

STATEMENT FOR THE PRESS

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Federal Reserve Board
May 29, 1930

CONDITION OF FEDERAL RESERVE BANKS

Beginning with this week the text accompanying the weekly condition statement of the Federal reserve banks will show the amount of reserve bank credit outstanding and certain other items not included in the condition statement. These items, of which monetary gold stock and money in circulation are the most significant, are explained in the attached statement. Changes in these items have a direct bearing on the demand for credit at the reserve banks and their publication will help in the interpretation of changes in the amount of reserve bank credit outstanding.

The daily average volume of Federal reserve bank credit outstanding during the week ending May 28 as reported by the Federal reserve banks was \$965,000,000, a decrease of \$3,000,000 compared with the preceding week and of \$300,000,000 compared with the corresponding week of 1929. On May 28 total reserve bank credit outstanding amounted to \$976,000,000, an increase of \$23,000,000 for the week. This corresponds with an increase of \$53,000,000 in money in circulation and a decrease of \$6,000,000 in Treasury currency less decreases of \$27,000,000 in member bank reserve balances and of \$6,000,000 in unexpended capital funds, nonmember deposits, etc., and an increase of \$2,000,000 in monetary gold stock.

The principal changes in holdings of discounted bills for the week were increases of \$24,000,000 at the Federal Reserve Bank of New York, and \$3,000,000 each at Cleveland, Atlanta and San Francisco. The System's holdings of bills bought in open market declined \$11,000,000 and of Treasury certificates and bills \$47,000,000 while holdings of U. S. bonds increased \$5,000,000 and of Treasury notes \$43,000,000.

Changes in the amount of reserve bank credit outstanding and in related items during the week and the year ending May 28, 1930 were as follows:

	May 28, 1930	May 21, 1930	May 29, 1929
	(In millions of dollars)		
Bills discounted	247	+ 37	- 741
Bills bought	176	- 11	+ 58
United States securities	530	+ 1	+ 385
Other reserve bank credit	24	- 4	- 13
TOTAL RESERVE BANK CREDIT	976	+ 23	- 311
Monetary gold stock	4,516	+ 2	+ 216
Treasury currency adjusted	1,766	- 6	- 28
Money in circulation	4,491	+ 53	- 203
Member bank reserve balances	2,347	- 27	+ 61
Unexpended capital funds, nonmember deposits, etc.	421	- 6	+ 20

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NEW ITEMS IN TEXT ACCOMPANYING WEEKLY FEDERAL RESERVE BANK STATEMENT

Reserve Bank Credit. Reserve bank credit outstanding comprises, in addition to the total bill and security holdings of the Federal reserve banks, credit given member banks for transit items in advance of their actual collection and funds deposited in foreign banks.

Monetary gold stock. Monetary gold stock includes all gold coin in circulation and gold coin and bullion held by the United States Treasury and the Federal reserve banks, except gold earmarked for foreign account. Changes in monetary gold stock, which arise through imports and exports, through earmarking or releases from earmark, and through domestic production (in excess of industrial consumption), have an inverse effect on reserve bank credit, i.e., increases in the gold stock diminish the demand for reserve bank credit, and decreases in the gold stock increase the demand for such credit.

Treasury currency - adjusted. Treasury currency-adjusted includes all the currency in the United States, except gold coin and Federal reserve notes, less gold and other cash held by the Treasury and deposits of the Treasury with the Federal reserve banks. This item represents the net amount of currency outstanding that is based primarily on Treasury credit, and changes in this item have the same effect on the demand for reserve bank credit as changes in the stock of monetary gold.

Money in circulation. Money in circulation includes all kinds of United States money outside of the Treasury and the Federal reserve banks, and changes in this item, rather than in Federal reserve notes alone, reflect changes in the demand for currency by the public. Changes in the demand for currency for circulation purposes are the principal cause of seasonal changes in the volume of reserve bank credit outstanding.

Member bank reserve balances. Member bank reserve balances comprise the entire legal reserves of member banks, and average changes in these balances, which are subject to substantial day-to-day fluctuations, reflect changes in member bank deposits against which they are held. Member bank reserve balances is the item in the Federal reserve bank statement that is directly influenced by changes in the volume of member bank credit.

Unexpended capital funds, nonmember deposits, etc. This heading combines a number of items which do not change greatly from week to week. Changes in nonmember deposits with the reserve banks have the same effect on the demand for reserve bank credit as changes in member bank balances. Changes in unexpended capital funds also have the same effect. This item measures the extent to which the paying in of capital to the reserve banks and their subsequent earnings have taken funds out of the market, and comprises capital, surplus, and undistributed earnings less amounts returned to the market principally through the purchase of bank premises. Some of the above items are the principal components of "all other resources" and "all other liabilities" in the weekly statement and accordingly the amount of unexpended capital funds, etc., is arrived at by subtracting from "capital," "surplus," and "all other liabilities" the items "bank premises" and "all other resources."

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For a somewhat more detailed explanation of the above items and their relationship to reserve bank credit reference may be had to an article on page 432 of the Federal Reserve Bulletin for July 1929.

CHANGES IN CONDITION STATEMENT

Federal reserve notes. The amount of Federal reserve notes held at Federal reserve banks other than the issuing bank is shown separately; heretofore such notes have been included in "Uncollected items." The object of this change is to make it possible to determine from the weekly statement the amount of Federal reserve notes outside of the Federal reserve banks, and also the net float carried by the reserve banks which arises principally from giving credit for checks and other cash items, in accordance with published time schedules, in advance of actual collection.

The amount of Federal reserve notes received from the Comptroller of the Currency and of notes held by the Federal reserve agents have been omitted from the Federal reserve note statement and the remaining items have been rearranged with a view to bringing out more clearly the difference between Federal reserve notes issued to the reserve banks, against which 100 per cent collateral of gold or eligible paper must be pledged with the Federal reserve agents, and notes in circulation against which a reserve of 40 per cent in gold is required. Gold held as collateral for Federal reserve notes is also counted as a part of the required reserve against notes in circulation.

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RESOURCES AND LIABILITIES
OF THE TWELVE FEDERAL RESERVE BANKS COMBINED

(In thousands of dollars)

	<u>May 28, 1930</u>	<u>May 21, 1930</u>	<u>May 29, 1929</u>
R E S O U R C E S			
Gold with Federal reserve agents	1,596,714	1,621,714	1,315,181
Gold redemption fund with U.S. Treasury . .	37,357	39,483	66,969
<u>Gold held exclusively against F.R. notes</u>	1,634,571	1,661,197	1,382,150
Gold settlement fund with F. R. Board . .	635,513	614,457	663,795
Gold and gold certificates held by banks .	787,226	800,802	777,836
<u>Total gold reserves</u>	3,057,310	3,076,456	2,823,781
Reserves other than gold	163,519	171,595	146,177
<u>Total reserves</u>	3,220,829	3,248,051	2,969,958
Non-reserve cash	67,210	69,096	82,473
Bills discounted:			
Sec. by U. S. Government obligations . .	101,743	76,379	536,177
Other bills discounted	145,303	133,620	452,017
<u>Total bills discounted</u>	247,046	209,999	988,194
Bills bought in open market	175,560	186,884	117,919
U. S. Government securities:			
Bonds	46,936	41,776	50,384
Treasury notes	237,966	194,687	84,965
Certificates and bills	244,868	291,857	9,223
<u>Total U.S. Government securities . .</u>	529,770	528,320	144,572
Other securities	6,400	6,400	7,817
<u>Total bills and securities</u>	958,776	931,603	1,258,502
Due from foreign banks	709	710	727
Uncollected items	564,916	610,080	639,044
F. R. notes of other banks	19,054	20,958	16,884
Bank premises	58,671	58,646	58,761
All other resources	12,194	12,204	8,543
<u>TOTAL RESOURCES</u>	4,902,359	4,951,348	5,034,892
L I A B I L I T I E S			
F. R. notes in actual circulation	1,465,867	1,452,663	1,653,685
Deposits:			
Member bank - reserve account	2,346,798	2,374,166	2,285,870
Government	49,771	37,088	15,366
Foreign bank	5,387	5,497	8,085
Other deposits	18,893	22,160	21,873
<u>Total deposits</u>	2,420,849	2,438,911	2,331,194
Deferred availability items	548,376	588,896	611,242
Capital paid in	170,515	174,240	156,446
Surplus	276,936	276,936	254,398
All other liabilities	19,816	19,702	27,927
<u>TOTAL LIABILITIES</u>	4,902,359	4,951,348	5,034,892
Ratio of total reserves to deposit and F. R. note liabilities combined	82.9%	83.5%	74.5%
Contingent liability on bills purchased for foreign correspondents	461,853	461,131	385,754

RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS ON MAY 28, 1930

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R E S O U R C E S

(In thousands of dollars)

	Total	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St.Louis	Minn.	Kans.Cy.	Dallas	San.Fran.
Gold with Federal Reserve Agents	1,596,714	164,917	258,594	140,000	185,550	73,000	109,000	249,000	69,245	53,845	75,000	28,800	189,763
Gold redemption fund with U.S.Treasury	37,857	1,156	15,006	2,693	2,205	1,333	2,378	1,594	1,817	903	1,592	899	6,281
<u>Gold held exclusively against</u>													
<u>F. R. notes</u>	1,634,571	166,073	273,600	142,693	187,755	74,333	111,378	250,594	71,062	54,748	76,592	29,699	196,044
Gold settlement fund with F.R.Board	635,513	31,175	214,517	40,185	79,302	15,197	12,641	116,450	28,564	15,305	28,250	15,671	38,256
Gold and gold certif. held by banks	787,226	35,575	477,101	30,285	54,317	9,067	6,080	115,420	8,241	4,686	9,799	9,207	27,448
<u>Total gold reserves</u>	3,057,310	232,823	965,218	213,163	321,374	98,597	130,099	482,464	107,867	74,739	114,641	54,577	261,748
Reserves other than gold	163,519	12,076	53,779	6,988	11,085	7,039	14,401	15,634	12,214	4,194	8,468	7,056	10,585
<u>Total reserves</u>	3,220,829	244,899	1,018,997	220,151	332,459	105,636	144,500	498,098	120,081	78,933	123,109	61,633	272,333
Nonreserve cash	67,210	7,289	16,528	3,483	3,726	3,815	5,080	9,211	4,699	1,973	1,976	4,297	5,133
Bills discounted:													
Secured by U.S.Govt. obligations	101,743	8,143	37,262	15,586	13,907	2,770	1,838	8,036	5,227	576	2,729	1,009	4,660
Other bills discounted	145,303	11,569	15,565	15,910	7,624	13,751	26,876	9,329	14,031	2,985	13,405	7,587	6,671
<u>Total bills discounted</u>	247,046	19,712	52,827	31,496	21,531	16,521	28,714	17,365	19,258	3,561	16,134	8,596	11,331
Bills bought in open market	175,560	16,858	47,325	4,093	11,132	7,572	13,291	19,354	7,351	6,648	6,261	5,807	29,868
U. S. Government securities:													
Bonds	46,936	1,614	4,357	1,311	1,096	1,422	415	21,104	759	4,979	778	8,446	655
Treasury notes	237,966	16,624	84,539	20,444	26,695	4,814	5,130	21,243	12,580	9,707	6,673	8,550	20,967
Certificates and bills	244,868	22,085	90,152	24,370	22,205	6,404	3,485	28,357	5,929	9,293	8,874	8,641	15,073
<u>Total U.S.Govt. securities</u>	529,770	40,323	179,048	46,125	49,996	12,640	9,030	70,704	19,268	23,979	16,325	25,637	36,695
Other securities	6,400	1,000	4,400	1,000	-	-	-	-	-	-	-	-	-
<u>Total bills and securities</u>	958,776	77,893	283,600	82,714	82,659	36,733	51,035	107,423	45,877	34,188	38,720	40,040	77,894
Due from foreign banks	709	53	232	69	71	30	26	95	26	16	21	21	49
Uncollected items	564,916	60,286	154,873	50,867	57,657	40,955	15,170	74,869	24,859	10,127	29,325	18,386	27,542
F.R. Notes of other banks	19,054	237	5,610	391	906	1,770	1,295	2,372	1,060	1,276	1,570	548	2,019
Bank premises	58,671	3,580	15,664	1,787	7,059	3,204	2,658	8,295	3,811	2,018	3,972	1,876	4,747
All other resources	12,194	45	4,299	204	1,185	614	3,455	429	301	443	291	416	512
TOTAL RESOURCES	4,902,359	394,282	1,499,803	359,666	485,722	192,757	223,219	700,792	200,714	128,974	198,984	127,217	390,229

RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS ON MAY 28, 1930

(In thousands of dollars)

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LIABILITIES

	Total	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.
F.R. notes in actual circulation	1,465,867	155,748	184,330	137,367	187,083	66,552	123,746	226,056	74,912	55,283	71,139	30,460	153,191
Deposits:													
Member bank - reserve account	2,346,798	138,690	990,889	127,145	191,523	61,170	61,038	333,579	78,845	50,664	84,990	61,232	167,033
Government	49,771	5,541	15,225	3,039	2,269	4,681	3,202	6,385	1,492	2,040	1,840	1,625	2,432
Foreign bank	5,387	397	1,787	521	537	225	193	719	193	123	161	161	370
Other deposits	18,893	56	9,050	93	1,340	95	58	574	363	176	55	28	7,005
<u>Total deposits</u>	<u>2,420,349</u>	<u>144,684</u>	<u>1,016,951</u>	<u>130,798</u>	<u>195,669</u>	<u>66,171</u>	<u>64,491</u>	<u>341,257</u>	<u>80,893</u>	<u>53,003</u>	<u>87,046</u>	<u>63,046</u>	<u>176,840</u>
Deferred availability items	548,376	59,920	145,614	46,988	56,292	40,688	16,530	70,372	27,180	9,547	26,924	19,619	28,702
Capital paid in	170,515	11,822	66,202	16,745	15,899	5,874	5,374	20,208	5,285	3,098	4,330	4,352	11,326
Surplus	276,936	21,751	80,001	26,965	29,141	12,496	10,857	40,094	10,877	7,143	9,162	8,935	19,514
All other liabilities	19,816	357	6,705	803	1,638	976	2,221	2,805	1,567	900	383	805	656
TOTAL LIABILITIES	4,902,359	394,282	1,499,803	359,666	485,722	192,757	223,219	700,792	200,714	128,974	198,984	127,217	390,229
Reserve ratio (per cent)	82.9	81.5	84.8	82.1	86.9	79.6	76.8	87.8	77.1	72.9	77.8	65.9	82.5
Contingent liability on bills purchased for foreign correspondents	461,853	33,325	159,677	43,683	45,034	18,914	16,212	60,345	16,212	10,358	13,510	13,510	31,073

FEDERAL RESERVE NOTE STATEMENT

Federal reserve notes:													
Issued to F.R. bank by F.R. Agent	1,786,049	184,146	241,693	156,930	215,079	88,659	150,581	260,724	89,411	62,163	81,571	40,204	214,888
Held by Federal reserve bank	320,182	28,398	57,353	19,563	27,996	22,107	26,835	34,668	14,499	6,880	10,432	9,744	61,697
<u>In actual circulation</u>	<u>1,465,867</u>	<u>155,748</u>	<u>184,330</u>	<u>137,367</u>	<u>187,083</u>	<u>66,552</u>	<u>123,746</u>	<u>226,056</u>	<u>74,912</u>	<u>55,283</u>	<u>71,139</u>	<u>30,460</u>	<u>153,191</u>
Collateral held by agent as security for notes issued to bank:													
Gold and gold certificates	402,008	35,300	229,968	39,900	15,550	5,000	6,000	-	9,145	11,845	-	14,300	35,000
Gold fund - F. R. Board	1,194,706	129,617	28,626	100,100	170,000	68,000	103,000	249,000	60,100	42,000	75,000	14,500	154,763
Eligible paper	412,148	36,492	94,928	32,776	32,068	24,010	41,701	36,541	25,947	10,099	22,279	14,290	41,017
<u>Total collateral</u>	<u>2,008,862</u>	<u>201,409</u>	<u>353,522</u>	<u>172,776</u>	<u>217,618</u>	<u>97,010</u>	<u>150,701</u>	<u>285,541</u>	<u>95,192</u>	<u>63,944</u>	<u>97,279</u>	<u>43,090</u>	<u>230,780</u>

MATURITY DISTRIBUTION OF BILLS AND SHORT TERM SECURITIES

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	Over 6 months
Bills discounted	247,046	152,044	20,736	33,329	18,431	21,312	1,194
Bills bought in open market	175,560	103,869	29,069	32,573	9,177	872	-
Certificates and bills	244,868	-	13,474	40,000	63,213	86,176	42,005