

FOURTH ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF ATLANTA

FOR THE YEAR ENDED DECEMBER 31, 1918



WASHINGTON
GOVERNMENT PRINTING OFFICE

1919

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LETTER OF TRANSMITTAL.

FEDERAL RESERVE BANK,
Atlanta, Ga., January 15, 1919.

SIR: I have the honor to submit herewith the fourth annual report of the Federal Reserve Bank of Atlanta, covering the year 1918.

Respectfully,

M. B. WELLBORN,
Chairman and Federal Reserve Agent.

Hon. W. P. G. HARDING,
Governor, Federal Reserve Board,
Washington, D. C.

TABLE OF CONTENTS.

	Page.
Introduction.....	5
Financial results of operation.....	5
Comparative balance sheets for December 31, 1917-18.....	5-6
Profit and loss.....	6
General business and banking conditions.....	6-7
Money market.....	7
Discount operations.....	7-8
Commercial paper.....	7
Liberty loan.....	7-8
Trade acceptances.....	8
Acceptances.....	8-9
Growth of open market for acceptances.....	8
Policy regarding acceptance purchases.....	8-9
Reserve position.....	9
Movement of members—national and State banks.....	10-11
Relations with national bank members.....	11-12
Discount operations.....	11
Fiduciary powers.....	12
Relations with State banks and trust companies.....	12-13
Discount operations.....	12
Reserves.....	12
Examinations.....	13
Fiscal agency operations.....	13
Deposit of Treasury funds with banks and their withdrawal.....	14
The flotation of Liberty loans.....	14-15
Work in connection with the sale of war savings stamps.....	15
War Finance Corporation.....	15
Capital Issues Committee.....	15-16
Note issues.....	16-17
Federal Reserve notes.....	16
Federal Reserve bank notes.....	16-17
Position of commercial banks as a result of war financing.....	17
Increase of their obligations.....	17
Effect on commercial paper in the district.....	17
Relation to and effect on general business.....	17
Policy to be pursued in restoring liquidity of banks.....	18
Operation of Federal Reserve Bank branches.....	18
Internal organization.....	19
Clearings.....	19
Collections.....	20
Gold settlement fund.....	20
Banking quarters—new building.....	20-21

TABLE OF CONTENTS.

EXHIBITS.

	Page.
A. Movement of earning assets during calendar year.....	21-22
B. Movement of cash reserves, net deposits, etc.....	23-24

SCHEDULES.

1. Comparative statement of earnings and expenses	25
2. Statement of condition of Federal Reserve Bank of Atlanta	25-26
3. Earnings, expenses, and dividend payments.	27
4. Third Liberty loan—certificates of indebtedness	27
5. Fourth Liberty loan—certificates of indebtedness.....	27
6. Tax series—certificates of indebtedness	28
7. Third Liberty loan subscriptions.....	28-29
8. Fourth Liberty loan subscriptions.....	29-30
9. Confirmation and classification of subscriptions	31
10. Annual report of transit operations.....	31-32

FOURTH ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF ATLANTA.

INTRODUCTION.

The year 1918 has been the most momentous in the financial history of this district. Sudden demands occasioned by war conditions brought about rapid changes in financial and commercial activities. The financing of Government requirements and the war-savings campaigns brought the Federal Reserve Bank of Atlanta to the front in such a way that even that portion of the general public not actively engaged in business now fully realizes the worth of the Federal Reserve system.

FINANCIAL RESULTS OF OPERATION.

Schedule 1 shows comparative statements of the earnings and expenses for 1917 and 1918. The gross earnings in 1918 increased 323 per cent over the earnings for 1917, while the expenses of operation increased 159 per cent. This includes the expenses of the Birmingham and Jacksonville branches since their establishment on August 1, 1918. The total expenses, which, in addition to the cost of operation, include the cost of Federal Reserve notes, furniture and equipment, and depreciation of banking premises, increased 152 per cent, while the net earnings for 1918 were 474 per cent greater than in 1917.

Dividends for 1918 were \$182,472.68, as compared with \$145,465.61 for 1917. The annual rate of net earnings on the paid-in capital stock was 11.08 per cent and 54.07 per cent for 1917 and 1918, respectively.

COMPARATIVE BALANCE SHEETS FOR DECEMBER 31, 1917-18.

Comparative statements of the condition of the Federal Reserve Bank of Atlanta, as of December 31, 1917-18, are shown in Schedule 2. The total resources have increased from \$121,661,062.53 to \$207,270,170.97. The earning assets have increased from \$25,697,104.43 to \$103,182,946.54, or an increase of 302 per cent.

Member banks' reserve deposits showed an increase of approximately \$10,000,000 on December 31, 1918, as compared with December 31, 1917. The Federal Reserve note circulation has increased for the

year approximately \$57,000,000. At the close of December 31, 1918, Federal Reserve bank note circulation amounted to \$5,816,000.

PROFIT AND LOSS.

The profit-and-loss statement (Schedule 3) shows that the net profits, after deducting dividends of \$182,472.68, amount to \$1,470,000, of which \$735,000 has been credited to the surplus account and a like amount to reserve franchise tax.

GENERAL BUSINESS AND BANKING CONDITIONS.

Except for the construction of a number of large shipbuilding plants, the year did not record any new industrial enterprises, although there has been a vast enlargement of operations in old industries, especially in the iron, steel, and coal fields. The most marked activity has been in the Birmingham manufacturing district and in the shipbuilding plants at New Orleans, Mobile, Jacksonville, Savannah, Brunswick, and practically every seaport town. In plants at these places there appears to be no lessening of activity since the signing of the armistice. War demands enlivened the lumber market, and with the opening of the sea traffic this trade, as well as that in naval stores, has taken on new life.

Owing to the great yields and high prices for nearly all crops the producer finds himself in a strong financial condition. The cotton yields were larger than in 1917, and during the early picking season the prevalence of satisfactory prices enabled the disposal of such an amount of the crop as sufficed to liquidate pressing obligations, the producers, however, depending on their better financial condition and improved food situation to enable them to carry their surplus crop for better prices. The end of the year finds prices lower than in the early season and the cotton holding movement largely in force. Cotton buyers are experiencing some difficulty in purchasing the staple at the prevailing prices, which are deemed to be too close to the cost of production. The banks have shown a general willingness to assist the farmer in carrying his cotton, though the producer has not found it necessary to borrow in great volume.

Generally speaking, almost every line of business was handicapped during the year by a shortage of labor. The wages paid and the rules practiced with reference to compensation and overtime have somewhat demoralized labor for normal conditions. With the increasing progress in army demobilization there will be some relief, but with little or no immigration expected for some years, labor conditions are viewed as extremely uncertain.

Little or no engineering or construction work was carried on after the entry of the United States into the war, even minor repairs and additions being largely restricted to essentials.

There has been great diversification of farming operations, and practically all industrial plants show increased capacity and output and are in better position to supply the foreign trade. Shipping has begun to open up and there will be a gradual movement of raw materials, especially cotton, with larger demand and better prices.

Collections were reported unusually good during almost the entire year, with monthly increases in bank clearings, railroad and post-office receipts.

MONEY MARKET.

Interest rates for loans prevailing in financial centers in this district have increased somewhat. Rates for several years past have ranged from 5 to 6 per cent, but during the latter half of 1918 were advanced to 6½ and 7 per cent. These rates have advanced notwithstanding the increase in bank deposits.

DISCOUNT OPERATIONS.

(A) REDISCOUNTS—COMMERCIAL PAPER.

Discount operations of this bank have been very active during the past 12 months. This was due largely to the fact that as each of the Liberty loans was placed on the market member banks accommodated their customers and in turn used the discount privileges of the Federal Reserve Bank.

In November, 1917, there were 122 banks availing themselves of the privilege of rediscounting with us. The volume of rediscounts was then \$12,343,823.69, whereas on November 23, 1918, 260 banks were availing themselves of this privilege, and the total amount of rediscounts on that date was \$74,979,123.10, or a little over six times as much as in November, 1917. This ratio has prevailed throughout the year. At the same time the acceptances purchased by us from our member banks in November, 1917, amounted to \$4,307,783.42, whereas on November 23, 1918, they were \$13,170,936.35, or about three times as much as in 1917.

The discounting banks are distributed over the entire six States, Tennessee and Mississippi possibly discounting smaller amounts proportionately to the number of banks. There are 426 members in the district, and of these 260 were using the discount privilege on November 23.

(B) REDISCOUNTS—LIBERTY LOAN.

As to the classification of the discount holdings of this bank, out of \$74,979,123.10 there were \$36,844,736.92 secured by Liberty loan bonds and United States Treasury certificates of indebtedness; and, while all of this possibly could not be charged to Government financing, yet it is believed that several member banks have used their Government securities for the privilege of rediscounting largely

to take care of needs of their customers, using their Government securities because of the preferential rate given to that class of discounts, our rate to member banks presenting Government bonds and certificates as collateral to member bank notes being 4 per cent per annum, whereas our commercial rates ranged from $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent.

TRADE ACCEPTANCES.

Trade acceptances, we believe, are being used by business interests in this district to a greater extent than rediscounts of this class of paper with us show. We believe that quite a number of the firms are using their own paper with the member banks for discount and retaining the trade acceptances in their own portfolios, sending them out for collection through the member banks. But the movement has been started for the use of trade acceptances, and this is being done to some extent in sections where oil mills are buying from the farmers the products to be crushed into the oil products. We have quite a number in items, but a small amount in dollars and cents. We have under discount trade acceptances amounting to \$2,745,900.44.

ACCEPTANCES.

GROWTH OF OPEN MARKET FOR ACCEPTANCES.

There is practically no open market for acceptances, and the proper development of bankers' acceptances is rather difficult in the Sixth Federal Reserve District; that is, for bank acceptances to be handled by the drawer of the draft and sold in the open market.

The reason for this state of affairs is the high rate prevailing for commercial paper originating outside the district and offered by brokers through our member banks at rates around 6 per cent. We are fully aware of the fact that the ideal way of handling bankers' acceptances is to have the member banks accept the paper, then throwing it upon the open market to be sold with the possibility that it will find its way into the Federal Reserve Banks. It would then be a two-name paper. Whenever business conditions get back to normal, commercial paper will not bear so high a rate and there will be a better opportunity for the marketing of bankers' acceptances in this district. This will probably take some time and will not be accomplished until the readjustment of financial conditions arising out of war transactions has been completed.

POLICY REGARDING ACCEPTANCE PURCHASES.

The policy adopted for the present is to purchase from member banks their acceptances for the account and credit of their customer with that member bank, and should such acceptances be for less than 10 per cent of the capital and surplus of the bank to mark the

acceptances "documents detached" and thus purchase the paper. But where the acceptances aggregate more than 10 per cent of the capital and surplus of a member bank it is our policy to have the documents, such as warehouse receipts, order-notify, bills of lading, port or dock receipts, and specific insurance policies, accompany the acceptances which are discounted with the "documents attached."

RESERVE POSITION.

The extent to which the Federal Reserve Bank has aided member banks during the past year in financing the sale of Liberty loan bonds has had a very marked effect on our reserves.

The banks of this country could not unaided finance the subscriptions of their customers and the public generally to an extent which would enable all the people to participate as subscribers. For that reason a large part of the resources of the Federal Reserve Banks was made available to member banks through the privilege of rediscounting customers' notes and member banks' collateral notes secured by Liberty loan bonds at rates of discount corresponding approximately to the rate of interest borne by the bonds. Federal Reserve Banks accordingly carried throughout the entire year a large amount of bond-secured discounts and rediscounts, the amount varying with the periods of the Liberty loans, the largest amounts being carried for a short period subsequent to the closing of each campaign.

Federal Reserve Banks also aided member banks in financing their subscriptions to Treasury certificates of indebtedness issued in anticipation of each loan. The method of extending this accommodation was the same as that used in financing the Liberty loans, the Treasury certificates being used as collateral to notes.

The effect of this financing was very largely to increase our discounts with a corresponding decrease in our reserves.

The decrease in our reserves during the year was only partly due, however, to financing the issues of bonds and certificates. Our rediscounts of commercial, industrial, and agricultural paper increased very materially, as did also our issue of Federal Reserve notes. These were two of the factors largely responsible for reduction of the percentage of our reserve.

Our reserve percentages on December 31, 1917, were as follows:

	Per cent.
Gold reserve against Federal Reserve notes in circulation.....	93
Gold and lawful money reserve against net deposits.....	67
Total reserve against net deposits and note liability.....	84

Our reserve percentages at the close of 1918 were as follows:

Gold reserve against Federal Reserve notes in circulation.....	41
Gold and lawful money reserve against net deposits.....	39
Total reserves against net deposits and note liability.....	40

MOVEMENT OF MEMBERS.

NATIONAL AND STATE BANKS.

The feeling of State banks has shown considerable change during the past 12 months, and these institutions now have a clearer understanding of the workings and benefits of the Federal Reserve system. During 1918 the following 32 State banks joined the Federal Reserve Bank of Atlanta, with combined capital and surplus aggregating \$9,735,980, viz:

Name of bank.	Location.	Capital.	Surplus.
Citizens Bank & Trust Co.	Athens, Ala.	\$30,000	\$18,000
Birmingham Trust & Savings Co.	Birmingham, Ala.	500,000	715,000
Cherokee County Bank	Center, Ala.	25,000	15,000
Merchant Bank	Mobile, Ala.	200,000	275,000
Peoples Bank	do.	200,000	363,310
American Bank	Union Springs, Ala.	50,000	12,900
Leesburg State Bank	Leesburg, Fla.	30,000	13,100
Southern Bank & Trust Co.	Miami, Fla.	100,000	2,030
Hillboro State Bank	Plant City, Fla.	50,000	75,000
Exchange Bank	Tallahassee, Fla.	50,000	3,000
Union State Bank	Winter Park, Fla.	30,000	2,000
Georgia Savings Bank & Trust Co.	Atlanta, Ga.	200,000	141,280
Bank of Camilla	Camilla, Ga.	50,000	53,700
Northeastern Banking Co.	Commerce, Ga.	100,000	41,470
Hartwell Bank	Hartwell, Ga.	60,000	34,000
Jack-on Banking Co.	Jackson, Ga.	50,000	28,710
Bank of Louisville	Louisville, Ga.	25,000	36,000
Citizens Bank	Metter, Ga.	30,000	20,000
Peoples Bank	Sardis, Ga.	25,000	9,600
American Bank & Trust Co.	Savannah, Ga.	200,000	19,210
Farmer's Bank	Winder, Ga.	50,000	3,000
Fittard Banking Co.	Winterville, Ga.	25,000	14,230
Commercial Bank & Trust Co.	Laurel, Miss.	100,000	33,600
Union Bank & Trust Co.	Baton Rouge, La.	150,000	5,500
American Bank & Trust Co.	New Orleans, La.	200,000	20,000
Citizens Bank & Trust Co.	do.	400,000	240,000
City Bank & Trust Co.	do.	200,000	170,140
Commercial Trust & Savings Bank	do.	1,250,000	961,440
Liberty Bank & Trust Co.	do.	200,000	12,000
Maine Bank & Trust Co.	do.	400,000	132,000
Polite Coupee Trust & Savings Bank	New Roads, La.	60,000	330
Chattanooga Savings Bank	Chattanooga, Tenn.	750,000	323,430
Total		5,865,000	3,870,980

The following is of interest as to the results to date with reference to State bank members:

State banks joining the Federal Reserve Bank of Atlanta during 1918.	32
Total State bank members of the Federal Reserve Bank of Atlanta.	54
Percentage of total eligible banks in the Sixth District members of the Federal Reserve Bank of Atlanta.	7.2
Total capital of State bank members, sixth district.	\$15,790,000
Estimated percentage of total capital of eligible banks in district.	28.7
Capital and surplus of State bank members.	\$25,932,000
Estimated percentage of total of capital and surplus of eligible banks in district.	23.6
Total resources of State bank members.	\$238,500,000
Estimated percentage of total resources of all eligible banks in sixth district.	53.5

During the year the capital stock of the Federal Reserve Bank of Atlanta was increased by 7,007 shares, with a decrease of 251 shares, including liquidations and surrender of stock on account of reduction of capital and surplus, showing a net increase of 6,756 shares. Since the establishment of the Federal Reserve Bank of Atlanta no State bank joining the system has withdrawn its membership, this being substantial proof of general satisfaction with the advantages accruing to members of the system.

There were no bank failures among the members of the Federal Reserve Bank of Atlanta during the past year, and only five national banks, representing 161 shares, were liquidated, their capital and surplus aggregating \$268,334.

In addition to the 32 State banks which became members, 7 new national banks were granted charters, with paid-in capital totaling \$343,334, representing 206 shares of stock in the Federal Reserve System.

As of December 31, 1918, there are 372 national and 54 State bank members of the Federal Reserve Bank of Atlanta. The generally unsettled condition of affairs and the large amount of extra work in connection with war activities has somewhat handicapped the State bank member campaign in this district, but with the resumption of more normal conditions a more intensive and energetic campaign during 1919 will be possible.

RELATIONS WITH NATIONAL BANK MEMBERS.

DISCOUNT OPERATIONS.

As previously reported under the caption "Reserve position," discount operations increased very materially during the year. The greater part of the increase is directly attributable to war financing. Member banks had to obtain aid in order to finance the Liberty loan bond and certificate issues. This business was augmented by the financial aid extended by the banks to war industries.

During the latter months of the year the stagnation of the cotton market called for extension of aid to the cotton farmer and the country merchant pending the development of a free movement of cotton. The increase in our discount operations was about equally divided, proportionate to their number, between national and State bank members. The total amount of paper under discount and rediscount for State and national bank members, and of paper bought in open market December 31, 1918, was as follows:

Collateral notes of member banks.....	\$47,626,800.00
Rediscounts.....	36,408,710.93
Bills bought.....	12,514,685.61
Total.....	96,550,196.54

FIDUCIARY POWERS.

The fiduciary powers made available to national banks by the Federal Reserve Act as originally drawn and subsequently amended have introduced an entirely new feature into the operations of those national banks which have acquired this privilege.

In this district the national banks have been very deliberate in acquiring this new power, principally for the reason, probably, that banking and financial conditions have been abnormal from the beginning of the operation of the Federal Reserve Act, so that the majority of banks have deemed it prudent not to venture into new fields of activity.

Fiduciary powers have been granted to and are being more or less actively exercised by national banks in the States of this district as follows: Alabama, 11; Florida, 7; Georgia, 6; Louisiana, 2; Mississippi, 4; Tennessee, 7.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

DISCOUNT OPERATIONS.

The 54 State banks now members of the Federal Reserve System in this district have had an opportunity to test the practical value of membership and are distinctly satisfied with the result.

In proportion to their number they have as liberally availed themselves of the privileges of membership as have the national banks. This is evidenced by the volume of discounts offered by them.

RESERVES.

Though the matter of carrying their reserve with the Federal Reserve Bank called for readjustment of State bank members' relations with their former reserve agents, they have without exception rapidly accommodated themselves to this new relation without difficulty or inconvenience. They find that membership in the system has enabled them to release a large portion of the cash reserve that they felt it incumbent to carry in their own vaults previous to becoming members and that their relatively small cash reserve involves no hazard because of the fact that the discounted paper in their portfolios eligible for rediscount with the Federal Reserve Bank is in reality a secondary reserve which they may utilize whenever they deem it necessary or desirable.

By materially reducing their reserves they have increased their loaning power and are able better and more satisfactorily to serve the business interests of their respective communities. This means more business and more earning power for them and their stockholders and they have not been slow to avail themselves of the full advantage of doing more business and doing it with perfect safety.

EXAMINATIONS.

All State banks and trust companies applying for membership during 1918 were examined, except newly organized banks. These were admitted upon a certificate that the laws had been complied with and that they were open for business. Examinations have been made of all State bank members by the departments of banking in the various States of the Sixth Federal Reserve District and copies of examination reports have been furnished the Federal Reserve Bank of Atlanta.

The superintendents of banks of the several States in the Sixth District have shown their willingness to cooperate with the Federal Reserve Bank of Atlanta in every way possible, and while their forms for reporting examinations are not in every instance in accordance with the form required by the Federal Reserve Board, they have unhesitatingly agreed to furnish the additional information. In some instances, at the request of the superintendents of banks, the Federal Reserve examiner has assisted in the examinations.

There have been no withdrawals of State bank members and in most instances all of them have availed themselves of the benefits to be derived from membership in the Federal Reserve system.

FISCAL AGENCY OPERATIONS.

The fiscal agent's department of the Federal Reserve Bank of Atlanta, for the year ending December 31, 1918, shows a tremendous increase in operations.

Certificates of indebtedness were sold during the year 1918 in anticipation of the third and fourth Liberty loans. These offerings were made in advance of the Liberty loans at intervals of about two weeks. The Treasury Department undertook to outline the amount necessary for each bank to subscribe, in order to attain the required results that sufficient funds might be procured to meet the ever-increasing current expenses of the department. Six offerings of certificates prior to the third Liberty loan met with fair response from the banks in this district, and an analysis of the subscriptions by national banks, State banks, and trust companies is given in Schedule 4, the national banks attaining the largest per cent of subscriptions in proportion to the number of banks being 87.36 per cent, while the State banks purchased 52.43 per cent, and the trust companies 70 per cent. Member and nonmember banks were able to scale their loans on nonessentials and to divert their funds to the purchase of Treasury certificates.

In the main certificates of indebtedness were purchased by banks and paid for by credit, which of course was of some material help to the banks.

DEPOSIT OF TREASURY FUNDS WITH BANKS AND THEIR WITHDRAWAL.

Treasury funds arising out of the sale of Liberty loan bonds and certificates of indebtedness were redeposited in banks. The process of qualifying as depository bank was simple, and could be carried out by almost any bank in this district if it so desired. In the main such funds redeposited with banks were secured by Government obligations. Withdrawals were promptly made by the Treasury Department. Little difficulty was experienced by the banks in responding to the calls. In most cases the entire amount was withdrawn within probably two weeks from the date of the deposit. The depository banks thus obtained the securities so purchased, which of course could be hypothecated, if they cared to do so, with their correspondent banks, or with the Federal Reserve Bank, if they were members of the system. On the other hand, a good many banks when finding that the funds remained with them so short a time chose rather to pay for certificates of indebtedness and bonds either in cash or on the instalment basis.

Funds redeposited with depository banks in 1918.

Amount of redeposits with depository banks representing payments on account of subscriptions to Liberty loan bonds made by credit in the war loan deposit accounts, as follows:

Third Liberty loan.....	\$77, 572, 776. 28
Fourth Liberty loan.....	109, 257, 055. 16
Total.....	<u>186, 829, 831. 44</u>

Amount of redeposits with depository banks representing payments on account of subscriptions to Treasury certificates of indebtedness made by credit in the special deposit account, as follows:

Treasury certificates (third loan).....	53, 330, 850. 00
Treasury certificates (fourth loan).....	95, 671, 500. 00
Treasury certificates (fifth loan).....	16, 089, 000. 00
Total.....	<u>165, 091, 350. 00</u>

Treasury certificates, tax series, 1918..... 13, 938, 500. 00

These funds remained with the depository banks for periods ranging from 10 to 30 days and were withdrawn gradually by direction of the Secretary of the Treasury.

THE FLOTATION OF LIBERTY LOANS.

The flotation of the Liberty loans met with large success in this district. Many of the best and most conservative bankers felt fearful of the result of the second loan, but when the time arrived to offer it a largely increased number of subscribers was found. The third Liberty loan was taken by a number of purchasers, probably 200 per cent larger than the second loan, and the fourth loan showed a corresponding increase.

An analysis is given in Schedules 7 and 8 of the taking of Liberty loans in this district by State banks, national banks, and trust com-

panies, and also by States, giving their 1910 population; also by cities with populations in excess of 25,000 inhabitants; also a classification of subscriptions as outlined by the Treasury Department.

WORK IN CONNECTION WITH THE SALE OF WAR-SAVINGS CERTIFICATES.

The sale of war-savings and thrift stamps has been the occasion of a campaign of education. In the future stamps will probably be purchased as a mode of general saving. An analysis of war-savings stamps sales for the year 1918 is here given.

Sale of war-savings certificate stamps and thrift stamps for the year 1918.

Alabama.....	\$718,925.10
Florida.....	697,414.52
Georgia.....	2,310,740.45
Tennessee.....	3,362,054.39
Louisiana.....	4,170,315.66
Mississippi.....	2,131,379.57
Total.....	13,390,829.69

WAR FINANCE CORPORATION.

Necessary machinery was provided for the handling of business incident to the War Finance Corporation, and a considerable amount of correspondence and literature found its way from the Federal Reserve Bank to the banks of the district. The need for such loans was not, however, as great in the sixth district as was anticipated, and only one loan was made to a bank during the year. This was promptly liquidated at maturity.

CAPITAL ISSUES COMMITTEE.

At the invitation of the Federal Reserve Board, the district committee on capital issues for the sixth district was organized as follows: Messrs. M. B. Wellborn, chairman; Joseph M. Slattery, secretary; Joseph A. McCord, Hollins N. Randolph, Roby Robinson, Frank Hawkins, all of Atlanta; with an auxiliary committee composed of Messrs. Otto Marx, Birmingham, Ala.; Edward W. Lane, Jacksonville, Fla.; James E. Caldwell, Nashville, Tenn.; W. H. Hassinger, Birmingham, Ala.; F. E. Gunter, New Orleans, La.; A. M. Baldwin, Montgomery, Ala.; Harry Hall, Mobile, Ala.; W. F. McCauley, Savannah, Ga.; L. M. Pool, New Orleans, La.; T. R. Preston, Chattanooga, Tenn.; T. C. Taliaferro, Tampa, Fla.; and H. V. Watkins, Jackson, Miss.

Publicity was given to the work and the committee obtained satisfactory cooperation. Very few instances occurred where issues

were put upon the market without the consent of the Capital Issues Committee and even these are said to have been due to ignorance.

Hundreds of cases involving amounts ranging from \$1,000 to \$25,000,000 were considered by the district committee, and through general correspondence and newspaper work the organization was successful in discouraging a great many anticipated issues. The work consumed a considerable amount of the committeemen's time. Meetings were held almost daily and involved a very large amount of correspondence.

As of December 31, 1918, the District Capital Issues Committee, at the request of the Capital Issues Committee at Washington, temporarily suspended supervision of the issue and sale of stocks and bonds, to resume operations at a later date, should it be deemed advisable by the Government authorities.

FEDERAL RESERVE NOTES

The issue of Federal Reserve notes has been an important feature of the year's operations, due in a large measure to the increased pay rolls and high cost of commodities. The statement of December 31, 1918, shows \$196,240,000 "Federal Reserve notes received from the Comptroller of the Currency," with "Federal Reserve notes outstanding" in amount, \$123,620,285, as compared with \$66,867,420 "Federal Reserve notes outstanding," on December 31, 1917, or an increase of \$56,752,865.

During the year 1918, the Federal Reserve Bank of Atlanta received from other Federal Reserve Banks \$21,107,515 of its own Federal Reserve notes and returned to other Federal Reserve banks \$20,438,925 of their notes, showing only a slight difference of \$668,590 in the interdistrict movement of notes. This movement of notes was practically the same in amounts exchanged to and from Atlanta, with the exception of shipments to New York of its notes, being \$9,131,200, and our notes returned by New York in amount, \$6,068,945; and shipments from Cleveland of \$297,900, compared with Federal Reserve notes returned to Cleveland in amount, \$2,003,865.

FEDERAL RESERVE BANK NOTES.

The power of issuing bond-secured currency is conferred upon the Federal Reserve Banks by the act as originally drawn, but it was not found necessary or desirable to resort to any large exercise of this power until this year. Accordingly, Federal Reserve bank notes were not issued by the majority of the Federal Reserve Banks until June. On the 10th day of that month the first bank notes of the Atlanta bank were issued.

The issues have been practically continuous and more or less equally distributed over the past six months. There were outstanding on December 31, 1918, \$6,085,600.

POSITION OF COMMERCIAL BANKS AS A RESULT OF WAR FINANCING.

The volume of war financing handled by banks necessarily caused general credit expansion, with the logical and unavoidable result that banks are showing in their statements of condition more re-discounts and bills payable than usual. Credit has not, however, been expanded to an alarming extent and there should be no cause for apprehension on this score. It is expected that a healthy and necessary contraction of credit will soon be in evidence. Increase of bank deposits has about kept pace with credit expansion and as a whole the banks of this district are in a very strong position.

EFFECT ON COMMERCIAL PAPER OF THE DISTRICT.

Commercial paper originating in this district does not appear to have been materially affected by war financing, but it has been affected by war conditions which operated to prevent normal marketing of some crops and an abnormal demand for other crops. Food production of the district has been large and has been marketed at high prices. This condition called for more liberal financing of the producer and that, together with increased cost of production, has manifested itself in an increased volume of agricultural and commercial paper.

Paper which directly owes its origin to war financing has found a rather ready market in this district and there is a much larger volume of short-term notes issued by northern commercial industries in this district than ever before.

RELATION TO, AND EFFECT ON GENERAL BUSINESS.

Business generally has been abnormally stimulated by war financing and by war conditions. Though difficulty has at times been experienced in obtaining products of trade and commerce in sufficient quantity to satisfy the demand, the total volume of business has been greater than for any previous year in the history of the southeast, and the total volume of general business of the banks has been greater than ever before. It has been a year of intense activity for the banks and also a year of very profitable business for them as a whole.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

It would be very difficult to say at what time we may expect member banks to clear up their war paper. This is due largely to the fact that the main products in this section, such as cotton, cotton seed, peanuts, rosin, and turpentine, of this year's crop, have not yet been sold. The decrease in the price of cotton in the fall created a disposition in the minds of the producers to hold their products for a better price; and, with increased prices, liquidation will set in from that source. This, in turn, will restore the liquidity of the banks and will enable them to settle their loans secured by Liberty bonds and United States Treasury certificates.

POLICY OF FEDERAL RESERVE BANK TOWARD MEMBER BANKS.

The policy of the Federal Reserve Bank of this district will be to aid these member banks by carrying their discounts for them until such time as this liquidation will materially set in, which it is expected will be during the months of January, February, and the early part of March. We are extending to member banks the facilities of this bank in every way.

OPERATION OF FEDERAL RESERVE BANK BRANCHES.

In addition to the branch already in operation at New Orleans, a branch of the Federal Reserve Bank of Atlanta was established at ✓ Birmingham, Ala., on August 1, 1918. Mr. A. E. Walker, formerly State bank superintendent of Alabama, was elected manager, and Mr. J. B. Cobbs was appointed assistant Federal Reserve agent. The entire clerical force consists of 15 employees, including the officers. The following members compose the board of directors of the branch: Messrs. W. H. Kettig, chairman; Oscar Wells, T. O. Smith, W. W. Crawford and John H. Frye, all of Birmingham.

✓ As of the same date a branch was established at Jacksonville, Fla. Mr. Geo. R. DeSaussure, prominent for many years in banking circles in that city, was elected manager, and Geo. R. Martin was appointed assistant Federal Reserve agent. The entire clerical force consists of 16 employees, including officers. The branch board of directors is composed of Messrs. John C. Cooper, chairman; Edward W. Lane, B. H. Barnett, Giles L. Wilson, Fulton Saussy, all of Jacksonville.

These branches are operated under the limited form of by-laws in force at Pittsburgh and Cincinnati, providing for a daily settlement plan with the parent bank. All accounts with member banks in the zone covered by the branches are kept by the parent bank, the branches reporting to it by private wire daily both their immediate and deferred entries and the parent bank carrying the "float." The plan in operation has proven generally satisfactory to both the member banks in the branch zone and to the parent bank.

INTERNAL ORGANIZATION.

The war called 23 employees to the colors; and, with the numerous Army camps in this district and a great volume of Government work under way, many employees were attracted by the high wages paid, and competent clerical help has been exceedingly scarce, this scarcity handicapping operations seriously. Since the signing of the armistice old clerks have been returning to their former positions and clerical service is rapidly improving.

During the year, Mr. Edgar B. Stern resigned as a class B director of the Federal Reserve Bank of Atlanta to accept a commission as captain in the United States Army. Mr. James E. Zunts, of New Orleans, La., was elected to fill the unexpired term caused by Mr. Stern's resignation. Mr. J. A. McCrary, of Decatur, Ga., was re-elected a class B director for the three-year term ending December 31, 1921. Mr. J. B. Pike, cashier, was promoted to the position of deputy governor on November 8 and resigned on December 10. Mr. M. W. Bell, assistant cashier, was elected cashier, the position of deputy governor being left unfilled. Mr. J. L. Campbell, formerly assistant manager of the New Orleans branch, was transferred to the parent bank as assistant cashier, in charge of the department of discounts and credits.

CLEARINGS.

Transit operations have shown a steady increase during 1918, especially since June, when the service charge for handling items was discontinued. The increase for December over January, 1918, is 111 per cent, which, if the direct sendings were considered, would be about 115 per cent. The cost of handling items for the year has been \$0.0097 per item and \$0.0228 per \$1,000. The report submitted herewith shows an increase in the number of items handled over 1917 of 95.8 per cent, and in amount of money 94 per cent.

In comparing these figures with those reported for 1917 it should be borne in mind that 10 of our largest member banks have been sending direct to other Federal Reserve Banks such items as were payable in other Federal Reserve districts, and the number of items and amounts handled in this manner are not shown in the report. This method has been in operation several months. The average daily sending of these banks to other Federal Reserve Banks is approximately 2,000 items, amounting to approximately \$1,000,000.

During the year 35 banks were added to our par list. Thirty banks were withdrawn, leaving a net gain of five banks. We now have in the Sixth District 635 banks remitting at par. A statement of transit operations is shown in Schedule 10.

COLLECTIONS.

The collection department has increased the volume of items handled to a very considerable extent during the year 1918, notwithstanding the fact that we have no banks remitting collections at par. We handle all items forwarded us as "Collection items," either by Federal Reserve Banks or member banks for their accounts, including member banks of other districts. The greater volume of items handled consists of notes, drafts, and checks, and only a small proportion has consisted of bill-of-lading drafts. Under the ruling of the Federal Reserve Board sight drafts customarily used in settling cotton transactions are classed as ineligible and member banks have arrangements whereby they secure immediate credit for this kind of draft, which explains the large volume of drafts of this character handled through sources other than the Federal Reserve Bank.

While very few "dunning" drafts have been handled through our collection department, it is thought that the elimination of the service charge may operate as an incentive toward an increase in this character of items.

During the year 1918 the collection department handled 5,208 items, amounting to \$10,868,815.30.

GOLD SETTLEMENT FUND.

The change on July 1 from a weekly to a daily settlement with other Federal Reserve Banks through the gold settlement fund has resulted in making payment daily for all available credits to another Federal Reserve Bank. Under the weekly plan of settlement a "due to" or "due from" balance existed between Federal Reserve Banks which was not paid until the regular settlement day. At times these balances were considerable and when such a condition existed the reserve of the Federal Reserve Bank having a large "due from" balance was affected until settlement day.

Under the daily settlement plan, by receiving credit daily in the gold fund, the "due from" collected balance is eliminated and each Federal Reserve Bank receives full benefit of all available funds in its reserve.

The daily settlement plan is regarded as a great improvement over the weekly plan, especially in view of the increased volume of transactions between Federal Reserve Banks.

BANKING QUARTERS—NEW BUILDING.

On October 1 the Federal Reserve Bank of Atlanta moved into its permanent home on Marietta Street. The building is a two-story structure, with commodious basement, being of reinforced concrete, with granite exterior, fireproof, and of thoroughly modern construc-

tion. While the new quarters are adequate for the bank proper at present, additional space will have to be provided in the near future, as the business of the institution is rapidly increasing and it is now necessary to operate the fiscal agent department in a near-by building. Plans for the new building were drawn and excavation began in the late spring of 1917, and the growth of the institution has been more rapid than was anticipated. The building cost approximately \$150,000 and the vaults \$33,000.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Atlanta during the calendar year 1918.*

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

	Dis- counted paper se- cured by United States war obliga- tions.	Other dis- counted paper.	(1+2)	Bills bought in open market.	Total bills dis- counted and bought.	Per cent (1+5).	Total earning assets.
	1	2	3	4	5	6	7
Jan 4.....	2,070	2,617	14,687	6,373	21,060	9.8	25,802
Jan. 11.....	1,786	13,566	15,302	2,424	17,726	9.8	21,796
Jan. 18.....	8,835	8,860	12,668	6,750	19,445	10.7	23,220
Jan. 25.....	3,753	7,595	11,348	6,824	18,172	20.7	23,018
Feb. 1.....	1,987	7,171	9,158	7,078	16,224	12.2	22,983
Feb. 8.....	1,837	8,704	10,541	6,634	17,175	10.7	24,589
Feb. 15.....	1,974	8,346	10,320	6,620	16,940	11.7	23,884
Feb. 21.....	1,928	7,534	9,462	6,719	16,181	11.9	23,024
Mar. 1.....	1,781	7,768	9,549	6,512	16,061	11.1	23,669
Mar. 8.....	1,827	9,113	10,940	7,104	18,044	10.1	25,959
Mar. 15.....	1,820	7,901	9,711	7,188	16,899	10.7	25,010
Mar. 22.....	2,891	9,223	12,119	7,470	19,589	14.8	28,554
Mar. 29-29.....	2,392	11,315	13,707	7,417	21,124	11.3	29,243
Apr. 5.....	4,562	8,391	12,953	10,275	23,228	19.6	30,240
Apr. 12.....	4,368	9,136	13,504	9,756	23,260	18.8	29,613
Apr. 19.....	9,439	10,845	20,284	9,709	29,993	31.5	33,349
Apr. 26.....	10,722	9,684	20,406	8,997	29,403	36.5	31,489
May 3.....	12,685	11,509	24,194	8,027	32,221	39.4	34,345
May 10.....	11,946	12,127	24,073	6,885	30,958	38.6	33,263
May 17.....	10,168	11,135	21,303	8,567	29,870	37.8	28,854
May 24.....	11,890	11,924	23,814	4,569	28,383	41.9	30,371
May 31.....	12,511	12,323	24,839	3,740	28,579	43.6	30,664
June 7.....	12,437	13,486	25,923	4,340	30,308	41.0	32,292
June 14.....	15,724	16,900	32,624	4,125	36,749	42.8	38,799
June 21.....	11,336	14,709	26,045	4,474	30,519	37.1	32,578
June 28.....	12,058	16,187	28,245	4,131	32,376	37.2	34,288
Jul 5.....	14,442	18,067	32,499	3,831	36,430	39.6	38,186
Jul 12.....	11,733	19,620	31,353	4,020	35,373	33.2	37,083
Jul 19.....	13,220	20,529	33,749	3,642	37,391	35.4	39,101
Jul 26.....	16,102	22,160	38,262	3,563	41,825	38.5	43,894
Aug. 2.....	20,333	21,620	42,153	3,263	45,416	44.8	47,149
Aug. 9.....	24,118	21,338	45,456	3,480	48,945	49.3	50,674
Aug. 16.....	22,998	20,557	43,555	3,361	46,916	49.0	48,649
Aug. 23.....	23,841	23,124	46,965	3,122	50,087	47.6	51,785
Aug. 30.....	26,783	23,073	49,856	3,557	53,413	50.1	55,091
Sept. 6.....	31,314	23,728	55,042	3,436	58,478	53.5	60,116
Sept. 13.....	36,024	25,807	61,831	3,702	65,533	56.0	67,215
Sept. 20.....	39,650	28,125	67,775	4,622	72,397	54.8	74,035
Sept. 27.....	45,133	31,061	76,194	6,104	82,298	54.8	84,961
Oct. 4.....	49,522	30,104	79,626	7,648	87,274	56.7	90,907
Oct. 10.....	47,644	29,579	77,223	8,749	85,972	55.4	88,530
Oct. 18.....	52,365	30,188	82,553	9,874	92,427	56.7	94,983
Oct. 25.....	45,531	31,178	76,709	10,533	87,242	52.2	90,777
Nov. 1.....	58,994	32,832	86,796	12,331	99,127	54.4	103,792
Nov. 8.....	48,894	36,556	85,450	12,560	98,010	49.9	102,825
Nov. 15.....	45,508	36,588	82,046	13,089	95,085	47.9	99,695
Nov. 22.....	32,742	38,537	71,099	13,112	84,211	38.9	88,779
Nov. 29.....	41,395	39,136	80,340	12,927	93,267	44.2	97,635
Dec. 6.....	43,067	39,624	82,691	12,715	95,406	45.2	100,393
Dec. 13.....	50,096	38,294	88,390	11,807	100,197	50.0	105,799
Dec. 20.....	45,475	31,250	76,725	12,175	88,900	51.2	95,501
Dec. 27.....	47,980	27,204	77,184	12,283	89,463	53.6	96,084

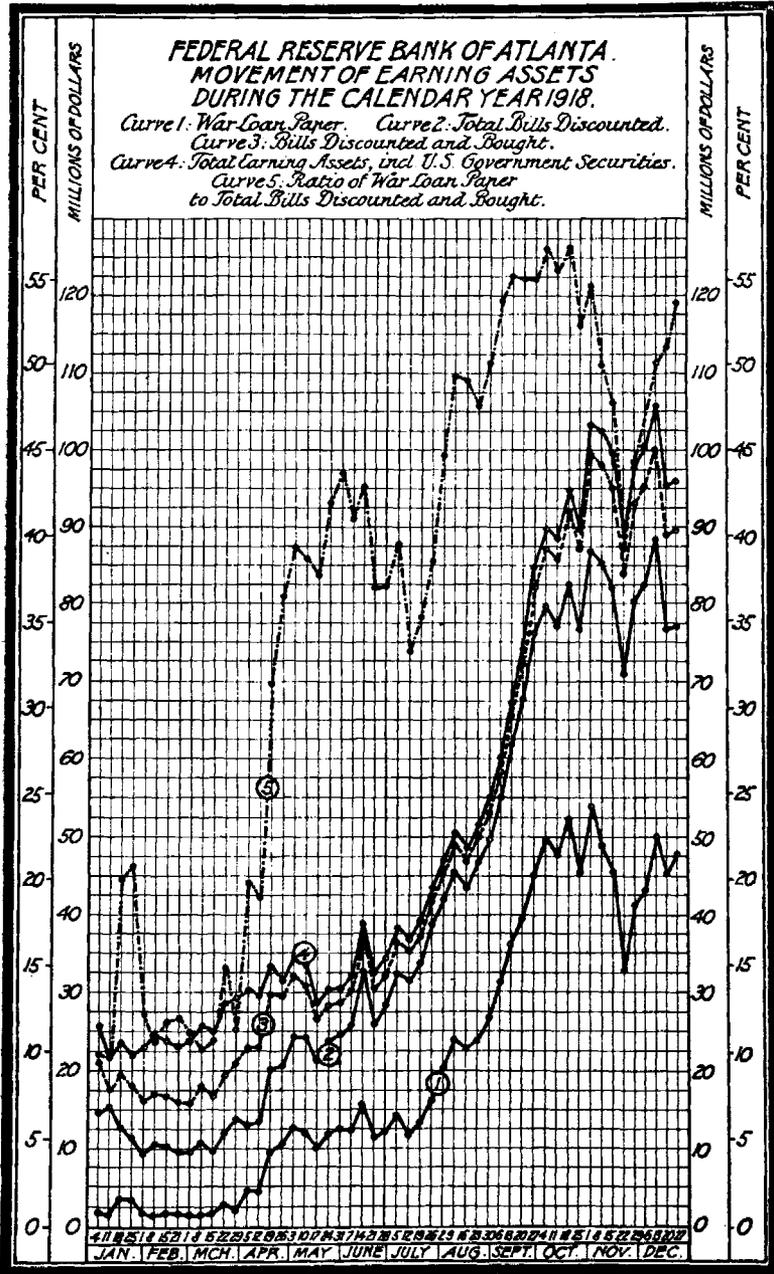
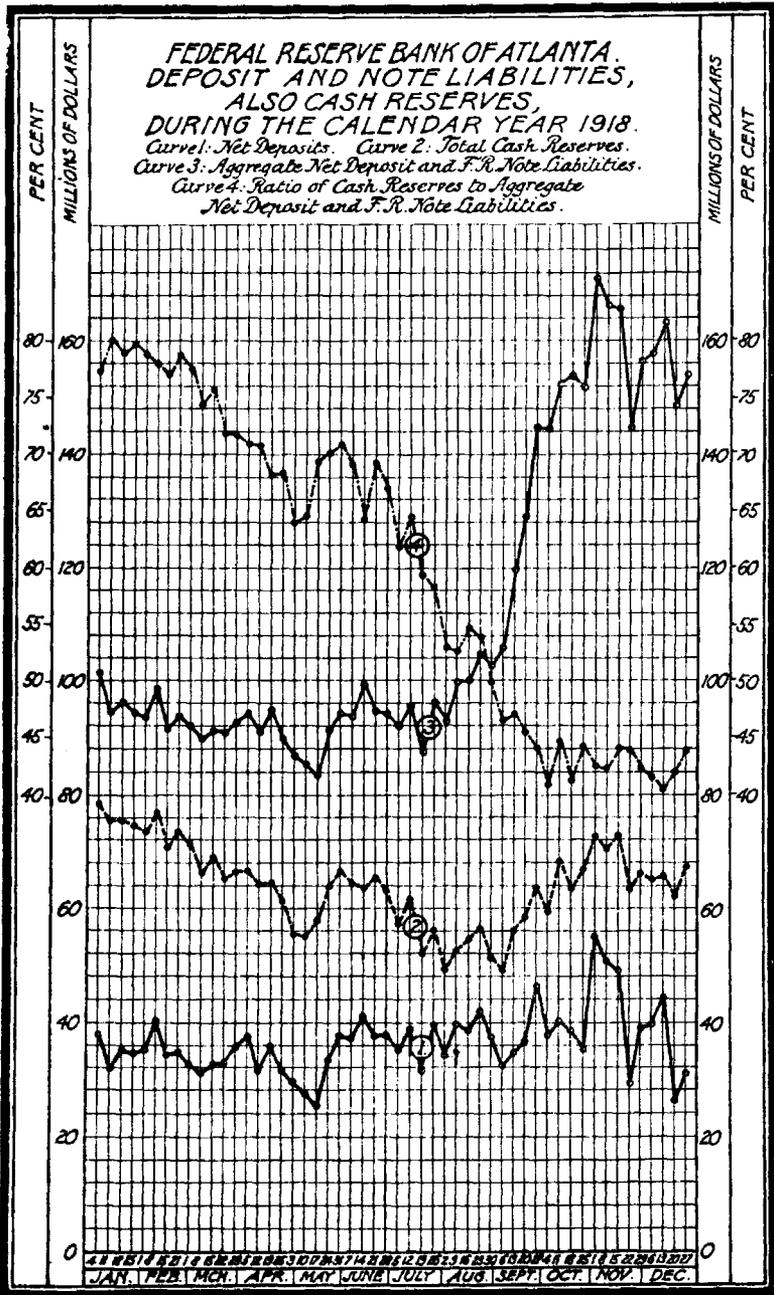


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Atlanta during the calendar year, 1918.*

(In thousands of dollars, i. e., 000 omitted.)

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4.....	78,217	37,438	63,839	101,277	77.2
Jan. 11.....	75,774	31,907	62,830	94,737	80.0
Jan. 18.....	75,707	35,181	60,975	96,156	78.7
Jan. 25.....	74,928	34,383	59,789	94,172	79.6
Feb. 1.....	73,544	35,190	58,511	93,601	78.5
Feb. 8.....	76,813	40,707	57,835	98,512	77.9
Feb. 15.....	76,491	34,158	57,262	91,420	77.0
Feb. 21.....	73,632	34,883	58,977	93,860	78.5
Mar. 1.....	71,212	32,080	58,057	92,037	74.4
Mar. 8.....	66,703	31,206	58,480	89,782	75.3
Mar. 15.....	69,075	32,847	58,355	91,202	75.7
Mar. 22.....	65,265	32,957	58,006	90,963	71.8
Mar. 29-29.....	66,483	35,900	56,928	92,828	71.6
Apr. 5.....	66,032	37,190	56,744	91,234	71.0
Apr. 12.....	64,439	31,742	59,334	91,076	70.8
Apr. 19.....	64,641	36,077	58,921	94,998	68.0
Apr. 26.....	61,431	31,378	58,541	89,919	68.3
May 3.....	55,743	29,489	57,695	87,084	64.0
May 10.....	55,182	27,829	57,490	85,429	64.6
May 17.....	57,908	25,814	57,952	83,766	66.2
May 24.....	64,011	33,538	57,790	91,318	70.1
May 31.....	66,807	37,301	57,089	94,390	70.8
June 7.....	64,689	37,128	56,748	93,876	68.9
June 14.....	63,797	41,367	58,074	90,441	64.2
June 21.....	65,619	37,501	57,477	94,978	69.1
June 28.....	63,002	37,983	56,139	94,122	66.9
July 5.....	57,104	35,290	56,826	92,116	62.0
July 12.....	61,827	38,953	56,709	95,662	64.6
July 19.....	52,027	31,513	56,396	87,909	59.2
July 26.....	56,102	39,204	57,237	96,441	65.2
Aug. 2.....	49,063	34,403	58,538	92,941	52.8
Aug. 9.....	52,405	39,338	59,866	99,804	52.5
Aug. 16.....	54,643	38,434	61,589	100,023	54.6
Aug. 23.....	56,437	42,186	62,722	104,908	53.8
Aug. 30.....	51,077	37,490	65,345	102,835	49.7
Sept. 6.....	49,194	32,626	73,303	105,929	46.4
Sept. 13.....	56,120	31,809	85,078	119,878	46.8
Sept. 20.....	58,468	36,610	92,294	128,904	45.4
Sept. 27.....	63,732	46,765	97,941	144,706	44.0
Oct. 4.....	59,140	37,667	107,013	144,680	40.9
Oct. 10.....	66,286	40,558	111,640	152,198	44.9
Oct. 18.....	63,545	38,672	115,146	153,817	41.3
Oct. 25.....	67,094	35,280	116,582	151,862	44.2
Nov. 1.....	72,725	55,076	116,070	171,146	42.5
Nov. 8.....	70,423	60,924	115,450	166,374	42.3
Nov. 15.....	72,977	49,031	116,910	165,941	44.0
Nov. 22.....	63,548	29,212	115,609	144,821	43.9
Nov. 29.....	66,163	39,080	117,151	156,231	42.3
Dec. 6.....	64,380	39,806	117,432	157,230	41.5
Dec. 13.....	66,963	44,222	118,822	163,044	40.5
Dec. 20.....	62,943	26,418	121,922	148,340	42.0
Dec. 27.....	67,536	31,017	122,764	153,781	43.9



SCHEDULE 1.—Comparative statement of earnings and expenses, Federal Reserve Bank of Atlanta.

[Combined statement of head office and branches.]

	1918	1917
EARNINGS.		
Bills discounted and bought:		
Bills discounted—members and Federal Reserve banks.....	\$1,758,074.69	\$231,635.57
Acceptances bought in open market.....	302,231.06	102,311.56
Investments:		
United States securities.....	114,451.31	140,820.48
Municipal warrants.....	2,880.31	3,629.26
Bill of lading drafts.....	3,654.65	.....
Profits realized on United States securities.....	11,139.06	25,568.99
Transfers—net earnings.....	33,756.92	17,134.05
Deficient reserve penalties (including interest).....	35,240.00	13,526.88
Net service charges received.....	21,752.62	.....
Sundry profits.....	9,868.94	6,758.45
Total earnings.....	2,293,058.56	541,385.24
EXPENSES.		
Assessments—expenses Federal Reserve Board.....	15,368.71	9,442.27
Federal Advisory Council.....	454.73	476.63
Governors' conferences.....	70.36	299.98
Federal Reserve Agents' conferences.....	142.30	.....
Salaries:		
Officers.....	70,643.45	36,470.93
Clerks.....	124,938.35	37,802.48
Special officers and watchmen.....	5,280.40	3,424.10
All other.....	3,089.67	.....
Directors' fees.....	2,295.00	2,188.08
Directors' per diem.....	2,548.40	2,510.00
Directors' traveling expenses.....	2,688.70	2,471.42
Officers' and clerks' traveling expenses.....	3,006.84	1,066.94
Legal fees.....	3,494.87	600.00
Rent.....	18,722.10	12,152.92
Taxes and fire insurance.....	3,275.90	1,210.64
Telephone.....	765.82	535.05
Telegraph.....	5,030.41	842.86
Postage.....	28,997.62	6,826.77
Currency shipments.....	4,665.11	.....
Expressage.....	5,140.14	2,483.33
Insurance and premiums on fidelity bonds.....	2,041.04	1,801.90
Light, heat and power.....	762.35	174.67
Printing and stationery.....	23,781.58	7,067.67
Repairs and alterations.....	132.43	27.86
All other expenses.....	53,332.80	16,404.72
Total expenses of operation.....	380,639.18	146,475.22
Cost of Federal Reserve currency issued.....	149,390.49	54,808.22
Cost of Federal Reserve notes unissued (on hand).....	.....	14,320.00
Miscellaneous charges on Federal Reserve bank note issues.....	9,313.22	.....
Depreciation:		
Furniture and equipment.....	88,130.35	8,177.80
Bank premises.....	12,797.34	2,500.00
Total current expenses.....	640,270.58	226,281.24
Gross earnings.....	2,293,058.56	541,385.24
Less total expenses.....	640,270.58	226,281.24
Net earnings.....	1,652,787.98	315,104.00

SCHEDULE 2.—Statement of the condition of the Federal Reserve Bank of Atlanta.

[Combined statement of head office and branches.]

	Dec. 31, 1918.	Dec. 31, 1917
RESOURCES.		
Bills discounted—members.....	\$36,408,710.93	\$11,895,589.16
Member banks' collateral notes.....	47,626,800.00	2,628,250.00
Acceptances bought in open market.....	12,514,685.61	6,497,061.67
United States bonds to secure circulation.....	261,600.00	.....
Other United States bonds owned.....	292,150.00	2,397,000.00
One-year Treasury notes.....	667,000.00	1,491,000.00
United States Treasury certificates of indebtedness.....	102,000.00	.....
Municipal warrants.....	13,000.00	284,372.00
Certificates of indebtedness to secure circulation.....	5,297,000.00	.....
Bill of lading drafts.....	.....	503,831.60
Total earning assets.....	103,182,946.54	25,697,104.43

SCHEDULE 2.—Statement of the condition of the Federal Reserve Bank of Atlanta—Con.

	Dec. 31, 1918.	Dec. 31, 1917.
RESOURCES—continued.		
Cost of unissued Federal Reserve currency		588.24
Interest accrued on United States securities	24,961.80	25,814.07
Other deferred charges	2,957.31	2,237.36
Bank premises	217,000.00	140,875.20
Disbursements, fiscal agent department	456,208.21	45,694.07
Total	701,127.32	215,208.94
Due from other Federal Reserve banks		2,182,401.91
Due from branches and offices		354,061.46
Exchanges for clearing house	2,876,114.04	2,552,616.60
Checks and other cash items	122,324.66	56,940.23
National bank notes and notes of other Federal Reserve banks	4,119,829.00	2,395,950.00
Other mutilated currency for redemption		232,250.00
Deferred debits:		
Federal Reserve Banks—		
Transfers bought		803,000.00
Other items	9,981,436.18	3,668,787.35
Branches and offices	2,518,975.61	674,174.47
Member and nonmember banks	16,399,909.62	8,865,130.93
Total	36,018,589.11	21,785,312.95
Due from United States Treasury 5 per cent fund	310,690.00	
Federal Reserve bank notes on hand	269,000.00	
Federal Reserve notes on hand	2,786,200.00	1,909,030.00
Mutilated Federal Reserve notes for redemption	161,655.00	43,500.00
Nickels and cents	1,336.40	407.51
Total	3,528,881.40	1,952,937.51
Gold with Federal Reserve agent	42,179,185.00	50,701,320.00
Due from United States Treasury gold redemption fund	6,957,760.00	1,119,140.98
Gold settlement fund	6,302,193.45	12,482,000.00
Gold bullion and coin	1,900,488.42	1,548,322.72
Gold certificates (including clearing-house certificates)	6,086,890.00	4,169,000.00
Gold with foreign agencies	174,866.23	1,575,000.00
Silver certificates (including clearing-house certificates)	55,544.00	397,889.00
Legal-tender notes (including clearing-house certificates)	165,009.00	13,200.00
Silver coin	16,690.30	4,626.00
Total reserve	63,838,626.60	72,010,498.70
Total resources	207,270,170.97	121,661,062.53
LIABILITIES.		
Capital paid in		
Surplus	3,191,350.00	2,812,750.00
Profit and loss	775,000.00	40,000.00
Total	3,966,350.00	2,892,750.00
Discount on United States bonds	830.70	
Unearned discount—bills discounted	163,689.75	37,292.75
Unearned discount—acceptances bought	64,460.60	26,635.01
Unearned interest on municipal warrants	75.11	1,229.25
Reserved for sundry expenses	47,572.19	59,492.92
Difference account	384.04	
Total	277,012.39	124,649.93
United States Government deposits	2,539,711.85	4,476,782.74
Due to other Federal Reserve Banks		1,334,971.41
Due to member banks, reserve account	46,222,851.15	36,849,923.90
Due to nonmember banks, clearing account	49,931.30	97,903.27
Reserved for franchise tax	735,000.00	
Cashier's expense, return item and dividend checks	173,856.21	276,724.84
Gold settlement fund—suspense	6,973,458.15	
Deferred credits:		
Federal Reserve Banks	5,199,568.72	3,094,279.83
Branches and offices	375,302.29	222,655.20
Member and nonmember banks	9,013,287.09	5,423,001.18
Miscellaneous	1,746,856.82	33
Total	73,320,923.58	51,776,242.60
Federal Reserve notes outstanding	123,620,285.00	66,867,420.00
Federal Reserve bank notes outstanding	6,085,600.00	
Total	129,705,885.00	66,867,420.00
Total liabilities	207,270,170.97	121,661,062.53

SCHEDULE 3.—Earnings, expenses, and dividend payments for calendar year 1918, also amounts carried to surplus fund and reserved for Government franchise tax.

Capital Dec. 31, 1918.....		\$3,191,350.00
Earnings for 1918.....		2,293,058.56
Expense of operation.....	\$380,639.18	
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	149,390.49	
Miscellaneous charges account note issues.....	9,313.22	
Furniture and equipment, total amount charged off during year.....	88,130.35	
Total current expenses.....		627,473.24
Net earnings for year.....		1,665,585.32
Less:		
Depreciation on bank premises.....	\$12,797.34	
Other depreciation allowances or extraordinary items charged to profit and loss account.....	315.30	
Total deductions.....		13,112.64
Net amount available for dividends, surplus, and franchise taxes.....		1,652,472.68
Dividends paid:		
Date paid, June 30, 1918; period covered, Jan. 1, 1918-June 30, 1918.....	\$88,078.07	
Date paid, Dec. 31, 1918; period covered, June 30, 1918-Dec. 31, 1918.....	94,349.49	
Interest paid on stock surrendered.....	45.12	
Total dividend payments.....		182,472.68
Carried to surplus fund.....		735,000.00
Transferred to account "Reserve for franchise tax".....		735,000.00
Total.....		1,652,472.68

SCHEDULE 4.—Third Liberty Loan—Analysis of subscriptions to Treasury certificates of indebtedness, series of Jan. 22, Feb. 8, Feb. 27, Mar. 20, Apr. 10, and Apr. 22, 1918.

	Number of banks in district.	Number of banks subscribing.	Percentage of banks in district subscribing.	Percentage of banks to number subscribing.	Amount of subscriptions.
National banks.....	380	332	87.36	28.09	\$44,019,000
State banks.....	1,608	843	52.43	71.32	34,502,000
Trust companies.....	10	7	70.00	.59	715,500
Total.....	1,998	1,182	59.16	100.00	79,234,500
Miscellaneous.....		14			338,500
Grand total.....	1,998	1,196			79,573,000

SCHEDULE 5.—Fourth Liberty loan—Analysis of subscriptions to Treasury certificates of indebtedness, series of June 25, July 9, July 23, Aug. 6, Sept. 3, Sept. 17, and Oct. 1.

	Number of banks in district.	Number of banks subscribing.	Percentage of banks in district subscribing.	Percentage of banks to number subscribing.	Amount of subscriptions.
National banks.....	394	315	80.00	27.30	\$69,015,500
State banks.....	1,753	832	47.46	72.10	44,658,500
Trust companies.....	10	7	70.00	.80	803,500
Total.....	2,157	1,154	53.50	100.00	114,477,500
Miscellaneous.....		17			379,500
Grand total.....	2,157	1,171			114,857,000

¹ Including both Federal Reserve notes and Federal Reserve bank notes.

SCHEDULE 6.—Tax series—Analysis of subscriptions to Treasury certificates of indebtedness, tax series of Jan. 2, Feb. 15, Mar. 15, Apr. 15, May 15, Aug. 20, and Nov. 7, 1918.

	Number of banks in district.	Number of banks subscribing.	Percentage of banks subscribing.	Percentage of banks to number subscribing.	Amount of subscriptions.
National banks.....	394	124	31.47	35.63	\$15,440,500
State banks.....	1,753	220	12.55	63.22	10,483,500
Trust companies.....	10	4	40.00	1.15	155,000
Total.....	2,157	348	16.11	100.00	26,079,000
Miscellaneous.....		18			271,000
Grand total.....	2,157	366			26,350,000

SCHEDULE 7.—Analysis of subscriptions to third Liberty loan.

ALABAMA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	91	91	100	\$12,278,800
State banks.....	257	240	93	10,821,550
Trust companies.....	1	1	100	60,100
Miscellaneous.....				21,000
Total.....	349	332	95	23,181,450

FLORIDA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	56	56	100	\$11,088,550
State banks.....	197	180	91	6,902,000
Trust companies.....	1	1	100	60,850
Miscellaneous.....				22,500
Total.....	254	237	93	18,053,900

GEORGIA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	97	95	98	\$16,050,050
State banks.....	671	612	91	22,294,650
Trust companies.....	4	4	100	448,200
Miscellaneous.....				237,300
Total.....	772	711	92	39,031,100

TENNESSEE.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	89	89	100	\$16,025,650
State banks.....	253	229	90	6,392,100
Trust companies.....	2	2	100	364,200
Miscellaneous.....				4,450
Total.....	344	320	93	22,786,400

LOUISIANA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	27	24	89	\$8,620,800
State banks.....	137	127	97	17,182,750
Trust companies.....				
Miscellaneous.....				702,350
Total.....	164	151	93	26,505,900

SCHEDULE 7.—Analysis of subscriptions to third Liberty loan—Continued.

MISSISSIPPI.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	18	16	89	\$3,640,400
State banks.....	120	104	86	4,449,750
Trust companies.....				
Miscellaneous.....				50
Total.....	138	120	90	8,090,200

RECAPITULATION.

National banks.....	378	371	96	\$67,685,150
State banks.....	1,635	1,492	71	68,042,800
Trust companies.....	8	8	100	933,350
Miscellaneous.....				987,650
Central American.....				500
Total.....	2,021	1,871	92	137,649,450

SCHEDULE 8.—Analysis of subscriptions to fourth Liberty loan.

ALABAMA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	91	91	100	\$18,559,850
State banks.....	260	251	97	17,568,700
Trust companies.....	1	1	100	39,000
Miscellaneous.....				48,950
Total.....	352	343	99	36,216,500

FLORIDA.

National banks.....	55	55	100	\$17,063,550
State banks.....	198	181	92	10,298,250
Trust companies.....	1	1	100	132,000
Miscellaneous.....				44,550
Total.....	254	237	93	27,538,350

GEORGIA.

National banks.....	98	96	98	\$27,034,250
State banks.....	670	622	93	31,886,850
Trust companies.....	4	4	100	802,900
Miscellaneous.....				2,990,550
Total.....	772	722	93	62,814,550

TENNESSEE.

National banks.....	90	90	100	\$26,115,450
State banks.....	257	238	92	10,747,700
Trust companies.....	2	2	100	720,050
Miscellaneous.....				600
Total.....	349	330	94	37,583,800

SCHEDULE 8.—Analysis of subscriptions to fourth Liberty loan—Continued.

LOUISIANA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	27	26	96	\$13,685,300
State banks.....	135	122	90	26,093,250
Trust companies.....	2	1	50	15,450
Miscellaneous.....				882,200
Total.....	164	149	91	40,676,200

MISSISSIPPI.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	18	17	95	\$5,941,550
State banks.....	120	108	90	7,114,150
Trust companies.....				
Miscellaneous.....				100
Total.....	138	125	92	13,055,800

RECAPITULATION.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	379	375	98	\$108,399,950
State banks.....	1,640	1,522	92	103,708,900
Trust companies.....	10	9	90	1,809,400
Miscellaneous.....				3,966,950
Total.....	2,029	1,906	94	217,885,200

Total subscriptions in sixth district.....\$217,885,200
 Quota of sixth district.....192,000,000
 Number of subscribers in sixth district.....947,047

State.	Population, 1910.	Quota.	Subscription.	Number of subscribers.
Alabama.....	2,138,093	\$30,230,000	\$36,216,500	203,230
Florida.....	752,619	23,981,000	27,538,350	113,051
Georgia.....	2,609,121	54,319,000	62,814,550	251,961
Tennessee.....	1,536,298	32,701,000	37,583,800	168,193
Louisiana.....	1,167,265	38,529,000	40,676,200	94,792
Mississippi.....	895,516	12,290,000	13,055,800	117,830
Total.....	9,098,912	192,000,000	217,885,200	947,047

City.	Population, 1910.	Quota.	Subscription.	Number of subscribers.
Birmingham.....	132,685	\$8,332,650	\$9,698,000	47,515
Mobile.....	51,521	3,225,950	3,516,100	16,565
Montgomery.....	38,136	2,455,950	2,514,100	10,302
Jacksonville.....	57,699	6,704,800	8,678,450	27,131
Tampa.....	37,782	3,416,000	3,440,750	11,601
Atlanta.....	154,839	14,204,150	17,342,000	39,031
Savannah.....	65,054	6,282,200	6,364,400	23,579
Augusta.....	41,040	3,117,350	3,635,650	11,645
Macon.....	40,665	2,872,050	3,070,150	9,672
Nashville.....	110,364	9,532,850	11,949,150	38,856
Chattanooga.....	44,604	6,361,350	6,761,550	26,105
Knoxville.....	36,346	3,685,550	4,397,200	15,420
New Orleans.....	339,075	28,904,500	28,373,900	67,031

SCHEDULE 9.—Confirmation and classification of subscriptions.

Number of subscribers.	Amount.
540,150 at \$50.....	\$27,007,500
280,360 at \$100.....	28,036,900
46,558 at \$150 to \$450, inclusive.....	12,179,350
34,583 at \$500.....	17,291,500
5,166 at \$550 to \$950, inclusive.....	4,090,550
27,583 at \$1,000 to \$1,950, inclusive.....	29,981,000
3,850 at \$2,000 to \$2,950, inclusive.....	8,104,100
1,134 at \$3,000 to \$3,950, inclusive.....	3,694,750
559 at \$4,000 to \$4,950, inclusive.....	2,262,400
2,910 at \$5,000.....	14,521,000
126 at \$5,050 to \$5,950, inclusive.....	749,300
271 at \$6,000 to \$6,950, inclusive.....	1,329,700
185 at \$7,000 to \$7,950, inclusive.....	1,387,950
86 at \$8,000 to \$8,950, inclusive.....	738,400
109 at \$9,000 to \$9,950, inclusive.....	949,700
1,909 at \$10,000.....	19,145,000
1,352 at \$10,050 to \$50,000, inclusive.....	29,111,150
95 at \$50,000 to \$100,000, inclusive.....	7,391,300
39 at \$100,050 to \$200,000, inclusive.....	5,686,650
LIST OF SUBSCRIPTIONS OVER \$200,000.	
1 at.....	300,000
1 at.....	550,000
NEW ORLEANS BRANCH.	
1 at.....	202,000
2 at.....	600,000
1 at.....	400,000
1 at.....	500,000
1 at.....	750,000
947,047 Total.....	217,885,300

SCHEDULE 10.—Annual report of transit operations, Federal Reserve Bank, Atlanta, Ga., 1918.

NUMBER OF ITEMS HANDLED.

	Clearing house.	Sixth district.	Other Federal Reserve.	Total.
January.....	40,169	267,035	37,262	364,466
February.....	43,700	289,211	36,783	369,674
March.....	45,475	325,750	44,798	416,023
April.....	46,706	322,603	47,450	416,759
May.....	50,787	350,232	43,427	444,446
June.....	43,808	367,241	46,048	457,097
July.....	42,128	469,200	59,186	570,514
August.....	44,958	562,823	51,275	659,056
September.....	44,753	511,329	47,548	603,630
October.....	66,270	581,777	61,355	709,402
November.....	124,026	579,509	79,483	783,018
December.....	134,510	599,997	65,217	799,724
Total.....	727,290	5,246,707	619,812	6,593,809

AMOUNTS.

January.....	\$64,143,841.54	\$69,548,581.38	\$36,535,142.67	\$169,227,565.59
February.....	57,752,180.12	61,476,669.41	34,639,096.57	322,095,513.69
March.....	73,148,311.95	60,261,062.55	73,285,421.96	206,694,796.46
April.....	65,104,900.03	67,136,481.71	83,273,019.40	215,514,401.14
May.....	82,144,994.50	85,097,624.45	97,123,007.88	264,265,626.83
June.....	61,880,737.16	91,767,016.28	80,583,668.32	234,231,740.76
July.....	39,961,669.88	119,989,920.10	75,147,610.38	235,099,200.36
August.....	39,595,972.02	134,770,823.01	71,876,343.41	246,243,188.44
September.....	49,749,262.55	156,969,303.16	72,491,290.92	279,209,856.64
October.....	107,738,577.59	155,494,377.86	102,297,315.25	365,530,270.70
November.....	145,261,313.82	175,294,144.68	101,736,080.81	422,291,539.31
December.....	143,111,913.77	144,890,496.27	93,781,413.28	381,783,813.32
Total.....	929,668,674.94	1,321,696,559.86	922,769,732.85	3,174,069,967.65

SCHEDULE 10.—*Annual report of transit operations, Federal Reserve Bank, Atlanta, Ga., 1918—Continued.*

NUMBER OF ITEMS AND AMOUNTS OF UNITED STATES TREASURER CHECKS.

	Number of items.	Amounts.
January.....	37,594	\$13,420,862.91
February.....	36,334	12,244,613.61
March.....	43,896	23,382,729.60
April.....	52,504	40,731,960.50
May.....	48,540	58,136,035.93
June.....	46,980	52,489,162.88
July.....	72,140	40,235,329.40
August.....	85,276	26,546,173.66
September.....	109,780	34,109,501.56
October.....	125,470	44,162,364.74
November.....	104,720	36,913,912.45
December.....	92,346	31,860,045.37
Total.....	855,670	414,232,692.61

Average number of items handled per day, 24,423; average amount of items handled per day, \$11,764,894.26; number of banks in this district remitting at par, 635.

