

STATEMENT FOR THE PRESS

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Federal Reserve Board,
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St. 5210

CHANGES IN CONDITION OF FEDERAL RESERVE BANKS DURING 1926.

The principal changes in the condition of the Federal reserve banks between the end of 1925 and 1926, as reflected in the statement just issued by the Federal Reserve Board, were a reduction of \$90,000,000 in bill and security holdings and an increase of \$120,000,000 in cash reserves, due chiefly to gold imports which amounted to \$38,000,000 during the first eleven months of the year. The peak of bill and security holdings, \$1,490,000,000 on December 24, was \$20,000,000 below the figure reported on the same date last year, while the peak of Federal reserve note circulation, \$1,930,000,000, was about \$30,000,000 above the peak figure for last year:

At the beginning of 1926 there was the usual sharp falling off in bill and security holdings, accompanying the seasonal return flow of currency, and on January 27 total holdings of bills and securities were \$1,120,000,000 as compared with the peak of \$1,510,000,000 a month earlier. In the same five-week period cash reserves increased \$190,000,000, and Federal reserve note circulation declined \$240,000,000. Total bill and security holdings averaged \$1,230,000,000 in January as compared with \$1,430,000,000 the month before and continued to decline to \$1,140,000,000 in June, after which came a slight increase in July and a substantial growth in the last four months of the year to an average of \$1,380,000,000 in December to date. The level of bill and security holdings this year ranged from \$80,000,000 to \$160,000,000 above the corresponding months of 1925 until October and November, when it was about the same as in 1925, and in December, when the average was \$50,000,000 below last year's level.

Holdings of bills discounted averaged about \$530,000,000 in January and February, increased \$30,000,000 in March, and then fell off steadily to the low monthly average for the year of \$480,000,000 in June, the decline in discounted bills being nearly offset, however, by increased holdings of United States Government securities. Discount holdings increased throughout the remainder of the year, except for a decline of \$50,000,000 in November which was offset by a corresponding increase in bills bought in open market, and averaged \$670,000,000 in December - about \$20,000,000 below last year. Bills bought in open market declined approximately \$90,000,000 during the first four months from the January average of \$330,000,000, remained relatively unchanged during the next three months, and, as is normally the case, increased steadily during the last five months of the year to an average of \$390,000,000 in December as compared with \$370,000,000 a year earlier. Holdings of U. S. securities declined \$30,000,000 during the first quarter, increased during the second quarter to a monthly average of \$410,000,000 in June, and then declined throughout the remainder of the year, except for an increase of \$20,000,000 in December, the December average, \$320,000,000, being about \$40,000,000 under the December 1925 level.

Federal reserve note circulation, after the post-holiday decline of \$240,000,000 in January, ranged around \$1,670,000,000 during the next three months, after which there was a gradual increase, except for a slight recession in August, to an average of \$1,770,000,000 in November. The holiday demand for currency, which brought Federal reserve note circulation up to the maximum for the year of \$1,930,000,000, was chiefly responsible for an increase of about \$90,000,000 in the December average. Changes in the currency demand are also reflected in the movement of cash reserves, particularly during the period preceding and following the Christmas holidays. Average cash reserves rose in January to \$2,920,000,000, about \$120,000,000 above the month preceding, and thereafter gradually increased to an average of \$2,980,000,000 in June due chiefly to net imports of gold. During the last half of the year cash reserves fell off to an average of \$2,930,000,000 in December, approximately \$120,000,000 above the December 1925 total. The seasonal increase in currency requirements at the end of this year was materially less than in 1925, principally because the sustained demand for currency during midsummer had kept the circulation about \$100,000,000 above the 1925 level.

Member bank reserve balances declined from an average of \$2,240,000,000 in January to \$2,180,000,000 in April, and fluctuated between \$2,200,000,000 and \$2,220,000,000 thereafter to the end of the year, standing throughout this period at about the level that prevailed in the last quarter of 1925.

RESOURCES AND LIABILITIES
OF THE TWELVE FEDERAL RESERVE BANKS COMBINED

(In thousands of dollars)

	<u>Dec. 29, 1926</u>	<u>Dec. 22, 1926</u>	<u>Dec. 30, 1925</u>
R E S O U R C E S			
Gold with Federal reserve agents	1,369,124	1,376,776	1,356,607
Gold redemption fund with U.S. Treasury . .	65,712	65,407	52,699
<u>Gold held exclusively against F.R. notes</u>	1,434,836	1,442,183	1,409,306
Gold settlement fund with F. R. Board . .	658,330	657,023	701,455
Gold and gold certificates held by banks . .	721,645	704,074	593,520
<u>Total gold reserves</u>	2,814,811	2,803,280	2,704,281
Reserves other than gold	129,404	106,985	117,852
<u>Total reserves</u>	2,944,215	2,910,265	2,822,133
Non-reserve cash	68,348	47,073	62,053
Bills discounted:			
Sec. by U.S. Government obligations . .	383,388	422,397	466,014
Other bills discounted	327,543	293,027	283,658
<u>Total bills discounted</u>	710,931	715,424	749,672
Bills bought in open market	378,796	387,593	362,818
U. S. Government securities:			
Bonds	47,525	46,858	58,854
Treasury notes	86,279	89,844	192,077
Certificates of indebtedness	183,400	177,704	126,101
<u>Total U.S. Government securities</u> . .	317,204	314,406	377,032
Other securities	2,596	2,596	3,205
Foreign loans on gold	-	-	8,100
<u>Total bills and securities</u>	1,409,529	1,420,019	1,500,827
Due from foreign banks	651	650	642
Uncollected items	728,043	785,171	717,599
Bank premises	60,273	60,271	61,632
All other resources	13,074	13,154	18,272
TOTAL RESOURCES	5,224,133	5,236,603	5,183,158
L I A B I L I T I E S			
F. R. notes in actual circulation	1,857,015	1,913,960	1,835,010
Deposits:			
Member bank - reserve account	2,264,144	2,213,095	2,308,614
Government	38,579	67,848	15,067
Foreign bank	25,882	5,506	12,014
Other deposits	17,133	16,513	21,446
<u>Total deposits</u>	2,345,738	2,307,962	2,357,141
Deferred availability items	650,096	644,012	635,681
Capital paid in	124,824	124,763	117,042
Surplus	220,310	220,310	217,837
All other liabilities	26,150	25,596	20,447
TOTAL LIABILITIES	5,224,133	5,236,603	5,183,158
Ratio of total reserves to deposit and F. R. note liabilities combined	70.1%	68.9%	67.3%
Contingent liability on bills purchased for foreign correspondents	55,857	52,437	65,049

C.

RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS ON DECEMBER 29, 1926.

St. 52106

R E S O U R C E S

(In thousands of dollars)

	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.	Total
Gold with Federal Reserve Agents	121,924	282,987	103,800	154,318	70,729	136,408	148,424	18,548	58,539	63,205	39,058	171,184	1,369,124
Gold redemption fund with U.S. Treas.	6,248	15,481	13,033	6,837	1,538	3,496	8,888	1,069	2,118	1,851	2,122	3,031	65,712
<u>Gold held exclusively against</u>													
<u>F. R. notes</u>	128,172	298,468	116,833	161,155	72,267	139,904	157,312	19,617	60,657	65,056	41,180	174,215	1,434,836
Gold settlement fund with F.R. Board	8,233	249,799	44,234	42,222	24,249	22,047	124,498	29,668	20,362	29,067	20,938	43,013	658,330
Gold and gold certif. held by banks	36,135	460,752	27,905	44,955	12,081	3,972	63,228	12,257	6,427	5,507	8,441	39,985	721,645
<u>Total gold reserves</u>	172,540	1,009,019	188,972	248,332	108,597	165,923	345,038	61,542	87,446	99,630	70,559	257,213	2,814,811
Reserves other than gold	15,178	23,262	5,161	10,978	6,685	9,575	22,103	13,760	3,082	4,947	7,811	6,862	129,404
<u>Total reserves</u>	187,718	1,032,281	194,133	259,310	115,282	175,498	367,141	75,302	90,528	104,577	78,370	264,075	2,944,215
Non-reserve cash	8,292	17,826	1,311	5,651	5,030	5,085	10,948	4,143	892	2,830	2,448	3,886	68,348
Bills discounted:													
Secured by U.S. Govt. obligations	31,625	123,873	42,099	68,240	6,596	2,870	73,646	16,278	224	4,104	2,262	10,971	323,388
Other bills discounted	39,297	49,782	20,127	28,907	12,682	39,889	62,985	16,238	4,036	7,130	3,293	37,177	327,543
<u>Total bills discounted</u>	70,922	173,655	62,226	97,147	25,278	42,759	136,631	32,516	4,260	11,234	5,555	48,148	710,931
Bills bought in open market	46,011	100,045	26,040	34,422	13,147	23,205	50,111	7,730	13,061	18,223	15,669	31,008	378,798
U. S. Government securities:													
Bonds	659	1,322	585	1,167	1,191	235	20,577	2,010	7,568	8,839	3,285	27	47,525
Treasury notes	1,923	14,246	15,266	17,939	1,108	1,537	4,810	6,632	1,620	3,694	3,355	14,149	86,279
Certificates of indebtedness	7,438	50,525	4,226	16,637	4,936	-	22,739	12,002	7,573	16,131	15,672	25,521	123,400
<u>Total U.S. Govt. securities</u>	10,020	66,093	20,077	35,743	7,235	1,772	48,126	20,644	16,761	28,664	22,312	39,757	317,204
Other securities	-	-	2,000	-	-	-	-	-	596	-	-	-	2,596
<u>Total bills and securities</u>	126,953	339,793	110,343	167,370	45,660	67,736	234,868	60,890	35,270	58,121	43,536	118,913	1,409,529
Due from foreign banks	-	651	-	-	-	-	-	-	-	-	-	-	651
Uncollected items	69,093	177,653	63,839	71,130	62,523	31,384	89,547	36,785	13,860	43,320	26,458	42,443	728,043
Bank premises	4,000	16,740	1,704	7,409	2,364	3,015	7,935	4,111	2,940	4,668	1,796	3,523	60,273
All other resources	90	1,075	275	901	301	1,002	2,647	836	2,353	532	312	2,750	13,074
TOTAL RESOURCES	396,214	1,586,019	371,605	511,707	231,160	223,720	713,086	182,067	145,857	214,108	152,920	435,590	5,224,133

C.

RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS ON DECEMBER 29, 1926.

St. 5210c

LIABILITIES

(In thousands of dollars)

	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.	Total
F.R. notes in actual circulation	155,397	406,621	136,640	225,601	26,272	167,237	250,556	42,046	69,302	72,896	49,230	127,211	1,857,015
Deposits:													
Member bank - reserve account	144,306	226,225	132,892	120,034	67,366	69,036	322,171	20,532	51,022	26,359	52,914	173,171	2,264,144
Government	2,255	12,259	2,902	1,954	1,522	3,264	3,892	2,101	1,143	1,561	3,107	1,959	38,579
Foreign bank	471	21,378	559	664	329	242	250	267	199	242	217	422	25,272
Other deposits	177	2,569	115	272	92	146	1,162	322	202	103	29	5,326	17,133
<u>Total deposits</u>	<u>147,209</u>	<u>922,491</u>	<u>142,498</u>	<u>123,524</u>	<u>69,375</u>	<u>72,694</u>	<u>334,021</u>	<u>23,224</u>	<u>52,566</u>	<u>28,265</u>	<u>62,267</u>	<u>120,284</u>	<u>2,345,732</u>
Deferred availability items	65,248	147,482	58,014	63,567	56,000	28,312	77,089	34,361	12,013	38,471	28,338	40,601	650,096
Capital paid in	8,200	36,449	12,605	13,618	6,094	5,020	16,720	5,293	3,070	4,197	4,302	8,656	124,824
Surplus	17,020	59,964	20,464	22,294	11,919	8,700	30,613	9,570	7,501	8,979	7,615	15,071	220,310
All other liabilities	1,340	5,012	1,384	2,523	1,494	1,757	4,027	1,513	1,405	1,300	1,162	3,167	26,150
<u>TOTAL LIABILITIES</u>	<u>396,214</u>	<u>1,526,019</u>	<u>371,505</u>	<u>511,787</u>	<u>231,160</u>	<u>283,720</u>	<u>713,086</u>	<u>182,067</u>	<u>145,257</u>	<u>214,108</u>	<u>152,920</u>	<u>435,590</u>	<u>5,224,133</u>
Reserve ratio (per cent)	61.9	77.2	69.5	63.4	74.1	73.1	62.8	57.3	74.3	64.9	70.3	71.7	70.1
Contingent liability on bills purchased for foreign correspondents	4,062	17,059	5,077	5,718	2,832	2,138	7,322	2,298	1,710	2,084	1,870	3,627	55,257
F.R. notes on hand (notes rec'd from F.R. Agent less notes in circulation)	43,564	116,843	40,060	30,869	16,496	33,768	44,826	5,297	5,761	16,536	8,763	44,977	407,760
FEDERAL RESERVE NOTE ACCOUNTS OF FEDERAL RESERVE AGENTS													
F. R. notes rec'd from Comptroller	203,211	807,544	204,400	290,310	126,353	257,055	453,999	72,323	89,325	116,042	72,940	285,428	3,039,590
F. R. notes held by F. R. Agent	64,850	282,020	27,700	33,840	23,579	56,050	152,617	18,980	14,262	26,610	14,947	53,600	774,215
F.R. notes issued to F.R. Bank	198,961	525,464	176,700	256,470	102,774	201,005	295,322	53,343	75,063	89,432	57,993	232,122	2,264,775
Collateral held as security for F.R. notes issued to F.R. Bank:													
Gold and gold certificates	35,300	163,698	-	8,780	28,805	15,212	-	7,450	13,507	-	18,343	10,000	306,095
Gold redemption fund	17,624	23,229	9,823	15,538	3,924	5,196	2,779	1,798	1,032	4,845	4,715	18,489	109,052
Gold fund - F. R. Board	69,000	91,000	93,977	130,000	38,000	116,000	145,645	9,300	44,000	58,360	16,000	142,695	953,977
Eligible paper	116,933	258,221	75,229	128,930	38,204	65,268	186,537	40,214	17,622	29,365	21,162	72,879	1,052,364
<u>Total collateral</u>	<u>232,857</u>	<u>541,808</u>	<u>179,629</u>	<u>283,248</u>	<u>102,933</u>	<u>202,276</u>	<u>334,961</u>	<u>58,762</u>	<u>76,161</u>	<u>92,570</u>	<u>60,220</u>	<u>250,063</u>	<u>2,427,488</u>

MATURITY DISTRIBUTION OF BILLS, CERTIFICATES OF INDEBTEDNESS AND MUNICIPAL WARRANTS

	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	Over 6 months	Total
Bills discounted	575,544	38,865	49,876	37,232	8,792	622	710,931
Bills bought in open market	155,744	76,812	90,963	49,322	5,891	-	378,798
Certificates of indebtedness	4,500	-	-	-	130,025	48,875	183,400
Municipal warrants	-	96	-	-	-	-	96