

SEVENTEENTH ANNUAL REPORT OF THE  
FEDERAL RESERVE BANK OF ATLANTA

1931







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ATLANTA, GEORGIA

# DIRECTORS AND OFFICERS

## FOR 1932

### FEDERAL RESERVE BANK OF ATLANTA

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L. M. CLARK, <i>Assistant Cashier</i>	

JOHN K. OTTLEY, Atlanta, Ga.  
*Member of Federal Advisory Council*

ROBERT S. PARKER, Atlanta, Ga.  
*General Counsel*

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A. P. BUSH, Mobile, Ala.

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J. H. BOWDEN, *Manager*

JAS. A. GOETHE, *Assistant Manager*

## HAVANA AGENCY

H. C. FRAZER, *Manager*

A. H. ALSTON, *Assistant Manager*

LETTER OF TRANSMITTAL

Atlanta, Ga., February 11, 1932.

Sirs:

I have the honor to submit herewith the Seventeenth Annual Report of the Federal Reserve Bank of Atlanta, covering the year 1931.

Respectfully,

OSCAR NEWTON,

*Chairman of the Board and  
Federal Reserve Agent*

Federal Reserve Board,  
Washington, D. C.

# GENERAL BUSINESS CONDITIONS

Agricultural production during 1931 in the six states comprising the Sixth Federal Reserve District increased substantially over 1930 and 1929, although total crop values were lower, and other available statistical evidence for 1931 discloses unfavorable comparisons with 1930 in business and industry in the district, with the exception of a small gain in textile activity, and these statistical comparisons are accentuated by the continued, important decline in prices of commodities.

The total dollar volume of sales during 1931 reported to the Federal Reserve Bank of Atlanta by 41 department stores located in 23 cities of the district, was \$58,571,000, a decline of 11.8 per cent compared with 1930, and smaller than in other recent years. Wholesale firms in eight different lines of trade reported sales amounting to \$79,449,000, during 1931, a decline of 23.5 per cent from 1930. The decreases for individual reporting lines of wholesale trade ranged from 11.6 per cent in stationery to 28 per cent in shoes. There was a decline of 18.5 per cent in the volume of sales of new, paid-for, ordinary life insurance in the six states of the district from 1930 to 1931. The number of business failures in the district during 1931 increased 21.3 per cent, but, because of a large total for December 1930, liabilities of these firms were smaller by 37.2 per cent than in 1930.

From the standpoint of agriculture, the year 1931 may be described as one of increased production, accompanied by low and declining prices. The total value of the principal agricultural crops produced in the six states of this district during 1931, compiled by the United States Department of Agriculture, was \$546,778,000, a decline of 30.5 per cent compared with the year before, and slightly less than half the total value of such crops in 1929. The 1931 total is based upon December 1 prices which average about 36 per cent below those prevailing on December 1, 1930, when they had already declined about 24 per cent from December 1, 1929.

The volume of production of most of the principal crops produced in these six states increased, some of them very materially, over 1930 and over 1929, but because of this continued decline in prices crop values were smaller than in either of those years except for a few crops. This contrast between increased production and lower crop values is set out in the following percentage comparisons of combined totals for these six states:

	1931 Compared with 1930		1931 Compared with 1929	
	Production	Values	Production	Values
Cotton .....	+ 6.9	-35.6*	+ 1.8	-63.4*
Corn .....	+ 51.4	-32.0	+ 8.8	-50.9
Oats .....	+ 87.3	+13.7	+ 55.9	-15.6
Wheat .....	+102.7	+32.9	+ 74.6	-11.9
Hay .....	+ 49.0	-12.8	+ 10.7	-32.0
White Potatoes .....	+ 48.8	-19.8	+ 53.8	-17.3
Sweet Potatoes .....	+ 5.8	-27.1	- 16.1	-44.3
Peanuts .....	+ 20.8	-35.2	+ 19.8	-39.4



	1931 Compared with 1930		1931 Compared with 1929	
	Production	Values	Production	Values
Pecans .....	+ 29.7	—31.0	+116.7	— 5.1
Apples .....	+107.8	+ 7.5	+155.5	— 8.1
Peaches .....	+ 86.0	—10.7	+136.0	+10.6
Oranges .....	— 20.0	—28.4	+ 66.4	— 6.7
Grapefruit .....	— 31.3	—46.5	+ 34.1	—32.9
Tobacco .....	— 19.2	—46.2	— 9.4	—58.4
Sugar Cane .....	— 11.0	—10.0	— 19.4	—27.9
Rice .....	— 10.2	—25.6	— 8.7	—42.5

\*Includes seed

The consumption of fertilizer in these six states, as reflected in sales of fertilizer tax tags by state authorities, declined 31.1 per cent from 1930 to 1931.

The volume of debits to individual accounts at 26 clearing house centers of the sixth district declined 18 per cent in 1931 compared with the year before, and was smaller than for other recent years. Demand and time deposits of all member banks in the district averaged 16.2 per cent, and 10.2 per cent, respectively, smaller than a year earlier.

Building and construction activities were at a much lower level in 1931 than in other recent years, building permits issued at 20 reporting cities being 32.6 per cent, and contract awards in the district as a whole 25.8 per cent, less than in 1930. Residential contracts, which in 1931 accounted for 16.8 per cent of the year's total, declined 36.9 per cent, and other contracts declined 23.1 per cent, from 1930.

There was a small increase in textile activity during 1931 in those states for which figures are available. Consumption of cotton in Georgia, Alabama and Tennessee combined was slightly larger than in 1930, and the combined totals of active cotton spindle hours reported for Georgia, Alabama, Tennessee and Mississippi increased 4.7 per cent in 1931 over the year before, although there was a decrease of 2.7 per cent in the monthly average of the number of spindles active in those states.

The unusually mild weather during the past autumn and winter season contributed to other causes of a decrease in the production of bituminous coal in Alabama amounting to 24.2 per cent, and in Tennessee amounting to 16.9 per cent.

Production of pig iron in Alabama, which declined 13 per cent from 1929 to 1930, decreased further by 28.6 per cent in 1931, and the average number of furnaces active was 28.6 per cent smaller than in 1930.

Receipts of both turpentine and rosin at the three principal markets of the district were smaller than a year ago but stocks of both commodities have been larger than for other recent years and prices have been unsatisfactory.

Production of electric power by public utility power plants in the six states of the district declined 2.3 per cent in 1931, following gains recorded in other recent years. Because of the continued dry weather, there was an important shift in the production of current from water power to the use of fuels in October and November and the proportion of the total pro-

duced by water power which was 63.2 per cent for 1930, 62.9 per cent in 1929 and 63.8 per cent in 1928, declined in 1931 to 59.5 per cent.

Principal business indicators relating to the sixth district are summarized in the table following.

	(000 omitted)			
	1931	1930	1929	1928
Retail Trade—Sales of 41 Department Stores .....	\$ 58,571	\$ 66,388	\$ 71,063	\$ 72,033
Wholesale Trade—Sales of 117 Firms...	\$ 79,449	\$ 103,893	\$ 126,618	\$ 125,063
Life Insurance Sales (1).....	\$ 386,118	\$ 473,987	\$ 521,228	\$ 508,422
Commercial Failures—Number (2) ....	1,698	1,400	1,205	1,547
Liabilities .....	\$ 31,258	\$ 49,809	\$ 25,145	\$ 32,896
Value of Principal Crops (1).....	\$ 546,778	\$ 786,200	\$ 1,120,734	\$ 1,073,090
Sales of Fertilizer Tax Tags, Short Tons (1) .....	1,936	2,811	2,616	2,661
Debits to Individual Accounts—26 Cities.	\$10,801,714	\$13,169,681	\$15,713,342	\$15,152,479
Deposits of All Member Banks (3):				
Demand .....	\$ 417,991	\$ 498,707	\$ 550,424	\$ 593,646
Time .....	\$ 371,425	\$ 413,822	\$ 427,978	\$ 463,047
Building Permits Issued at 20 Cities...	\$ 29,393	\$ 43,601	\$ 72,322	\$ 108,075
Building and Construction Contracts				
Awarded in Sixth District—Total...	\$ 172,862	\$ 233,119	\$ 328,594	\$ 330,878
Residential Contracts .....	\$ 29,047	\$ 46,002	\$ 76,461	\$ 106,687
All Others .....	\$ 143,815	\$ 187,117	\$ 252,133	\$ 224,191
Consumption of Cotton—Bales (5)	1,659	1,658	2,058	1,879
Cotton Spindles Active (4) (6).....	5,215	5,362	5,424	5,233
Active Cotton Spindle Hours (6).....	17,664,125	16,875,054	20,500,233	18,839,132
Bituminous Coal Production—Tons:				
Alabama .....	11,620	15,570	17,944	17,621
Tennessee .....	4,170	5,130	5,406	5,621
Pig Iron Production—Alabama—Tons...	1,673	2,343	2,693	2,540
Active Furnaces—Alabama—(4) .....	10	14	16½	17
Naval Stores: (7) Receipts: Turpentine.	335	388	386	340
Rosin .....	1,176	1,332	1,387	1,199
Stocks (3): Turpentine..	112	85	68	90
Rosin .....	487	372	258	272
Production of Electric Power for Public Use (1): k. w. hours—Total.....	5,721,769	5,855,106	5,703,403	5,139,877
By Use of Water Power.....	3,404,664	3,698,323	3,585,587	3,279,269
By Use of Fuels.....	2,317,105	2,156,783	2,117,816	1,860,608

(1) Combined totals for six states: Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee. (Parts of Tennessee, Louisiana and Mississippi are situated in other Federal Reserve Districts).

(2) Actual number of failures—000 not omitted.

(3) December of each year.

(4) Average of monthly figures.

(5) Combined totals for Georgia, Alabama and Tennessee.

(6) Combined totals for Georgia, Alabama, Tennessee and Mississippi.

(7) Combined totals for Savannah, Jacksonville and Pensacola. Turpentine in barrels of 50 gallons, Rosin in barrels of 500 pounds.

## RESULTS OF OPERATION OF THE FEDERAL RESERVE BANK

*Comparative Balance Sheets*—The total resources of the Federal Reserve Bank of Atlanta amounted on December 31, 1931, to \$201,896,000, and were smaller by \$26,206,000 than the total of \$228,102,000 on the corresponding date a year earlier, and were also smaller than at the close of any other year since 1917. Gold deposited with the Federal Reserve Agent amounted on December 31 to \$91,800,000, compared with \$129,900,000 at the end of December 1930, and the gold redemption fund with the United States Treasury amounted at the close of 1931 to \$2,725,000, against \$2,237,000 a year earlier. Gold held exclusively against Federal Reserve notes issued by the Federal Reserve Bank of Atlanta amounted, therefore, on December 31, 1931, to \$94,525,000, as compared with \$132,137,000 so held a year earlier. Total gold reserves at the end of 1931, consisting of this amount held exclusively against Federal Reserve notes plus the gold settlement fund maintained with the Federal Reserve Board and gold coin and certificates held by the bank, amounted to \$109,561,000, as compared with \$150,847,000 at the close of December 1930. Reserves other than gold declined slightly compared with those a year ago, and total cash reserves on December 31, 1931, were \$115,622,000 against \$159,425,000 on December 31, 1930. Holdings of discounted bills on December 31, 1931, totaled \$34,902,000, larger by \$16,834,000 than on the same date a year earlier, and slightly larger than at the close of 1929. Discounts secured by United States Government obligations, and "Other Bills Discounted" were larger than at the close of either of the two previous years, but somewhat below those at the end of 1928. Holdings of bills and acceptances purchased in the open market were, at the end of 1931, \$13,235,000, and were smaller than at the close of other recent years. United States Government securities were held at the end of 1931 in total amount of \$13,938,000, as compared with \$7,877,000 a year earlier, and were greater than similar holdings at the end of any year since 1925. Total holdings of bills and securities on December 31, 1931, amounted to \$62,925,000, larger by \$20,624,000 than at the close of 1930, and \$4,437,000 larger than at the end of 1929, but smaller than for 1928. Federal Reserve notes of this bank were in actual circulation to the extent of \$120,626,000, a decline of \$13,228,000 compared with actual circulation on December 31, 1930, and smaller than for that date of any other year since 1917. Member bank reserve deposits, and total deposits, were somewhat less at the close of 1931 than a year earlier, and were smaller than at the end of other recent years. On page 18 of this report is a table setting forth detailed figures in the balance sheets of the Federal Reserve Bank of Atlanta at the end of the past four years.

*Earnings and Expenses*—A table presented on page 19 of this report sets forth in detail the various items of income and expenditures, followed by profit and loss statements showing the disposition of earnings of the Federal Reserve Bank of Atlanta, for the past four years.

Total earnings during the year 1931 amounted to \$1,448,835, smaller by 26.2 per cent than in 1930, and less than for any other year since 1917. The

decline in earnings from 1930 to 1931 was due partly to the fact a lower discount rate was in effect during most of the year, and in part also to the decline of 12.7 per cent in the volume of discounts and to the decline of 15.4 per cent in the volume of paper purchased. The volume of United States securities purchased during 1931 was somewhat larger than in 1930, but earnings from this source declined 5.4 per cent.

The cost of current operations of the Federal Reserve Bank during 1931, including the costs of issue and redemption of its Federal Reserve notes, amounted to \$1,268,776, a decrease of 7.6 per cent from 1930. The table on page 19 will show that reductions were possible during 1931 in nearly all of the different classifications of current expenses, compared with the year before.

Current net earnings for the year (total earnings less total current expenses) amounted to only \$180,059. There were miscellaneous additions to current net earnings amounting to \$45,598. These combined amounts were sufficient to provide for depreciation on bank premises, and on furniture and equipment, reserve for probable losses and other minor deductions, but it was necessary to make a charge against surplus account covering dividends paid during the year and depreciation on United States securities. This reduced the surplus account from \$10,857,310, to \$10,448,658 on December 31, 1931. As was the case in 1930, no franchise tax was paid to the United States Government for 1931.

## MOVEMENT OF PRINCIPAL ASSET AND LIABILITY ITEMS

*Total Bills and Securities*—The average volume of reserve bank credit outstanding at the Federal Reserve Bank of Atlanta during the year 1931, as indicated by its total holdings of bills and securities, was slightly greater than during 1930. This was due, not to a constant demand for reserve bank credit greater than in 1930 on the part of member banks extended throughout the year, but to a material increase in this demand during the latter part of the year, both by the discount of paper for member banks and the purchase of acceptances in the open market. Total bills and securities held by this bank declined from 46.5 millions of dollars on January 7, the first weekly report date in 1931, to 28.3 millions on April 15, the lowest point reached in six years. From this level there were increases during the next five months which brought the total to 56.1 millions on September 23, followed by sharp gains to 104.4 millions on October 21, the highest level for the year, and higher than for any other Wednesday since October 31, 1928. This total declined, however, from 103.8 millions on December 2 to 71.4 millions on December 30, the last report date in 1931, compared with 42.3 millions at the close of 1930.

*Bills Discounted for Member Banks*—The volume of bills actually discounted for member banks by the Federal Reserve Bank of Atlanta declined from 52.2 millions in January to 8.6 millions in April, and holdings of discounted bills declined from 22.7 millions on January 7 to approximately 9.8 millions on April 15, the lowest level for any report date in a number of years. Between that time and the middle of July there were minor fluctuations, but beginning the latter part of July there were increases to the high point for the

year, at 58.1 millions, on December 2, followed by a decline to 45.5 millions on December 30.

*Bills Bought in the Open Market*—Holdings of bills bought in the open market declined from 16.1 millions on January 7 to 4.8 millions on February 11. By May 6 these holdings increased to 10.3 millions, but declined to the low point for 1931, at 3.3 millions, on September 16. During the next five weeks there were sharp gains to the highest point, at 40.4 millions, on October 21, followed by gradual reductions of these holdings to 12.4 millions on December 30.

*United States Securities*—Average holdings of United States securities by this bank were 65.3 per cent greater during 1931 than in 1930. They were greater for each month, except January and February, than for the corresponding month a year earlier.

*Cash Reserves*—The movement of cash reserves during 1931 was approximately the opposite of the movement of total bills and securities. Reserves increased from January through April 15, and declined from that time through October 21, but increased substantially from December 2 to December 30.

*Member Bank Reserve Deposits*—Fluctuations in member bank reserves were not great during 1931. They amounted on January 7 to 60.6 millions, reached their highest level of the year at 62.9 millions on April 29, declined to 47.3 millions, the low point, on December 23, but were 54.9 millions on December 30.

*Federal Reserve Notes in Actual Circulation*—Federal Reserve notes of this bank in actual circulation are those which have been issued to the bank by the Federal Reserve Agent less the amounts held by the bank, its branches and agencies. At the beginning of 1931 there were 134 millions of these notes in actual circulation. Following an increase to 135.1 millions on January 21, there was a rather steady, though small, decline to the low point at 111.6 millions, on September 23, and at the close of the year the total amount outstanding was 120.4 millions.

*Reserve Position*—The reserve ratio is the percentage relation which total reserves bear to liabilities of the bank in the form of deposits and Federal Reserve notes, combined. This reserve ratio on January 7 was 78.5, increased to 88.5, the highest point for 1931, on April 15, declined to 45.1, the low point, on December 2, and at the close of the year was 64.0.

On page 21 of this report will be found a table showing monthly averages of daily figures for the principal asset and liability items during 1931, as compared with 1930.

## VOLUME OF DISCOUNTS AND PURCHASES OF BILLS AND SECURITIES

The total volume of bills discounted, re-discounted, and purchased, and United States securities bought, and other investment operations of the Federal Reserve Bank of Atlanta during the year 1931 amounted to \$634,994,000, smaller by \$76,043,000 than the total for 1930, and less than half as large as in 1929 or 1928.

Discounts for member banks during 1931 totaled \$442,071,000, as compared with \$510,780,000 during 1930. In addition to its services to member

banks, the Federal Reserve Banks are authorized by law to discount for non-member banks notes of veterans of the World War secured by adjusted service certificates, and also to discount paper for Federal Intermediate Credit Banks under certain conditions. Discounts for non-member banks of veterans' notes secured by adjusted service certificates during 1931 amounted to \$31,567.00, as compared with \$62,019.00 during 1930, and discounts for Federal Intermediate Credit Banks during 1931 totaled \$8,528,515, as against \$5,151,250 during 1930. Total discounts, therefore, during 1931 amounted to \$450,-631,000, a decline of 12.7 per cent compared with the total of \$515,993,000 during 1930, and approximately one-third the amounts for 1929 or 1928. The monthly average number of member banks accommodated by the discount of paper during 1931 was 157, as compared with an average of 182 for 1930, and with 214 for 1929 and 190 for 1928.

During 1931 the Federal Reserve Bank of Atlanta purchased directly in the open market and through other Federal Reserve Banks, paper amounting to \$107,631,000, and \$5,006,000 of paper was bought from other Federal Reserve Banks, a total of purchases amounting to \$112,637,000, against a similar total for 1930 amounting to \$133,071,000.

United States Government securities were purchased in the open market directly amounting to \$17,037,500 during 1931, and its participation in purchases by the System's Special Investment Committee amounted to \$38,811,-000, and \$13,854,500 of government securities were purchased from other Federal Reserve Banks, making total purchases of government securities amount to \$69,703,000, an increase of 15.9 per cent over the total of \$60,127,000 for 1930, and somewhat larger than for other recent years. Purchases of Federal Intermediate Credit Bank debentures, investments through foreign banks, foreign loans on gold, and other miscellaneous investment operations were in somewhat larger volume than in other recent years.

## VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

During the year 1931 the Federal Reserve Bank of Atlanta received 11,378 applications for the discount or rediscount of paper. This total represents an increase of 12.7 per cent in the number of applications, over those received in 1930.

There were accepted during 1931 for discount or rediscount 64,502 notes amounting to \$450,631,000, a gain of 1.9 per cent in number, but a decrease of 12.7 per cent in amount, compared with corresponding totals for 1930.

Bills bought in the open market during 1931 numbered 7,625, and amounted to \$107,631,000, a decrease of 12 per cent in number, and a decline of 13.4 per cent in amount, compared with purchases during 1930.

During 1931 there were received and counted 117,567,242 pieces of currency amounting to \$465,356,000, a decrease of 6.7 per cent in number and a decline of 17.5 per cent in amount, compared with 1930, and coin received and counted during 1931 numbered 66,269,794 pieces, amounting to \$10,637,000, decreases of 6.5 per cent in number and 16.8 per cent in amount, compared with the year before.



Checks handled during 1931 numbered 28,940,900, and amounted in value to \$8,227,498,000, smaller by 8.1 per cent and 21.1 per cent, respectively, than checks handled during the year 1930.

The number of government security coupons and other collection items handled during 1931 was 568,892, and the amount \$143,695,000, smaller by 1.5 per cent and 6.3 per cent, respectively, than those handled during 1930.

Transactions in United States securities by the Fiscal Agency Department during 1931, involving issues, redemptions, and exchanges, numbered 54,497, and amounted in value to \$292,631,807, and were larger by 56.2 per cent in number and 96.5 per cent in value, than those handled during the year before.

Transfers of funds during 1931 numbered 73,889, and amounted in value to \$2,110,001,000, and were smaller by 12.6 per cent in number and 17.7 per cent in amount, than in 1930.

## OPERATIONS OF THE FEDERAL RESERVE CLEARING SYSTEM

*Transit Operations*—During the year 1931 the Federal Reserve Bank of Atlanta and its branches handled 27,808,000 items (not including duplications on account of items handled by both the parent bank and one or more of its branches), amounting to \$8,125,859,000. The number of items handled was smaller by 2,166,000, or 7.2 per cent, and the amount was less by \$2,160,014,000 or 21.0 per cent, than those handled during the year 1930, and both number and amount are smaller than for other recent years.

Items drawn on member banks, and on par-remitting non-member banks in the sixth district, declined 11.1 per cent in number and 22.8 per cent in amount, from 1930 to 1931. Items drawn on the Federal Reserve Bank of Atlanta and its branches decreased 4.3 per cent in number and 20.6 per cent in amount in 1931 as compared with 1930, and items forwarded to other Federal Reserve Banks and their branches declined 3.3 per cent in number and 32 per cent in amount as compared with similar items handled in 1930. The number of items handled during 1931 which were drawn on the United States Treasurer, however, increased 30.2 per cent in number and 49.4 per cent in amount over those handled in 1930, and were also greater in both number and amount than similar items handled in other recent years.

*Clearings and Transfers through the Gold Settlement Fund*—Each Federal Reserve Bank maintains with the Federal Reserve Board a Gold Settlement Fund for the purpose of expediting the settlement of current transactions between Federal Reserve Districts. Total payments by the Federal Reserve Bank of Atlanta to other Federal Reserve Banks through the Gold Settlement Fund during the year 1931, for clearings and transfers of funds, amounted to \$3,438,853,000, and total receipts from other Federal Reserve Banks through this fund during 1931 amounted to \$3,358,203,000. Payments for the year 1931 were \$860,361,000 smaller, and receipts were \$895,293,000 less, than in 1930. For the year, payments exceeded receipts by \$80,650,000, resulting in a net loss of this amount in the Gold Settlement Fund. In 1930 there was a net loss of \$45,218,000.

## MOVEMENT OF MEMBERSHIP

At the beginning of the year 1931 there were 341 national banks and 49 state bank members of the Federal Reserve System in the sixth district, a total of 390 member banks. During the year there were two new national banks organized in the district, two national banks which had suspended resumed operations, and two state banks were admitted to membership in the System. However, there were numerous other changes in membership during 1931, due to consolidations, withdrawals and suspensions, and the net losses for the year were 37 in the number of national banks, and 5 in the number of state bank members, a total reduction in the number of member banks in this district of 42. During 1930 there was a decrease of 38 in the number of members in the sixth district. Changes in membership, and indications of the causes, are set out in detail in the table which follows.

	<i>National</i>	<i>State</i>	<i>Total</i>
Active member banks on January 1, 1931.....	341	49	390
<i>Additions to membership</i>			
New national banks organized.....	+ 2		+ 2
Resumption following suspension.....	+ 2		+ 2
State Banks admitted to membership.....		+ 2	+ 2
<i>Losses in membership</i>			
Consolidation of national bank with state member bank.....	— 1		— 1
Consolidation of member bank with non-member state bank.	— 4		— 4
Consolidation of national banks.....	— 11		— 11
Voluntary withdrawal of state member bank.....		— 2	— 2
Suspension and insolvency.....	— 25	— 5	— 30
Active member banks on December 31, 1931.....	304	44	348

## BANK ORGANIZATION AND PERSONNEL

E. C. Melvin, whose term as a Class A director expired December 31, 1931, was re-elected by member banks in Group 2 for the three-year term ending December 31, 1934.

J. B. Hill, whose term as a Class B director expired December 31, 1931, was re-elected by member banks in Group 3 for the three-year term ending December 31, 1934.

W. H. Kettig, whose term as a Class C director expired December 31, 1931, was re-appointed by the Federal Reserve Board for the three-year term ending December 31, 1934.

Oscar Newton was re-appointed by the Federal Reserve Board as Chairman of the Board of Directors and Federal Reserve Agent, and W. H. Kettig was re-appointed Deputy Chairman.

At the January meeting of the Board of Directors all of the officers were re-elected to serve during the year 1932.

The number of officers and employees of the Federal Reserve Bank of Atlanta, including its branches and agencies, on January 1, 1931, was 422, and on December 31, 1931, was 401, not including 9 and 4 temporary employees on those respective dates.



## DEMAND AND TIME DEPOSITS

### *All Member Banks in the Sixth District*

Net demand and time deposits have been reported monthly to the Federal Reserve Bank of Atlanta by all member banks in the sixth district since April, 1923. Except for declines in the summer of 1923 and 1924, which appear to have been seasonal, and other minor fluctuations, the general trend of net demand deposits rose sharply through November, 1925. There was a sharp decline during the first eight months of 1926, and in the three succeeding years demand deposits were at their highest point in January, February or March, and the declines which extended through July in 1927, through September in 1928, and through August in 1929, were followed by increases in the fall months which did not, however, reach the levels from which the spring declines began. In 1930 there was a decline from February through August, with only a slight gain through November, followed by a further decrease in December and January, 1931. From February through April demand deposits increased, but declined during each of the remaining months of 1931 to the lowest point, in December, for any month in the series.

Time deposits increased in 1923 and 1924, and sharply in 1925, fluctuating during 1926 at about the level reached in December, 1925, and rising slightly in 1927 and in early 1928, through July, since which time the trend has been downward. From the high point for 1930 in May, these time deposits declined each month except one through February, 1931. From February there was an irregular rise through August, followed by a decline during the last four months of 1931 to the lowest level, for December, since January, 1925. Prior to 1929 these deposit figures were for a definite date in each month, but beginning with that year they are monthly averages of daily figures. Comparisons for the past four years are shown in the table.

	(In millions of dollars)			
<i>Demand Deposits</i>	1931	1930	1929	1928
January .....	\$497	\$571	\$598	\$635
February .....	504	575	597	625
March .....	508	570	601	621
April .....	511	564	585	612
May .....	505	550	569	607
June .....	492	519	549	597
July .....	481	513	539	578
August .....	468	504	524	557
September .....	454	511	537	551
October .....	436	511	543	561
November .....	419	512	545	570
December .....	418	499	550	594
<i>Time Deposits</i>				
January .....	\$398	\$434	\$458	\$465
February .....	388	443	458	461
March .....	395	443	459	466
April .....	394	440	449	467
May .....	391	450	459	472
June .....	396	447	466	472
July .....	401	440	462	475
August .....	407	439	445	472
September .....	399	441	443	467
October .....	387	438	436	469
November .....	376	435	433	467
December .....	371	414	428	463

## MOVEMENT OF PRINCIPAL ASSET AND LIABILITY ITEMS OF WEEKLY REPORTING MEMBER BANKS IN SELECTED CITIES

Weekly condition reports of selected member banks in Atlanta and other cities of the district indicated during 1931 a continued substantial gain in investment holdings, over 1930, but continued declines in loans and discounts, both those secured by United States Government and other securities, and "All Others," which are largely for commercial, industrial and agricultural purposes.

Total Loans and Investments of these weekly reporting member banks declined from 582 millions on January 7, the first weekly report date of the year, to 562.5 millions on February 25, and then increased to 587.6 millions, the highest point reached during the year, on April 15. There were fluctuations in this total during the summer months which brought it on September 9 to 543.5 millions, the lowest level up to that time since March, 1925. There was a gain to 570.5 millions two weeks later, caused primarily by an increase in holdings of government securities, but on the last report date in December the total declined to 542.9 millions.

Loans on securities, which had decreased during the last half of 1930, continued the decline from a high point for the year at 139 millions on January 14 to 108.2 millions on December 30, the lowest level for any report date since May 25, 1927. All Other Loans declined from 299 millions at the beginning of 1931 to 250.9 millions on December 23, and increased only slightly on the last report date of the year a week later.

Investment holdings of United States securities and of Other Bonds and Stocks increased in 1931 over the year before, the combined total fluctuating between a low for the year at 139.6 millions on January 28, the high point for the year at 194.6 millions on September 16, and a total of 181.8 millions on the last report date, December 30.

During the first half of 1931 demand deposits of these weekly reporting member banks were, for most weeks, slightly above 300 millions of dollars, but a steady decline during the last half of the year reduced these demand deposits to 250.3 millions on December 23, followed by a slight gain a week later.

Time deposits of these banks increased from 224.7 millions on January 7 to the high point for the year at 236.4 millions on August 12, but by the end of the year they had declined to 206 millions.

Borrowings by these banks from the Federal Reserve Bank of Atlanta declined from 10.3 millions on January 7 to a low level for the year at \$278,000 on July 8, but increased to the highest point for 1931 at 36.8 millions on December 2, declining by December 30 to 25.1 millions.

On page 23 of this report is a table showing monthly averages of weekly figures for important items over the past two years.

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NOTE—More detailed statistics concerning the operations of the Federal Reserve Bank of Atlanta, and of member banks in the sixth district, are carried in the Annual Report of the Federal Reserve Board which will be issued at a later date.

# CONDITION OF FEDERAL RESERVE BANK OF ATLANTA

(IN THOUSANDS OF DOLLARS)

RESOURCES	Dec. 31, 1931	Dec. 31, 1930	Dec. 31, 1929	Dec. 31, 1928
Gold with Federal Reserve Agent.....	\$ 91,800	\$129,900	\$126,880	\$ 96,377
Gold redemption fund with United States Treasury..	2,725	2,237	2,669	3,974
Gold held exclusively against F. R. Notes.....	\$ 94,525	\$132,137	\$129,549	\$100,351
Gold settlement fund with F. R. Board.....	7,416	10,803	5,604	12,856
Gold and gold certificates held by bank.....	7,620	7,907	4,438	5,139
Total gold reserve.....	\$109,561	\$150,847	\$139,591	\$118,346
Reserves other than gold.....	6,061	8,578	13,926	9,363
Total reserves .....	\$115,622	\$159,425	\$153,517	\$127,709
Non-reserve cash .....	4,368	4,693	5,559	4,178
Bills Discounted:				
Secured by U. S. Govt. Obligations.....	\$ 3,799	\$ 487	\$ 2,680	\$ 9,467
Other bills discounted.....	31,103	17,581	26,667	31,553
Total bills discounted.....	\$ 34,902	\$ 18,068	\$ 29,347	\$ 41,020
Bills bought in open market.....	\$ 13,235	\$ 15,756	\$ 19,196	\$ 32,002
U. S. Government Securities:				
Bonds .....	\$ 6,521	\$ 523	\$ 1,173	\$ 1,564
Treasury Notes .....	380	4,380	3,377	4,311
Certificates and Bills.....	7,037	2,974	5,395	1,380
Total U. S. Govt. Securities.....	\$ 13,938	\$ 7,877	\$ 9,945	\$ 7,255
Other securities .....	850	600	—	—
Total Bills and Securities.....	\$ 62,925	\$ 42,301	\$ 58,488	\$ 80,277
Uncollected items .....	\$ 11,839	\$ 12,846	\$ 26,748	\$ 22,454
Bank premises .....	\$ 2,489	\$ 2,573	\$ 2,658	\$ 2,744
All other resources.....	\$ 4,653	\$ 6,263	\$ 3,873	\$ 1,520
Total resources .....	\$201,896	\$228,102	\$250,843	\$238,882
LIABILITIES				
F. R. Notes in actual circulation.....	\$120,626	\$133,854	\$143,084	\$134,966
Deposits:				
Member bank—reserve account.....	\$ 46,368	\$ 61,014	\$ 62,895	\$ 63,385
Government .....	2,047	1,211	2,485	1,944
Foreign banks .....	2,767	207	219	273
Other deposits .....	172	479	164	140
Total deposits .....	\$ 51,354	\$ 62,911	\$ 65,763	\$ 65,742
Deferred availability items.....	\$ 12,000	\$ 13,130	\$ 23,907	\$ 21,361
Capital paid in.....	5,158	5,346	5,384	5,231
Surplus .....	10,449	10,857	10,857	10,554
All other liabilities.....	2,309	2,004	1,848	1,028
Total liabilities .....	\$201,896	\$228,102	\$250,843	\$238,882
Ratio of total reserves to deposit and Federal reserve note liabilities combined (per cent).....	67.2	81.0	73.5	63.6
Contingent liability on bills purchased for foreign correspondents .....	\$ 8,947	\$ 15,642	\$ 21,320	\$ 13,567

# EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANK OF ATLANTA

EARNINGS	1931	1930	1929	1928
Discounted bills .....	\$ 762,143	\$1,087,248	\$3,091,399	\$2,529,951
Purchased bills .....	238,179	417,294	716,782	687,533
United States securities.....	298,942	315,989	171,667	245,502
Deficient reserve penalties.....	32,746	24,139	39,735	32,996
Miscellaneous .....	116,825	119,054	96,466	82,174
<b>Total earnings .....</b>	<b>\$1,448,835</b>	<b>\$1,963,724</b>	<b>\$4,116,049</b>	<b>\$3,578,156</b>

## CURRENT EXPENSES

### Salaries:

Bank Officers .....	\$ 231,866	\$ 237,239	\$ 231,917	\$ 207,184
Clerical Staff .....	403,400	417,748	419,257	405,562
All other .....	82,715	81,358	83,463	74,167
Governors' Conferences .....	232	134	280	398
Federal Reserve Agents' Conferences.....	—	122	102	67
Federal Advisory Council.....	853	944	1,438	1,089
Directors' Meetings .....	22,741	23,223	24,358	22,651
Traveling expenses (a).....	23,438	22,676	19,006	19,368
Assessments for Federal Reserve Board Expenses	26,127	29,398	30,499	28,590
Legal Fees .....	3,061	8,222	8,186	11,323
Insurance (other than on currency and security shipments) .....	27,052	26,013	24,758	24,374
Insurance on currency and security shipments	30,734	46,241	42,624	35,600
Taxes on banking house.....	60,515	62,328	64,152	61,045
Light, heat and power.....	15,697	16,768	15,393	15,182
Repairs and alterations, banking house.....	2,846	12,044	8,501	18,891
Rent .....	5,288	5,351	5,379	6,120
Office and other supplies.....	16,236	20,275	26,317	21,659
Printing and stationery.....	18,466	28,557	29,511	30,321
Telephone .....	7,793	8,015	7,878	6,243
Telegraph .....	69,365	73,700	70,674	64,419
Postage .....	81,794	93,998	113,970	99,074
Expressage .....	36,619	39,591	42,505	36,918
Miscellaneous .....	36,840	38,367	36,219	35,620

<b>Total, exclusive of cost of currency.....</b>	<b>\$1,203,678</b>	<b>\$1,292,312</b>	<b>\$1,306,387</b>	<b>\$1,225,865</b>
Federal reserve currency, including shipping charge:				
Original cost .....	\$ 59,741	\$ 71,057	\$ 199,393	\$ 19,914
Cost of redemption.....	5,357	9,513	7,459	7,355
<b>Total current expenses.....</b>	<b>\$1,268,776</b>	<b>\$1,372,882</b>	<b>\$1,513,239</b>	<b>\$1,253,134</b>

## PROFIT AND LOSS ACCOUNT

Earnings .....	\$1,448,835	\$1,963,724	\$4,116,049	\$3,578,156
Current expenses .....	1,268,776	1,372,882	1,513,239	1,253,134
<b>Current net earnings.....</b>	<b>\$ 180,059</b>	<b>\$ 590,842</b>	<b>\$2,602,810</b>	<b>\$2,325,022</b>
<b>Additions to current net earnings.....</b>	<b>\$ 45,598</b>	<b>\$ 37,985</b>	<b>\$ 5,360</b>	<b>\$ 5,462</b>

Deductions from current net earnings:

Bank premises—depreciation .....	\$ 84,007	\$ 85,828	\$ 85,828	\$ 85,673
Furniture and equipment.....	5,608	11,934	38,225	49,980
Reserve for probable losses.....	127,033	194,990	696,500	403,018
All other .....	9,009	12,768	359,099	97,829

Total deductions .....	\$ 225,657	\$ 305,520	\$ 1,179,652	\$ 636,500
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Net earnings available for dividends, surplus

and franchise tax.....	\$ 0	\$ 323,307	\$ 1,428,518	\$ 1,693,985
Dividends paid .....	\$ 313,247	\$ 323,307	\$ 321,696	\$ 312,259
Transferred to surplus account.....	0	0	303,032	558,425

Charged to surplus account:

Account dividends paid.....	313,247	—	—	—
Account depreciation on United States securities .....	95,405	—	—	—
Franchise tax paid U. S. Government.....	—	—	803,790	823,301

REIMBURSABLE FISCAL AGENCY  
EXPENSES

Salaries .....	\$ 5,280	\$ 5,280	\$ 5,130	\$ 5,289
All other .....	3,549	1,962	1,235	2,321
Total .....	\$ 8,829	\$ 7,242	\$ 6,365	\$ 7,610

(a) Other than those connected with governors' and agents' conferences and meetings of directors and of the advisory council.

# FEDERAL RESERVE BANK OF ATLANTA

*Monthly averages of daily figures—in millions*

HOLDINGS OF BILLS AND SECURITIES																			
	<i>Bills Discounted</i>		<i>Bills Bought</i>		<i>U. S. Securities</i>		<i>Total Bills and Securities</i>		<i>Cash Reserves</i>		<i>F. R. Note Circulation</i>		<i>Member Bank Reserve Deposits</i>		<i>Reserve Ratio</i>				
	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930			
21 Jan.	23	32	12	19	8	9	43	59	159	149	134	135	58	65	80.9	73.7			
Feb.	22	25	6	19	8	9	35	53	162	153	131	132	59	64	84.1	76.9			
March	13	22	7	17	11	9	31	48	167	158	131	132	59	65	87.4	80.0			
April	11	19	7	20	13	9	30	48	171	157	132	129	60	65	87.8	79.5			
May	11	28	8	18	19	9	39	54	158	146	130	127	58	63	83.1	75.9			
June	13	30	8	10	21	10	42	50	148	148	124	127	57	61	80.8	77.6			
July	14	29	8	9	22	11	44	49	140	139	118	119	57	61	78.8	76.3			
Aug.	20	30	5	8	22	13	47	51	136	133	114	115	54	59	77.3	75.1			
Sept.	25	28	7	12	22	13	55	53	127	131	113	115	54	60	73.0	74.4			
Oct.	38	25	35	11	22	13	95	48	90	143	117	122	51	60	50.9	77.7			
Nov.	51	27	32	10	17	10	101	47	84	145	121	123	49	59	47.1	78.5			
Dec.	52	30	20	14	16	8	88	52	96	143	122	129	49	58	54.4	75.7			

# VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

## FEDERAL RESERVE BANK OF ATLANTA

<i>Number of Pieces Handled</i>	1931	1930	1929	1928
Bills discounted:				
Applications .....	11,378	10,100	12,255	10,259
Notes discounted .....	64,502	63,285	75,189	60,473
Bills purchased:				
In open market.....	7,625	8,660	6,931	6,268
From other Federal Reserve Banks .....	116	—	—	—
Currency received and counted .....	117,567,242	125,990,910	133,934,704	122,279,626
Coin received and counted.	66,269,794	70,845,651	62,926,922	60,994,041
Checks handled .....	28,940,900	31,496,000	32,305,000	31,384,000
Collection items handled:				
U. S. Govt. coupons paid.	390,711	411,777	452,395	663,108
All other .....	178,181	165,977	163,671	154,739
U. S. Securities—issues, re- demptions, and exchanges by Fiscal Agency Depart- ment .....	54,497	34,885	53,311	169,416
Transfers of funds.....	73,889	84,575	97,924	85,470
<i>Amounts Handled</i>				
Bills discounted .....\$	450,631,000	\$ 515,993,000	\$ 1,349,145,000	\$ 1,326,634,000
Bills purchased:				
In open market.....	107,631,000	124,290,000	104,804,000	96,854,000
From other Federal Reserve Banks .....	5,006,000	10,026,000	—	—
Currency received and counted .....	465,356,000	564,128,000	583,131,000	536,362,000
Coin received and counted.	10,637,000	12,787,000	8,923,000	8,249,000
Checks handled .....	8,227,498,000	10,428,054,000	12,182,513,000	11,975,832,000
Collection items handled:				
U. S. Govt. coupons paid.	5,328,000	5,911,000	6,371,000	6,074,000
All other .....	138,367,000	147,384,000	169,231,000	163,213,000
U. S. Securities—issues, re- demptions, and exchanges by Fiscal Agency Depart- ment .....	292,631,807	148,902,000	137,713,000	236,759,000
Transfers of funds.....	2,110,001,000	2,562,525,000	2,477,543,000	2,296,725,000

# CONDITION OF WEEKLY REPORTING MEMBER BANKS IN SELECTED CITIES

*Monthly averages of weekly figures—in millions*

	<i>Loans on Securities</i>		<i>All Other Loans</i>		<i>Invest- ments</i>		<i>Total Loans and Investments</i>		<i>Demand Deposits</i>		<i>Time Deposits</i>		<i>Borrowings from F. R. Bank</i>	
	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930	1931	1930
January	138	153	291	342	142	124	571	620	305	333	223	232	10	21
February	132	159	289	335	148	124	569	618	306	331	221	241	9	13
March	133	163	283	333	160	125	576	621	304	326	229	243	3	9
April	127	159	278	331	178	130	583	620	311	329	230	243	1	6
May	116	153	272	321	175	132	563	606	307	322	228	243	2	9
June	116	148	265	318	178	134	559	600	302	312	227	244	2	10
July	114	148	266	310	179	135	559	593	300	313	233	243	1	9
August	113	151	263	300	174	137	550	588	291	311	235	243	6	8
September	114	150	263	301	181	145	558	596	281	313	228	241	11	9
October	116	144	262	306	185	150	563	600	267	312	218	240	22	9
November	114	142	259	308	181	145	554	595	259	312	214	239	31	12
December	114	135	252	313	183	146	549	594	254	303	208	232	30	16