

OPERATION OF
Federal Reserve Bank
of Kansas City

1922



EIGHTH ANNUAL REPORT
TO THE
FEDERAL RESERVE BOARD

ANNUAL REPORT
of the
Federal Reserve Agent
of the
Tenth Federal Reserve District
to the
Federal Reserve Board

COVERING THE CALENDAR YEAR

1922

ASA E. RAMSAY
Chairman and Federal Reserve Agent

LETTER OF TRANSMITTAL

February 12th, 1923.

Sir:

I have the honor to transmit herewith the eighth annual report of the Federal Reserve Bank of Kansas City covering the year 1922.

Respectfully yours,

ASA E. RAMSAY,
Chairman and Federal Reserve Agent

HON. EDMUND PLATT, ACTING-GOVERNOR,
Federal Reserve Board,
Washington, D. C.

DIRECTORS AND OFFICERS
OF THE
FEDERAL RESERVE BANK OF KANSAS CITY
FOR 1923

DIRECTORS

CLASS A

E. E. MULLANEY, (1923), Hill City, Kan.
J. C. MITCHELL (1924), Denver, Colo.
FRANK W. SPONABLE (1925), Paola, Kan.

CLASS B

H. W. GIBSON (1923), Muskogee, Okla.
THOMAS C. BYRNE (1924), Omaha, Neb.
M. L. McCLURE (1925), Kansas City, Mo.

CLASS C

ASA E. RAMSAY (1923), Chairman, Kansas City, Mo.
HEBER HORD (1924), Central City, Neb.
FRED O. ROOF (1925), Denver, Colo.

MEMBER ADVISORY COUNCIL

E. F. SWINNEY, Kansas City, Mo.

OFFICERS

ASA E. RAMSAY, Chairman Board of Directors and
Federal Reserve Agent.
HEBER HORD, Deputy Chairman
C. K. BOARDMAN, Assistant Federal Reserve Agent
and Secretary
S. A. WARDELL, Auditor
A. E. BOLT, Assistant Auditor
T. GORDON SANDERS, Assistant Auditor
H. H. RHODES, Assistant Auditor
JAMES E. GOODRICH, Counsel

W. J. BAILEY, Governor
C. A. WORTHINGTON, Deputy Governor
J. W. HELM, Cashier
JOHN PHILLIPS, JR., Assistant Cashier
E. P. TYNER, Assistant Cashier
G. E. BARLEY, Assistant Cashier
M. W. E. PARK, Assistant Cashier
A. G. FROST, Assistant Cashier
A. M. McADAMS, Assistant Cashier
G. H. PIPKIN, Assistant Cashier

OMAHA BRANCH

DIRECTORS AND OFFICERS

WM. J. COAD, Omaha
P. L. HALL, Lincoln

GEO. E. ABBOTT, Cheyenne
R. O. MARNELL, Nebraska City
L. H. EARHART, Omaha

G. A. GREGORY, Cashier
W. D. LOWER, Assistant Cashier

L. H. EARHART, Manager
WM. PHILLIPS, Assistant Cashier
JUDD W. JONES, Branch Auditor

DENVER BRANCH

DIRECTORS AND OFFICERS

C. C. PARKS, Denver
JOHN EVANS, Denver

A. C. FOSTER, Denver
ALVA B. ADAMS, Pueblo
C. A. BURKHARDT, Denver
C. A. BURKHARDT, Manager
R. W. SMITH, Branch Auditor

J. E. OLSON, Cashier
ALBERT J. CONWAY, Assistant Cashier

OKLAHOMA CITY BRANCH

DIRECTORS AND OFFICERS

DORSET CARTER, Oklahoma City
T. P. MARTIN, JR., Oklahoma City

WM. MEE, Oklahoma City
E. K. THURMOND, Oklahoma City
C. E. DANIEL, Oklahoma City
C. E. DANIEL, Manager
O. A. LEAMON, Branch Auditor

R. O. WUNDERLICH, Cashier
R. L. MATHES, Assistant Cashier

OPERATIONS OF THE
FEDERAL RESERVE BANK
OF KANSAS CITY
IN 1922

GENERAL BUSINESS CONDITIONS

THE year 1922 brought a revival of business in the Tenth Federal Reserve District. Marked improvement began early in the spring with an upward turn in prices of farm products and live stock. Progress during the summer and early autumn was slow, due in part to the strikes of coal miners and railroad shopmen, and in part to interference of traffic by freight car shortage. Gains, however, were recorded each month, and the year closed with the industries of the District functioning at a high rate and general conditions fundamentally sounder than for many months past.

The trend of activities during the year was reflected month by month in the statistical reports, based on actual business experience, published in the Monthly Review issued by the Federal Reserve Bank of Kansas City for the information of Member banks and business interests of this District. In view of this widely disseminated information covering business conditions, it is not deemed necessary to present in this report more than a brief reference to the year's operations in the basic industries of the District.

Although a large portion of the Great Plains and Southwest areas was affected by a prolonged season of dry weather during the summer and early autumn, the 1922 yield of agricultural products was above the average for ten years. The returns show a farm value of all crops in the State of Missouri, Kansas, Nebraska, Oklahoma, Colorado, Wyoming and New Mexico, aggregating \$1,212,304,000,—an increase of \$312,647,000 over 1921.

Drought conditions in the Southwest also affected the live stock industry, resulting in an abnormally heavy movement of stock from farms and ranges, in regions affected, to the live stock markets, there to be distributed throughout the regions where stock feed was abundant. At the end of the year more cattle were on feed in the "corn belt" of Missouri, Kansas, Nebraska and Iowa than

at any previous time in history, the number of hogs had been increased, sheep on feed were in good supply, and with prices relatively higher the live stock industry was in much better condition than one year ago.

New wealth created by the agricultural and live stock industries stimulated trade and industry. The volume of merchandise distributed by wholesalers and jobbers increased steadily to the end of the year, and retailers reported the most satisfactory year's trade since the World War from the standpoint of sound and stabilized business. Automobile sales far exceeded those of the previous year, and sales of implements and farm equipment in the latter months of the year were more than double those of the previous year.

The year-end reports reflected increased production of zinc and lead ores in the Missouri-Kansas-Oklahoma district, and, due to greatly increased prices, the value of the year's output was two and one-half times that of 1921. Encouraged by high prices of silver, zinc and other minerals, the production of the metal mines of Colorado was greatly increased during the year. Coal mining, although curtailed by the strike of miners from April 1st to the middle of September, was at a high per cent of operating capacity in the late months of the year and the urgent demands for coal were supplied.

The output of crude oil from the various fields in Missouri, Kansas, Wyoming and Colorado, was approximately 206,000,000 barrels for the twelve months of 1922,—one-fifth more than in 1921 and the largest year's record.

A high record for building activity was established in the year 1922 and progress was made in relieving the housing situation. It was also a year of construction of highways and municipal improvements.

There was a continued demand for labor during the year, with shortages reported in many localities, and the element of unemployment was practically eliminated.

MOVEMENT OF PRINCIPAL ASSETS AND LIABILITIES

The movement of principal asset and liability items as reported on weekly statements during 1922 is shown in Schedule No. 2. As seen from this schedule, the amount of total earning assets was held fairly uniform through increases made in investments in United States securities. An average of the total earning assets as reported, however, was only \$68,270,700, compared with an average of \$102,485,000 for 1921, and \$133,230,000 for 1920.

The most noticeable change in the statements of the bank was the decrease in the bank's holdings of bills discounted for member banks, which, on January 4th were \$69,569,000, and on August 23rd

only \$16,887,000. The extent of this liquidation can better be realized by comparing the figures for the low point, August 23rd, 1922—\$16,887,000—with the high point reported on the statement of November 5th, 1920—\$161,072,000. Between the latter dates discounted bills for member banks secured by U. S. Government obligations decreased from \$48,971,000 to \$1,080,000.

During the latter part of the year borrowings of member banks increased, and on December 27th, bills discounted amounted to \$30,436,000, of which \$9,767,000 was secured by U. S. Government obligations.

The amount of bills bought in open market, shown on January 4th, 1922, as \$1,096,000, was gradually reduced and in July these bills were entirely liquidated. Purchases during the latter six months were very small, and the closing statement of the year showed only \$402,000 on hand.

At the beginning of the year U. S. securities held amounted to \$14,257,000, and that amount had remained practically unchanged during the last three months of 1921, prior to which time there had been a steady decline from the high point of \$29,648,000 reported in statement of January 16th, 1920. As loans and discounts decreased, investments were made in U. S. securities in order that earning assets could be maintained at an amount that would insure payment of operating expenses. During midsummer more than \$45,000,000 was invested in U. S. securities, and in the last statement of the year, \$40,886,000.

The cash reserve increased during the year, and total deposits increased in an almost corresponding amount. In considering the strong reserve position it may be of interest to note that the circulation of Federal Reserve notes increased about \$4,000,000, and earning assets decreased over \$13,000,000, and on Dec. 27th, Federal Reserve notes outstanding amounted to \$72,230,000, earning assets \$71,724,000. The cash reserve on that date was in excess of deposits, cash reserve being \$89,799,000, and deposits \$84,555,000.

DISCOUNT AND INVESTMENT TRANSACTIONS

There has been a material reduction in the volume of loans handled at the head office and branches, but the decrease in the number of items handled was not in proportion to the decrease in the amount represented. During the year 733 banks of a total membership of 1,152 were accommodated with loans aggregating \$328,019,000, as against accommodations extended in 1921,—920 banks of a total membership of 1,103, aggregating \$944,074,000. The number of notes discounted, however, was 70,249, compared with 110,067 for the year 1921. The average amount of paper under discount was \$29,875,000 compared with an average of \$84,660,000 for 1921 and \$124,268,000 for 1920.

Bankers acceptances purchased in open market totaled \$1,849,000 against \$5,558,000 for 1921. The total of U. S. securities purchased during 1922 was \$85,122,000; the amount of sales and redemptions \$60,187,000; whereas, in 1921 purchases amounted to only \$9,949,000 and sales and redemptions to \$17,384,000. The average holdings of U. S. securities for the year were \$38,247,000, compared with average holdings of \$17,728,000 for 1921.

At the close of 1921 the discount rate on member bank notes and rediscounts of all maturities was 5 per cent. Effective August 12th, this rate was reduced to $4\frac{1}{2}$ per cent, and U. S. Government war obligations were accepted as collateral on a basis of par. There were no other changes in discount rates.

Schedule No. 3 gives the volume of discount and open market operations, and Schedule No. 4 the volume of bills discounted for member banks in each state.

FEDERAL RESERVE NOTES

From a comparison of the schedules of the circulation of Federal Reserve notes in the last four Annual Reports, it is noted that the contraction and expansion of this currency was not uniform during the same seasons of the different years. In 1919 the contraction set in immediately following the first of the year, when the amount of Federal Reserve notes in actual circulation was reported as \$112,047,000, and continued until August, from which time on the circulation increased steadily until the close of the year. In 1920 the contraction did not set in as early, the low point being reached in May, and on December 30th the circulation of Federal Reserve notes had increased to \$111,874,000, almost the identical amount of circulation at the close of the year 1918. In 1921 the contraction continued throughout the entire year, and resulted in a decrease of over \$40,000,000 in circulation, from \$109,720,000 shown on January 7th, to \$69,667,000 on December 28th. During 1922 there was less contraction than during the previous years. Circulation decreased from \$68,577,000 to \$57,267,000 (June 28th) and at the close of the year had expanded to \$72,230,000. The circulation of Federal Reserve notes was affected by the reduction during 1922 in the amount of Federal Reserve Bank notes outstanding, which decreased from \$10,614,500 to \$2,066,154.

The Federal Reserve Agent received Federal Reserve notes aggregating \$54,240,000 from the Comptroller of the Currency in 1922, compared with \$39,220,000 received in 1921. The Agent issued to the Federal Reserve bank during 1922, \$45,180,000 in Federal Reserve notes, against the pledge of gold and eligible paper, as compared with \$36,730,000 issued in 1921.

CLEARING AND COLLECTION OPERATIONS

There was a decided increase in the volume of business in practically every division of the Transit departments of the head office and three branches. There was a slight decrease in the number of checks handled as compared with the two preceding years, as shown in Schedule No. 6, but the number of unpaid checks was considerably more than in past years, due in a measure to the increase in the number of bank failures.

The volume of business transacted through the city and country collection departments materially increased, there being 214,556 items handled for the amount of \$166,830,477.07 as compared with 136,068 for \$144,270,988.24 in 1921, and 74,306 for \$143,-947,574.80 in 1920.

There were 112,756 wire transfers made in 1922 against 113,918 in 1921 and 68,161 in 1920. However, the amount of funds transferred in 1922 was \$3,753,239,495.27 compared with \$2,690,016,-945.76 in 1921 and \$2,022,103,920.59 in 1920.

FISCAL AGENCY OPERATIONS

During the year thirteen different series of Certificates of Indebtedness and Treasury notes and bonds were handled for the Secretary of the Treasury, for which subscriptions accepted amounted to \$145,051,700.00. Cash quotas were assigned the District for all issues, and for many of them secondary quotas were given against which Victory notes could be accepted.

In addition to the usual transactions involving the transfer of registered bonds, and the exchange of registered for coupon bonds and coupon for registered bonds, 5,295 First Liberty Loan Converted 4 per cent bonds and 4 per cent Second Liberty Loan bonds were converted to 4 $\frac{1}{4}$ per cent bonds.

The call by the Secretary of the Treasury of all 3 $\frac{3}{4}$ Victory notes to be redeemed on or before June 15th, 1922, resulted in a gradual retirement of this issue prior to the redemption date. The announcement, however, of the call for redemption on December 15th, 1922, of one-half of the outstanding 4 $\frac{3}{4}$ Victory notes (those bearing the symbol letters "A" to "F" inclusive) together with announcement of the Secretary of the Treasury that the Federal Reserve banks and branches would handle the redemption of 1918 Series of War Savings Certificates (Baby bonds) maturing on January 1st, 1923, resulted in a vast accumulation of securities for redemption during the closing days of the year.

Extra help was employed in the Fiscal Agency departments, and at the head office alone a force of 250 employees worked day and night handling War Savings securities only, which involved the issuance of over 115,000 Cashier's checks.

Sales of Treasury Savings certificates in the Tenth Federal Reserve District during the year 1922 amounted to \$21,635,337.00,

compared with \$1,274,898.00 for the year 1921, and \$2,890,860.00 for 1920. This District now leads the other eleven Federal Reserve Districts in per capita sales, and ranks third in the amount of cash received from sales.

CURRENCY AND COIN TRANSACTIONS

The practice of absorbing the cost of shipping currency to member banks, and from member banks to this bank, was continued during the year. Currency and coin transactions showed a considerable increase in volume over previous years; the number of bills received and counted by the head office and branches in 1922 was 41,487,661, an increase of almost 3,000,000 bills over 1921, and an increase of more than 8,000,000 over 1920. There was an even greater increase in 1922 in the number of coins received and counted,—71,079,944 against 67,260,864 in 1921 and 15,063,920 in 1920.

OPERATION OF BRANCHES

OMAHA BRANCH

Although the average holdings of discounts of the Omaha Branch during 1922 were only \$9,559,000 as compared with \$21,434,000. for 1921, the volume of business as a whole increased over the previous year.

The daily average of transit items handled in 1922 was 30,495 against 28,650 in 1921. The daily average number of telegraphic transfers over the private leased wire was 67 as against 47 for the previous year. The aggregate amount of telegraphic transfers in 1922 was \$685,097,517.15. There was an increase of 21 per cent in the number of member banks accommodated through currency shipments.

With the exception of the redemption in December of War Savings stamps, series 1918, the transactions for the Government's account during 1922 did not show material change over the previous year. The branch received 79,480 War Saving Certificates bearing Stamps of a cash value of \$5,401,981.59, the redemption of which involved the issuance of over 41,000 Cashier's checks. In order to handle this volume of business, it was necessary to rent additional space outside the bank building, and make large additions of temporary employees to the regular force.

DENVER BRANCH

The volume of business transacted showed an increase over the preceding year in nearly all departments.

There were not as many transactions in the Discount Department as during the year 1921, and the amount represented was not

as large. The loans reached the low point of \$2,812,559.36 on September 18th, and the high point of \$9,106,383.72 on December 28th. On December 31st the loans were \$7,255,616.41 as compared with \$6,642,789.00 on the same day of the preceding year.

In the Transit Department there was an increase in the number of cash items handled of 16.6% over the number handled in 1921. The volume of business in the Collection Department shows an even greater increase, as there were 23,752 collections made, 2,575 returned unpaid and 470 in process of collection at the close of the year, compared with 16,116 collections made in 1921, 1,420 collections returned unpaid and 397 outstanding.

The lots purchased last year at the corner of 18th and Curtis Streets on which it was proposed to build a building for the branch, were exchanged for four lots situated at the corner of 17th and Arapahoe Streets, on which location a permanent home for the branch will be erected as soon as authority from Congress has been received.

On December 18th, a gang of heavily armed bandits staged a daring daylight hold-up in front of the Denver Mint, as the messengers of the Denver Branch were transferring currency from the Mint to their automobile truck. One of the guards was killed and the robbers made a successful escape with \$200,000.00 in \$5.00 bills. The bank has been fully reimbursed for the loss by the insurance company. Along with other rewards offered was one by the Federal Reserve Bank of Kansas City of \$5,000.00 for information resulting in the arrest and conviction of the persons guilty of the crime.

OKLAHOMA CITY BRANCH

Operations were seriously handicapped by the lack of proper banking quarters. The Currency Department transacted all of its business in the basement of one of the commercial banks several blocks distant from the branch. Plans for relieving the unsatisfactory working conditions took shape in 1922, and a contract was made on May 8th with the Selden-Breck Construction Company of St. Louis, for the erection of a modern, fireproof structure, at the corner of 3rd Street and Harvey Avenue, as a permanent home for the branch bank. The contract provides for a three story building of steel and concrete construction, walls of Bedford stone and brick and a full basement in which the vaults will be located. Actual construction on the building began in May, and the ceremonies in connection with laying of the corner stone were held on December 7th. It is expected that the building will be completed not later than May 1st, 1923.

The volume of business handled by all departments, with the exception of the Discount Department, showed a material increase over the previous year. The Transit Department handled a total of 13,111,008 city and country cash items with a total value of

\$1,564,587,234.93 against corresponding figures for 1921 of 12,283,397 items with a value of \$1,743,803.983.25. On November 13th, 93,392 cash items with a total value of \$10,984,635.74 were handled this being the largest single day's business.

The Collection Department handled 59,099 items for 1922 with a total value of \$41,011,184.90; the previous year's figures being 28,428 items for \$24,997,967.85. There was also a material increase in the number and amount of funds transferred, and about the same percentage of increase in the volume of currency and coin shipments and receipts.

MOVEMENT OF MEMBERSHIP

A schedule of change in membership given below by States, shows a net increase of forty-nine members.

State	12-31-21 Total	ADDITIONS			WITHDRAWALS			12-30-22 Total
		National Banks	State Banks	Total	National Banks	State Banks	Total	
Colorado.....	146	1	1	2	0	0	0	148
Kansas.....	275	2	1	3	2	2	4	274
Missouri*.....	56	1	0	1	1	1	2	55
Nebraska.....	202	1	0	1	5	0	5	198
New Mexico*.....	15	0	0	0	1	0	1	14
Oklahoma*.....	358	61	0	61	6	1	7	412
Wyoming.....	51	0	0	0	0	0	0	51
Total.....	1,103	66	2	68	15	4	19	1,152

*—Within District No. 10.

It will be noted from the schedule, that outside of the State of Oklahoma, only five National bank charters were granted in other states or parts of states located within the Tenth Federal Reserve District.

In the last Annual Report the statement was made that during 1921, the failure of State banks in Oklahoma so involved the Depositors' Guaranty Fund of that State, that many of the larger State banks had surrendered their charters and become National banks; that within the period from November 14th to December 31st, 1921, twenty-eight State banks converted into National banks and at the close of the year twenty-eight State banks had applications pending with the Comptroller of the Currency. During the first six months of the year 1922, fifty-five National bank charters were granted in Oklahoma, either as conversions of State banks or new organizations to succeed State banks, but during the last six months' period there were only four State bank conversions. Two National banks were organized to succeed failed National banks, making a total of sixty-one new National banks in that State for the year.

As to the withdrawals of National bank members, one bank changed to a Trust company, three banks went into voluntary liqui-

dition, one bank merged with a State bank, three merged with National banks, and the stock of the Federal Reserve Bank of Kansas City held by seven suspended National banks was surrendered by the receivers, making a total of fifteen withdrawals during the year.

There was no campaign made for State bank members and only two were admitted to membership during 1922,—the Bankers Trust Company of Denver, Colorado, and the Jamestown State Bank, Jamestown, Kansas. The First State Bank, Locust Grove, Oklahoma, converted into a National bank, and the State Savings and Mercantile Bank, Wichita, Kansas, merged with a National bank. The voluntary withdrawal of the Kansas Reserve State Bank, Topeka, Kansas, and the surrender of stock by the Midwest Reserve Trust Company of Kansas City, Missouri, were the only other changes in State bank membership,—there being at the close of the year forty-four State bank and Trust company members.

PERSONNEL

J. Z. Miller, Jr., resigned as Governor of the bank, effective July 1st, 1922, and was succeeded by Director W. J. Bailey, who also served as director for the remainder of his term, which expired December 31st, 1922.

The Federal Reserve Board reappointed Mr. Asa E. Ramsay Chairman of the Board of Directors and Federal Reserve Agent; reappointed Mr. Heber Hord Deputy Chairman, and appointed Mr. Fred O. Roof of Denver, Colorado, as a Class "C" Director, for a term of three years, to succeed Mr. Fred W. Fleming whose term expired December 31st, 1922. Member banks re-elected Mr. M. L. McClure as a Class "B" Director and elected Mr. Frank W. Sponable of Paola, Kansas, as a Class "A" Director to succeed Director W. J. Bailey, each for a term of three years.

G. A. Gregory, former Assistant Cashier of the Omaha Branch, was promoted to the office of Cashier to succeed Cashier P. R. Fredman, resigned.

The only other change in the personnel of the officers was the appointment of O. A. Leamon as Branch Auditor for the Oklahoma City Branch. A complete list of directors and officers for the year 1923 is given on page 3 of this report.

Due to a decrease in the volume of business handled, and through the efforts of the Efficiency Committee, the number of bank employees at the head office and branches was reduced during the year from 839 to 742.

On February 23rd, 1922, a conference of Federal Reserve Agents and Governors of the Federal Reserve Banks of Cleveland, Minnea-

polis, Dallas and Kansas City was held at the Federal Reserve Bank of Kansas City, at which meeting Governor W. P. G. Harding was present and the members of the Board of Directors of the Federal Reserve Bank of Kansas City. This was the first meeting of this group of Federal Reserve Banks called by the Federal Reserve Board under its program of sectional conferences.

FINANCIAL RESULTS OF OPERATION

The gross earnings from operations for the year were \$3,094,660.-07; current expenses \$2,010,820.23, leaving net earnings of \$1,083,-839.84. After adding miscellaneous earnings of \$101,958.88, which amount includes appreciation on U. S. securities of \$95,999.40, and deducting \$402,763.08, which includes depreciation allowances of \$211,243.28 on bank buildings at Kansas City and Omaha and reserves for replacements of Kansas City banking house of \$126,-567.14, the net earnings available for dividends, franchise tax and surplus amounted to \$783,035.64, which was distributed as follows:

Semi-Annual dividend No. 16 to June 30th, 1922.....	\$138,073.72
Semi-annual dividend No. 17 to Dec. 31st, 1922.....	137,581.16
Transferred to Surplus account.....	50,738.07
Paid to U. S. Government as 1922 Franchise Tax....	456,642.69
Total,	<u>\$783,035.64</u>

A detailed statement of the distribution of 1922 earnings is given in Schedule 5, together with comparative figures covering the years 1921 and 1920.

In addition to the amount paid the U. S. Government as 1922 Franchise Tax, on December 30th, 1922, the surplus account of the bank was reduced in the sum of \$208,169.99, and a like amount paid to the Treasurer of the United States in adjustment of the amount of Franchise Tax paid for the year 1921. In closing the books for the year the surplus and super-surplus accounts were combined, and the capital and surplus accounts were as follows:

Subscribed capital, January 1st, 1923.....	\$9,246,200.00
Paid-in-capital January 1st, 1923.....	4,623,100.00
Surplus January 1st, 1923.....	9,488,299.89

The Franchise Taxes paid the Government on December 30th, 1922, of \$456,642.69 and \$208,169.99, added to the amounts paid for the years 1920 and 1921, make a total of \$5,205,599.19 paid to the United States as Franchise Taxes to be used either to supplement the gold reserve held against outstanding U. S. notes or applied to the reduction of outstanding bonded indebtedness of the United States.

Of the total gross earnings of the head office and branches, \$1,492,656.75 was from bills discounted, \$8,827.54 from discounts on bills purchased, \$1,408,737.84 interest on U. S. securities, \$137,-222.71 miscellaneous earnings and \$47,215.23 penalties on deficient reserves. The latter amount is relatively small compared with penalties for the two previous years; earnings in 1921 from that source being \$126,434.05, and in 1920 \$238,424.89. A comparative detailed statement of earnings and current expenses for the years 1922, 1921 and 1920 is given in Schedule 5.

CHANGES IN CONDITION OF MEMBER BANKS IN RESERVE CITIES OF THIS DISTRICT

All member banks located in reserve cities of this district continued reporting weekly figures of principal asset and liability items, which figures were published by the Federal Reserve Board, together with figures from member banks in selected cities of the other districts. The reports for the last date of each month are compiled in Schedule No. 7, the outstanding features of which are briefly reviewed as follows:

Total loans and discounts show a slight decline during the first nine months, and at the end of the year are shown as \$449,299,000 a decrease of only \$5,232,000 from the last report in December, 1921, as compared with a steady decrease for 1921, the January figures of that year being \$512,090,000 and December \$454,531,000.

Investments in Government securities more than doubled in 1922, a steady increase from \$41,905,000 to \$90,027,000, as compared with a slight decrease in 1921. Likewise, investments other than Government securities made a substantial increase from \$49,115,000 to \$60,289,000, as against a slight decrease for 1921. An almost uninterrupted increase is noted in net demand deposits from \$371,784,000 to \$445,741,000, against a decrease shown in 1921 of over \$26,000,000. Time deposits show a gain for both years, the 1922 gain being somewhat larger.

Accommodations granted Reserve City banks by the Federal Reserve Bank, which showed such a marked reduction in 1921 from over \$66,000,000 to less than \$36,000,000, continued on the decline, the low point being \$2,254,000, as shown on the last report in July. December figures show \$17,034,000, a decrease of over \$18,000,000, for the year.

FEDERAL RESERVE BANK OF KANSAS CITY

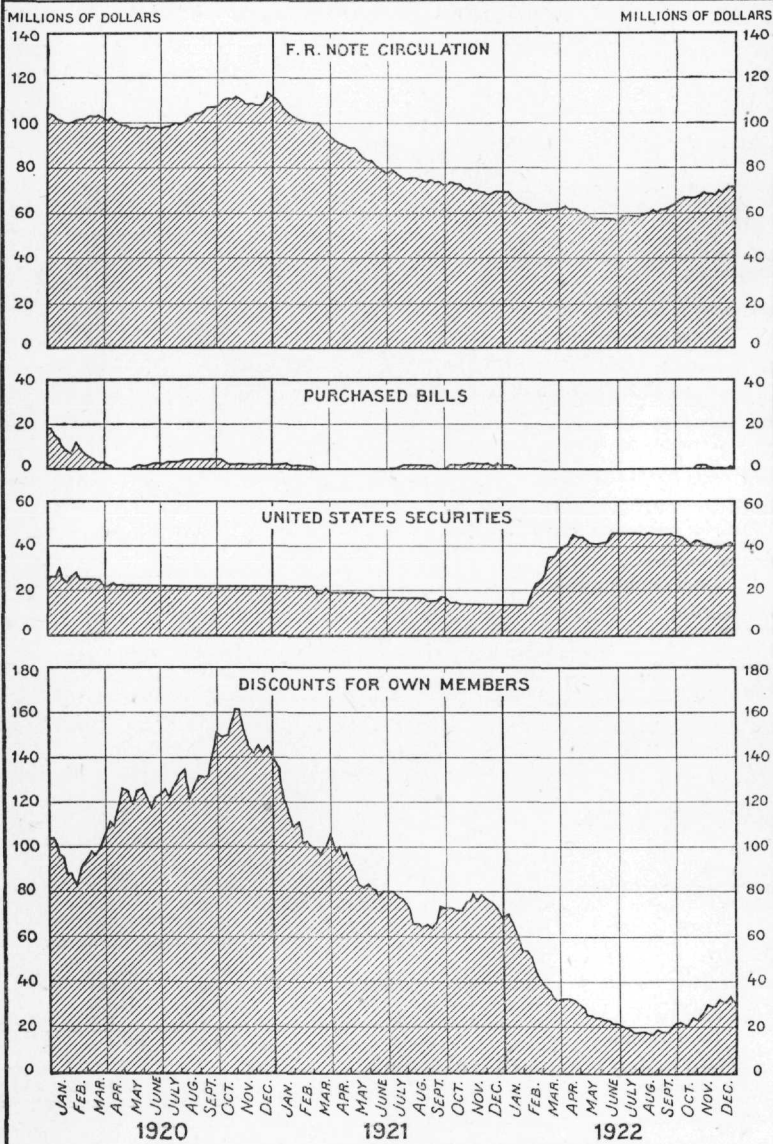
SCHEDULE No. 1—*Comparative Statement of Condition*

(IN THOUSANDS OF DOLLARS)

	Dec. 30, 1922	Dec. 31, 1921	Dec. 31, 1920
RESOURCES			
Gold and gold certificates.....	2,682	2,517	4,026
Gold settlement fund—Federal Reserve Board.....	30,768	33,764	23,957
Gold with foreign agencies.....			158
Total gold held by bank.....	33,450	36,281	28,141
Gold with Federal Reserve Agent.....	55,031	28,042	40,769
Gold redemption fund.....	2,354	3,474	5,255
Total gold reserves.....	90,835	67,797	74,165
Legal tender notes, silver, etc.....	3,902	6,861	2,332
Total reserves.....	94,737	74,658	76,497
Bills Discounted:			
Secured by U. S. Government obligations.....	7,352	17,839	29,707
All other.....	19,192	52,140	80,634
Bills bought in open market.....	402	1,337	2,171
Total bills on hand.....	26,946	71,316	112,512
United States bonds and notes.....	27,559	8,868	8,868
United States Certificates of Indebtedness:			
One-year certificates (Pittman Act).....		5,320	12,820
All other.....	11,630	66	1
Municipal warrants.....		150	
Total earning assets.....	66,135	85,720	134,201
Bank premises.....	4,695	4,400	1,041
5 per cent redemption fund against F. R. Bank notes.....	200	889	916
Uncollected items.....	47,968	40,926	55,652
All other resources.....	665	518	350
Total resources.....	214,400	207,111	268,657
LIABILITIES			
Capital paid in.....	4,623	4,570	4,455
Surplus.....	9,488	9,646	9,159
DEPOSITS:			
Government.....	1,283	6,053	4,909
Member bank-reserve account.....	82,782	71,997	74,318
All other.....	3,286	758	678
Total deposits.....	87,351	78,808	79,905
Federal Reserve notes in actual circulation.....	69,887	69,044	111,578
Federal Reserve Bank notes in circulation—net liability.....	2,066	10,615	14,221
Deferred availability items.....	40,575	33,532	47,631
All other liabilities.....	410	896	1,708
Total liabilities.....	214,400	207,111	268,657
Ratio of total reserves to deposit* and Federal Reserve note liabilities combined.....	60.3	50.5	*41.7

*—Net deposits prior to March 18, 1921, and total deposits beginning with that date.

FEDERAL RESERVE BANK OF KANSAS CITY



FEDERAL RESERVE BANK OF KANSAS CITY
SCHEDULE No. 2—*Movement of Principal Assets and Liabilities During 1922*

(AMOUNTS IN THOUSANDS OF DOLLARS)

DATE	Total Earning Assets (2+5+6)	BILLS DISCOUNTED For Member Banks			Bills Bought in open Market	United States Securities	Total Cash Reserves	Member Banks' Reserve Deposits	Total Deposits	Federal Reserve notes in Circula- tion	Reserve Percent- ages
		Total	Bills Se- cured by U. S. Gov. obligations	Other Bills discounted							
	1	2	3	4	5	6	7	8	9	10	11
Jan. 4.	*85,072	69,569	18,165	51,404	1,096	14,257	72,523	67,456	72,729	68,577	51.3
Jan. 11.	*79,927	64,792	15,767	49,025	753	14,232	74,053	68,517	70,648	66,644	53.9
Jan. 18.	74,634	60,038	14,339	45,699	364	14,232	81,846	69,512	73,082	65,183	59.2
Jan. 25.	67,936	53,511	11,544	41,967	194	14,231	86,795	69,393	72,940	63,837	63.5
Feb. 1.	68,850	54,389	14,139	40,250	61	14,400	87,300	69,015	75,302	62,676	63.3
Feb. 8.	70,476	50,693	13,754	36,939	58	19,725	85,048	70,258	75,518	62,223	61.7
Feb. 15.	67,317	44,051	10,301	33,750	45	23,221	89,173	73,326	76,410	61,355	64.7
Feb. 21.	63,256	40,407	8,835	31,572	46	22,803	95,600	76,034	78,487	61,493	68.3
Mch. 1.	64,772	37,748	8,231	29,517	26	26,998	91,763	73,449	76,893	61,881	66.1
Mch. 8.	72,444	37,072	7,713	29,359	36	35,336	81,354	71,055	73,205	61,960	60.2
Mch. 15.	68,850	33,969	7,419	26,550	29	34,852	84,468	71,303	78,710	62,123	60.0
Mch. 22.	68,146	32,454	6,717	25,737	29	35,663	85,233	68,561	73,180	62,161	63.0
Mch. 29.	72,269	32,757	6,078	26,679	29	39,483	82,436	71,523	75,325	61,690	60.2
April 5.	72,519	32,914	6,253	26,661	19	39,586	83,985	68,645	70,550	62,773	63.0
April 12.	74,608	32,846	5,749	27,097	44	41,718	78,576	69,813	72,163	61,922	58.6
April 19.	76,680	31,999	5,092	26,907	44	44,637	78,850	73,219	76,245	61,544	57.2
April 26.	74,262	30,411	4,863	25,548	39	43,812	77,791	71,061	73,404	60,517	58.1
May 3.	73,084	29,233	5,755	23,478	39	43,812	85,203	76,047	81,252	60,357	60.2
May 10.	67,286	25,194	3,487	21,707	29	42,063	81,527	70,599	73,313	59,589	61.3
May 17.	66,479	24,999	3,387	21,612	5	41,475	86,291	74,721	79,338	59,012	62.4
May 24.	65,235	23,754	3,758	19,996	5	41,476	85,001	74,806	77,314	58,182	62.7
May 31.	65,687	24,206	3,947	20,259	5	41,476	90,183	76,293	79,819	57,577	63.6
June 7.	65,262	23,435	3,189	20,246	5	41,822	83,821	73,051	74,943	58,153	63.0
June 14.	64,422	22,572	2,739	19,833	5	41,845	90,840	76,999	80,163	57,758	63.9
June 21.	65,766	21,147	2,645	18,502	5	44,614	90,807	80,884	82,762	58,020	64.5
June 28.	66,735	21,114	2,889	18,225	5	45,616	87,488	77,141	79,988	57,267	63.7
July 5.	65,681	20,060	2,373	17,687	5	45,616	89,796	75,479	77,764	59,143	65.6

SCHEDULE No. 2—Continued

(AMOUNTS IN THOUSANDS OF DOLLARS)

DATE	Total Earning Assets (2+5+6)	BILLS DISCOUNTED For Member Banks			Bills Bought in open Market	United States Securities	Total Cash Reserves	Member Banks' Reserve Deposits	Total Deposits	Federal Reserve notes in Circula- tion	Reserve Percent- ages
		Total	Bills Sec- ured By U. S. Gov Obligation	Other Bills Discount- ed							
	1	2	3	4	5	6	7	8	9	10	11
July 12.....	64,318	18,550	1,613	16,937	.....	45,768	89,441	77,169	79,395	58,958	64.6
July 19.....	64,078	18,376	1,513	16,863	.....	45,702	95,126	77,509	84,726	58,975	66.2
July 26.....	63,899	18,205	1,470	16,735	.....	45,694	92,497	78,124	81,409	58,807	66.0
Aug. 2.....	63,571	17,872	1,719	16,153	.....	45,699	95,402	75,066	78,738	59,437	69.0
Aug. 9.....	63,259	17,685	1,634	16,051	75	45,499	92,027	77,579	79,537	60,102	65.9
Aug. 16.....	62,660	17,083	1,287	15,796	75	45,502	92,780	78,086	81,418	60,461	65.4
Aug. 23.....	62,165	16,887	1,080	15,807	75	45,203	93,746	78,049	81,089	60,754	66.1
Aug. 30.....	63,829	18,551	2,034	16,517	75	45,203	90,054	77,529	80,446	60,372	64.0
Sept. 6.....	63,239	17,957	1,740	16,217	75	45,207	93,309	80,637	82,840	62,024	64.4
Sept. 13.....	62,456	17,724	1,187	16,541	75	44,657	93,678	78,045	81,544	61,992	65.3
Sept. 20.....	64,689	20,070	2,269	17,801	75	44,544	92,289	79,231	81,109	63,076	64.0
Sept. 27.....	66,803	22,359	3,154	19,205	75	44,369	92,259	78,148	80,724	63,902	63.8
Oct. 4.....	66,187	22,217	2,189	20,028	101	43,869	95,472	81,314	82,653	65,573	64.4
Oct. 11.....	63,196	19,687	2,366	17,321	101	43,408	94,860	79,816	81,305	66,528	64.2
Oct. 18.....	64,503	24,089	5,435	18,654	101	40,313	98,543	80,813	83,332	67,478	65.3
Oct. 25.....	65,973	23,165	3,542	19,623	392	42,416	94,955	79,454	81,278	67,416	63.9
Nov. 1.....	68,745	25,756	4,922	20,834	791	42,198	95,024	81,239	84,119	67,879	62.5
Nov. 8.....	68,960	27,170	5,890	21,280	692	41,098	93,066	76,076	78,042	68,893	63.3
Nov. 15.....	71,459	29,752	7,406	22,346	715	40,992	95,690	79,879	83,879	68,982	62.6
Nov. 22.....	68,827	28,584	6,625	21,959	300	39,943	93,678	77,495	81,486	68,734	62.4
Nov. 29.....	68,452	28,858	7,757	21,101	402	39,192	93,421	77,392	80,937	67,705	62.8
Dec. 6.....	71,325	31,726	9,893	21,833	402	39,197	92,724	79,539	82,698	69,501	60.9
Dec. 13.....	71,344	31,345	9,136	22,209	402	39,597	94,436	82,875	85,948	69,022	60.9
Dec. 20.....	76,760	34,066	11,751	22,315	602	42,092	84,025	80,773	84,438	71,552	53.9
Dec. 27.....	71,724	30,436	9,767	20,669	402	40,886	89,799	80,608	84,555	72,230	57.3

*—Includes \$150,000 of Municipal Warrants.

FEDERAL RESERVE BANK OF KANSAS CITY
SCHEDULE No. 3—*Volume of Discount and Open Market Operations*
(IN THOUSANDS OF DOLLARS)

Month	DISCOUNTED PAPER						PURCHASED PAPER				U. S. Securities Purchased		Municipal warrant purchased	Total Discount and Open Market Operations		
	Total	Secured by U. S. Gov. obligations	Bankers' acceptances	Trade acceptances	Agricultural and livestock paper	All Other	Total	Bankers' acceptances	Dollar exchange	Trade acceptances	Bonds and Notes	Cert. of indebtedness		1922	1921	1920
Jan.....	46,220	31,277	.....	60	5,894	8,989	20	20	.....	.....	10	4	.....	46,254	100,742	148,413
Feb.....	32,625	25,078	.....	12	3,760	3,775	5	5	.....	.....	15,030	565	.....	48,225	91,629	135,647
March.....	29,199	16,061	.....	5	5,762	7,371	38	38	.....	.....	12,539	3,782	.....	45,558	112,114	178,502
April.....	22,257	10,552	.....	.....	5,039	6,666	39	39	.....	.....	9	5,056	.....	27,361	91,178	145,170
May.....	18,737	10,327	.....	.....	5,202	3,208	19	19	.....	.....	.....	14	.....	18,770	73,095	134,584
June.....	14,393	6,249	.....	.....	4,164	3,980	.....	.....	.....	.....	11,919	6,307	.....	32,619	77,410	153,692
July.....	14,350	8,882	.....	3	3,288	2,177	.....	.....	.....	.....	281	10	.....	14,641	69,109	151,738
Aug.....	9,445	4,479	.....	1	3,305	1,660	75	75	.....	.....	29	1	.....	9,550	60,347	150,307
Sept.....	19,574	9,463	.....	2	5,220	4,889	277	277	.....	.....	406	29	.....	20,286	72,916	161,254
Oct.....	29,831	15,622	.....	3	7,303	6,903	292	292	.....	.....	211	2,284	.....	32,618	81,730	169,348
Nov.....	36,629	25,190	.....	2	5,463	5,974	809	809	.....	.....	.....	5	.....	37,443	68,476	141,650
Dec.....	54,759	43,127	.....	.....	5,075	6,557	275	275	.....	.....	864	25,767	.....	81,665	61,591	142,890
Total:																
1922.....	328,019	206,307	.....	88	59,475	62,149	1,849	1,849	.....	.....	41,298	43,824	.....	414,990	.....	.....
1921.....	944,074	630,652	212	4,516	121,869	186,825	5,558	5,558	.....	.....	800	9,149	756	.....	960,337	.....
1920.....	1,667,943	1,114,026	369	10,142	543,406	.....	17,173	17,173	.....	.....	.....	128,079	.....	.....	.....	1,813,197

FEDERAL RESERVE BANK OF KANSAS CITY
SCHEDULE No. 4—*Volume of Bills Discounted for Member Banks in Each State*
(AMOUNTS IN THOUSANDS OF DOLLARS)

Month	Mo.*	Wyo.	Nebr.	Colo.	Kan.	Okla.*	[N. M.*	Total	Number of Member banks in district at end of month	Number of Member banks accommodat- ed during the month
January.....	12,325	1,154	9,249	7,755	4,192	11,184	361	46,220	1,112	563
February.....	10,969	758	5,765	4,421	2,575	7,582	555	32,625	1,118	453
March.....	5,051	1,184	9,600	3,778	2,795	6,390	401	29,199	1,129	441
April.....	3,503	1,127	7,895	2,998	2,186	4,142	406	22,257	1,141	443
May.....	3,526	1,179	5,207	3,083	2,315	3,095	332	18,737	1,146	429
June.....	1,947	764	3,907	3,310	1,838	2,166	461	14,393	1,152	381
July.....	5,202	671	2,223	2,495	1,519	1,862	378	14,350	1,151	303
August.....	897	565	2,061	1,729	1,784	2,060	349	9,445	1,152	292
September.....	5,171	272	7,233	2,167	2,945	1,684	102	19,574	1,151	316
October.....	7,174	240	10,136	7,837	2,831	1,538	75	29,831	1,152	327
November.....	10,647	322	11,083	10,993	2,392	1,143	49	36,629	1,154	330
December.....	12,116	719	10,775	26,692	2,828	1,546	83	54,759	1,152	297
TOTAL: 1922.....	78,528	8,955	85,134	77,258	30,200	44,392	3,552	328,019		
1921.....	289,897	28,863	175,230	141,255	85,460	216,713	6,656	944,074		
1920.....	687,211	25,666	356,931	222,453	125,537	239,982	10,163	1,667,943		
NUMBER OF MEMBER BANKS AT END OF YEAR:										
1922.....	55	51	198	148	274	412	14	1,152		
1921.....	56	51	202	146	275	358	15	1,103		
1920.....	58	50	210	145	271	340	13	1,087		
NUMBER OF MEMBER BANKS ACCOMMODATED:										
1922.....	38	35	146	99	138	267	10	733		
1921.....	54	39	169	105	211	329	13	920		
1920.....	45	35	192	114	171	257	12	826		

*—Figures in this column relate to that part of the State located in this district.

FEDERAL RESERVE BANK OF KANSAS CITY

SCHEDULE No. 5—*Earnings and Expense*

	1922	1921	1920
EARNINGS			
Discounted Bills.....	\$1,492,657	\$5,134,004	\$6,441,476
Purchased Bills.....	8,828	49,148	211,975
United States Securities.....	1,408,738	382,855	505,539
Transfers—Net Earnings.....	1,449		(a) 1,750
Deficient Reserve Penalties.....	47,215	126,434	238,425
Miscellaneous.....	135,773	20,417	14,322
Total earnings.....	5,094,660	5,712,858	7,409,987
CURRENT EXPENSES			
Salaries:			
Bank officers.....	161,570	160,543	116,274
Clerical staff.....	957,883	1,051,627	794,286
Special officers and watchmen.....	62,918	45,976	25,275
All Other.....	107,316	55,097	35,694
Governors' Conferences.....	512	620	626
Federal Reserve Agents' conferences.....	250	211	121
Federal Advisory Council.....	460	410	330
Directors' meetings.....	25,604	25,823	19,532
Traveling expenses†.....	17,941	28,705	28,085
Assessments for Federal Reserve Board Expenses.....	32,230	32,749	34,221
Legal Fees.....	6,911	6,769	2,543
Insurance (life, fidelity, casualty, workmen's compensation, and general liability).....	28,650	42,172	29,207
Banking House:			
Taxes and fire insurance.....	17,457	15,586	71,743
Light, heat, and power.....	28,253	7,781	
Repairs and alterations.....	25,883	7,088	
All Other.....	3,958	13,854	
Rent, including light, heat and power, and minor alterations.....	18,786	63,964	126,707
Fire Insurance—Furniture and Equipment.....	1,133	1,257	
Furniture and Equipment*.....		183,223	
Printing and Stationery (Including Office and Other supplies).....	77,708	104,982	94,787
Telephone.....	9,127	10,984	5,627
Telegraph.....	73,831	77,611	37,310
Security Shipments.....	12,028	8,035	175,076
Currency and Coin Shipments.....	39,118	42,962	
Postage and expressage (other than on money and security shipments).....	125,591	133,182	
Federal Reserve Currency:			
Original cost, including shipping charges.....	64,990	124,491	97,477
Cost of redemption, including shipping charges.....	28,077	32,054	33,905
Taxes on Federal Reserve Bank note circulation.....	37,713	62,938	83,422
All Other Expenses.....	44,962	70,385	45,712
Total Current Expenses.....	2,010,820	2,411,079	1,857,960
Current net earnings.....	1,083,840	3,301,779	5,552,027

†—Other than those connected with governors' and agents' conferences and meetings of directors and of the advisory council.

*—Charged to Profit and Loss in 1922 and to current expenses prior to that year.

(a)—Debit.

FEDERAL RESERVE BANK OF KANSAS CITY
SCHEDULE No. 5—*Earnings and Expenses—Continued*

	1922	1921	1920
PROFIT AND LOSS ACCOUNT			
Earnings.....	\$3,094,660	\$5,712,858	\$7,409,987
Current Expense.....	2,010,820	2,411,079	1,857,960
Current Net Earnings.....	1,083,840	3,301,779	5,552,027
Additions to current net earnings:			
Amounts deducted from reserve for depreciation on United States Bonds.....	95,999	38,605	.....
All Other.....	5,960	3,826	1,040
Total Additions.....	101,959	42,431	1,040
Deductions from current net earnings:			
Depreciation allowances on bank premises.....	337,810	88,114	.....
Furniture and Equipment.....	60,128	.....	.....
Reserve for Probable Losses.....	.....	200,000	.....
Reserve for Depreciation on United States Bonds.....	.....	.....	11,579
All Other.....	4,825	.....	807
Total Deductions.....	402,763	288,114	12,386
Net Deductions from current net Earnings.....	300,804	245,683	11,346
Net Earnings Available for Dividends, Franchise Tax, and Surplus.....	783,036	3,056,096	5,540,681
Dividends paid.....	275,655	268,620	257,672
Franchise tax paid United States Government.....	*456,643	2,300,558	2,240,228
Transferred to surplus account.....	* 50,738	486,918	3,042,781

*—Bank also charged its surplus account and paid the U. S. Government \$208,170 as an additional franchise tax for 1921. See page 13.

FEDERAL RESERVE BANK OF KANSAS CITY
SCHEDULE No. 6—Operations of Federal Reserve Clearing System
(Figures include cash Items only)

(NUMBERS IN THOUSANDS; AMOUNTS IN THOUSANDS OF DOLLARS)

Month	Items Drawn on Banks in Own District		Items Forwarded To Other F. R. Banks And Their Branches		Items Drawn on Treasurer of United States		Total*	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January.....	3,486	550,190	380	63,695	102	24,773	3,968	638,658
February.....	3,275	468,588	346	54,760	110	20,778	3,731	544,126
March.....	3,921	590,505	393	67,264	151	21,580	4,465	685,349
April.....	3,577	504,415	369	56,216	192	17,187	4,138	577,818
May.....	3,810	537,667	384	63,875	172	19,474	4,366	621,016
June.....	3,970	572,259	404	67,742	147	17,573	4,521	657,574
July.....	3,741	552,607	377	63,374	106	15,507	4,224	631,488
August.....	3,792	568,145	396	61,021	118	17,001	4,306	648,367
September.....	3,921	598,482	389	61,724	187	21,063	4,497	681,269
October.....	4,280	680,376	417	72,579	232	21,694	4,929	774,649
November.....	3,949	609,670	406	65,616	174	18,820	4,529	694,106
December.....	4,452	643,494	463	65,941	167	21,062	5,082	730,497
TOTAL:								
1922.....	46,174	6,882,598	4,724	765,807	1,858	236,512	52,756	7,884,917
1921.....	49,656	7,422,357	45,029	858,946	1,740	219,246	56,425	8,500,548
1920.....	46,808	10,513,917	4,775	11,364,584	1,578	148,295	53,171	12,026,791

*—Exclusive of duplications on account of items handled by both parent bank and branch.

†—Includes 11,000 items, aggregating \$4,318,000; 7,000 items, aggregating \$4,455,000; and 3,000 items, aggregating \$2,567,000, forwarded direct to drawee banks in other districts during 1922, 1921 and 1920, respectively.

FEDERAL RESERVE DISTRICT OF KANSAS CITY

SCHEDULE No. 7—*Principal Assets and Liabilities of Reporting Member Banks in Leading Cities*

As of the Last Report Date in the Month

(IN THOUSANDS OF DOLLARS)

Last Report Date In	Total Loans and Discounts (including re- Discounts With F. R. Bank)		Investments				Net Demand Deposits		Time Deposits		Accommodation at F. R. Bank	
			U. S. Securities		All Other							
24	1922	1921	1922	1921	1922	1921	1922	1921	1922	1921	1922	1921
January	432,403	512,090	42,595	45,806	47,275	54,538	372,034	398,423	105,020	99,784	25,771	66,352
February	425,953	502,175	53,767	47,182	46,978	54,837	382,424	405,915	106,227	101,529	13,148	60,926
March	424,626	497,387	50,850	44,740	48,982	54,218	389,659	384,085	104,761	101,240	9,666	67,829
April	423,895	486,395	58,882	42,050	50,791	46,360	400,618	373,081	109,005	104,955	9,142	59,014
May	428,026	477,759	60,977	42,872	53,242	47,968	418,750	370,911	110,745	104,330	4,570	49,264
June	425,061	472,765	79,129	44,353	56,244	46,310	433,281	367,988	115,956	106,883	3,157	47,401
July	428,666	470,491	80,519	42,442	59,204	45,801	444,067	365,994	116,048	106,916	2,254	43,087
August	426,234	455,200	83,062	43,090	60,866	44,663	446,858	373,680	116,844	102,525	3,538	36,324
September	431,210	453,773	85,236	42,556	62,140	47,124	448,209	354,240	117,821	100,066	7,596	43,612
October	440,338	453,702	85,111	42,466	59,286	47,134	447,825	352,503	121,674	103,732	9,291	43,741
November	446,538	463,973	87,643	42,599	59,216	48,183	437,060	363,223	122,384	104,520	14,506	45,907
December	449,299	454,531	90,027	41,905	60,289	49,115	445,741	371,784	123,436	106,560	17,034	35,794

NOTE: Figures are for about 79 banks, which submit weekly reports to the Federal Reserve Board, located in Kansas City, Mo., Denver, Oklahoma City, Omaha, Kansas City, Kans., Lincoln, Muskogee, Pueblo, St. Joseph, Topeka, Tulsa and Wichita.