56,500	32,000	49,360	12,500	185,410	1,712,099
Eligible paper -													
Amount required	77,187	72,464	59,367	93,598	47,899	32,730	67,495	42,740	16,761	27,577	21,214	77,214	636,246
Excess amount held	48,490	93,556	6,576	9,785	8,336	7,482	32,336	20	3,321	3,261	16,220	1,304	200,687
TOTAL	556,420	2,056,212	534,890	593,093	260,540	347,467	1,056,678	253,014	139,297	181,975	120,761	614,692	6,715,039
L I A B I L I T I E S													
Net amount of Federal Reserve notes received from Comptroller of the Currency	310,515	1,181,133	282,837	306,624	139,302	203,587	551,631	137,732	72,843	98,887	60,740	333,429	3,679,260
Collateral received from Federal Reserve Bank:													
Gold	150,228	709,059	186,110	183,086	65,003	103,668	405,216	72,522	46,372	52,250	22,587	202,745	2,198,846
Eligible paper	95,677	166,020	65,943	103,383	56,235	40,212	99,831	42,760	20,082	30,838	37,434	78,518	836,933
TOTAL	556,420	2,056,212	534,890	593,093	260,540	347,467	1,056,678	253,014	139,297	181,975	120,761	614,692	6,715,039