

EIGHTH ANNUAL REPORT
OF THE
FEDERAL RESERVE AGENT
OF THE
NINTH FEDERAL
RESERVE DISTRICT
TO THE
FEDERAL RESERVE BOARD



COVERING THE CALENDAR YEAR
1922

Federal Reserve Bank of Minneapolis,
Office of Federal Reserve Agent,
Minneapolis, Minn., January 30, 1923.

To Acting Governor Platt,
Federal Reserve Board,
Washington, D. C.

Sir :

In conformity with your letter of November 8, 1922, I have the honor to submit herewith the Eighth Annual Report of the Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, relating to operations during the twelve months which ended December 31, 1922.

Respectfully submitted,

JOHN H. RICH,
Federal Reserve Agent.

R E P O R T
OF THE
FEDERAL RESERVE AGENT
AT MINNEAPOLIS
1 9 2 2

Business Conditions in 1922

This year was characterized by good crops, improved agricultural prices, heavy marketing of all kinds of live stock except sheep, resumption of cattle feeding in volume more nearly normal, abnormally large building construction in cities, and a revival in mining, manufacturing, retail and wholesale trade. These developments combined carried the money volume of general business, as measured by bank debits, 6.5 per cent above the total for 1921. This improvement, however, did not come early enough in the year to prevent an increase in the number and liabilities of business failures as compared with 1921.

Financial Conditions in 1922

Banking conditions in this territory did not change materially. Deposits rose steadily throughout the year. Loans to customers declined in the spring and increased in the fall, with a net decline about equivalent to the increase in investment holdings, of which a large part were United States Government bonds and notes. There was a reduction in the number of banks operating in this territory.

Discount rates to customers at banks declined steadily until September. In October and November there was a firmer tendency manifested; and in December, a narrowing of the spread between high and low rates. The range of rates charged on various kinds of paper as reported to us by banks in the larger cities was $5\frac{1}{2}$ to 8 per cent in January; 4 to $5\frac{1}{2}$ per cent in September, and $4\frac{3}{4}$ to 6 per cent in December. The December rates were somewhat lower than those which prevailed throughout the year 1919.

Operations of Minneapolis Federal Reserve Bank in 1922

A. General Survey

The history of this bank's operations during 1922 falls naturally into five divisions, according to the fluctuations in demand for accommodation and the technical position of this bank's assets and liabilities.

The year opened with a rapidly declining volume of loans and notes outstanding, and increasing reserves. Between January 4,

1922, and April 5, 1922, holdings of bills discounted declined more than \$22,000,000, from \$48,913,000 to \$26,663,000. This decline was accompanied by a decrease of \$4,000,000 in Federal reserve notes in circulation and an increase of \$15,000,000 in cash reserves. Deposits with this bank increased \$3,000,000.

The second period of the year, consisting of the spring and early summer months, or from April 5 to July 19, had practically no change in discounts, note issues, or reserves.

The third period, from July 19 to August 30, is normally a period of expanding discounts to enable member banks to carry their customers through the crop moving period. This year there was an increase of little more than \$2,000,000 in discounts. Federal reserve notes in circulation and member banks' reserve deposits with this bank remained unchanged.

In the fourth period, from August 30 to November 29, there were declining discounts and increasing totals of reserves, Federal reserve notes in circulation and member banks' reserve deposits, all of which changes are normal for this time of year, when the crops are being marketed. Discounts declined \$5,200,000, deposits increased \$2,500,000 and cash reserves increased \$12,300,000. To handle the larger volume of business incident to the marketing of crops, Federal reserve notes in circulation increased \$7,500,000.

A fifth period, which is possibly but a continuation of the fourth, and lasting to the end of the year, witnessed an expansion of Federal reserve notes in circulation of more than \$3,000,000, largely on account of a Christmas trade better than last year. There was also a slight decline in bills discounted, a slight increase in cash reserves, and an increase of more than \$2,000,000 in deposits.

The total effect of these operations on our balance sheet for the year ending December 31, 1922, was as follows: Bill holdings declined more than \$29,000,000, United States securities owned increased \$8,500,000, and total earning assets therefore declined only \$20,840,000. Deposits increased \$4,000,000, owing to increases in member bank reserve deposits and in "all other" deposits, although there was a decline in government deposits. Federal reserve notes in actual circulation increased almost \$2,000,000. Total reserves increased \$21,300,000.

This bank did not borrow from nor lend to other Federal reserve banks at any time during 1922. Our cash reserves increased rapidly during the first part of the year and did not fall below \$63,000,000 at any time during the summer months, when the demand for accommodation is the greatest, and increased to more than \$80,000,000 at the end of the year. The percentage of cash reserves against total deposits and Federal reserve notes in circulation increased from 58.5 per cent at the beginning of the year to 74.7 per cent at the close of the year.

The discount rate of this bank was reduced twice during 1922. On January 11, it was reduced from 5½ to 5 per cent, and on August 15 from 5 to 4½ per cent.

B. Earnings and Expenses

The gross earnings of this bank during 1922 were but \$1,969,248, as compared with \$4,966,311 in 1921. Current expenses during 1922 were \$1,084,942, as compared with \$1,325,867 in 1921. Current expenses in 1922 included \$84,359 representing costs and taxes for Federal reserve note and Federal reserve bank note circulation, as compared with \$168,116 in 1921. After setting aside a reserve for depreciation on United States bonds of \$78,058, and making other minor adjustments in the profit account, the net earnings available for dividends, surplus and franchise taxes were \$782,695. Dividends totaling \$213,774 were declared at the rate of 6 per cent per annum on our paid up stock and paid to member banks. There was transferred to surplus account \$56,892, and the remainder of \$512,029 was paid to the United States Government as a franchise tax. There was also charged to surplus account and paid to the United States Government \$52,423 as an adjustment of franchise tax due for 1921.

C. Federal Reserve Bank Notes

On December 31, 1921, there were in actual circulation \$4,219,656 in Federal Reserve Bank Notes of this bank. Before December 31, 1922, the United States Treasury had redeemed all of the Pittman Act certificates of indebtedness which had been deposited by us as collateral securing these issues and also assumed our liability for redeeming these outstanding notes.

D. Departmental Statistics of Volume

The Discount department received in 1922 offerings or requests from 706 member banks, or 70 per cent of the total number of member banks in the district. In 1921, 765 member banks were served, representing 75 per cent of the total membership. Nearly 48,000 pieces of discounted paper were handled in 1922, as compared with more than 104,000 pieces in 1921, and the dollar amount involved in 1922 was only \$193,000,000 as compared with \$730,000,000 in 1921. Of the discounted bills held for member banks in the different states on December 31, 1922, and 1921, South Dakota, Montana, and Michigan borrowings represented larger proportions of the total for all banks this year than last, and Minnesota, North Dakota and Wisconsin holdings were relatively smaller. At some time during 1922, 87 per cent of the member banks in Montana received accommodation, 83 per cent in South Dakota, 77 per cent in North Dakota, 59 per cent in Minnesota, 50 per cent in Wisconsin, and 37 per cent in Michigan.

The Check Collection department handled 25,034,000 items during 1922, amounting to \$2,917,749,000, as compared with 23,612,000 items handled in 1921, amounting to \$2,916,117,000.

The Collection department received 327,486 items during 1922 and collected 313,715 items, amounting to \$133,640,328. In 1921 this department received 282,189 items and collected 266,834 items, amounting to \$109,689,726.

The Currency department handled 61,917,537 bills in 1922, as compared with 57,775,908 bills in 1921. During 1922, 11,020 shipments of currency were made to member banks, as compared with 7,403 in 1921.

The Custody department handled securities during 1922 amounting to \$433,000,000 as compared with \$483,000,000 in 1921.

This bank purchased 16,754 wire transfers during 1922 amounting to \$1,073,129,147 and sold 11,396 wire transfers amounting to \$567,394,906. In 1921 12,769 wire transfers were purchased amounting to \$897,398,827 and 10,066 were sold amounting to \$409,722,496.

Fiscal Agency Functions

The fiscal agency operated by us for the United States Government redeemed 3,463,050 government coupons, war savings stamps and thrift stamps in 1922, amounting to \$15,526,442.73, as compared with 4,703,381 items in 1921, amounting to \$19,060,256.61. Redemptions of treasury certificates and notes amounted to \$19,531,000, as compared with \$33,971,500 in 1921.

The number of bonds received for conversion, exchange, and redemption in 1922 was 512,789, amounting to \$83,375,700, as compared with 1,212,370 bonds received in 1921 for these purposes, amounting to \$161,492,100.

This bank assisted in the allotment of 13 issues of United States certificates of indebtedness and treasury notes and bonds during 1922, as compared with 18 issues in 1921. In the operation of this department 4,335 individual allotments were made in 1922, amounting to \$104,896,200, as compared with 1,779 allotments in 1921, amounting to \$87,635,600.

In addition to handling the original allotments of United States securities, this department handled 781 repurchases and 571 resales of these issues, totaling \$127,186,300, as compared with 732 repurchases and 851 resales in 1921, amounting to \$60,199,100.

Activities of Federal Reserve Agent's Office

A. Membership

At the close of the year, there were 1,014 member banks in this district as compared with 1,024 at the beginning of the year. There was a net loss of nine national banks and one state bank, accounted for largely by the fact that seven national and two state banks were absorbed and consolidated during the year. The total membership at the close of 1922 was divided into 877 national banks and 137 state banks. The new members are:

Name of Bank	Town	Shares Subscribed
MINNESOTA		
State Bank of Anoka.....	Anoka	45
Duluth National Bank.....	Duluth	150
Minnetonka State Bank.....	Excelsior	21
Transportation Brotherhoods Nat'l Bank..	Minneapolis	72
Richfield National Bank.....	Richfield	18
Security State Bank.....	Wanamingo	29
MONTANA		
Daly Bank & Trust Company.....	Anaconda	120
NORTH DAKOTA		
First National Bank.....	Donnybrook	8
First National Bank.....	Streeter (Reopened) ..	15
SOUTH DAKOTA		
Mellette County State Bank.....	White River	16
WISCONSIN		
First National Bank.....	Eagle River	18

Since the organization of this bank, 135 state banks have acquired membership by conversion and 137 have taken and retained membership as state banks, making a total of 272 state institutions which entered and remained in the System.

On June 30, 1922, a special survey was made of the banks then operating in this district and the reports received indicate that there were 987 state banks and trust companies eligible for membership, of which at that time 138 were members of the Federal Reserve System. Comparisons made with a similar survey one year earlier, show that the percentage of state and trust company members to the total number of eligible state banks and trust companies increased from 13½ per cent to 14 per cent. Of more significance, however, was the considerable increase in the total resources of state member banks in this district in that year. Total resources of state member banks as compared with the resources of eligible state banks increased from 21.9 per cent to 23.4 per cent.

A study of our membership by states, shows considerable variation in the extent to which eligible banks have become members. The percentage of state members to the total number of eligible state banks and trust companies in the several sections was as follows:

15 Counties in the Upper Peninsula of Michigan.....	40.7%
Montana	35.8
26 Counties in Northern and Northwestern Wisconsin....	11.2
Minnesota	9.3
South Dakota	9.2
North Dakota	4.0

When classified as to the total resources of the banks, the percentages are:

Montana	49.6
15 Counties in Upper Michigan.....	46.1
Minnesota	19.8
South Dakota	18.2
26 Counties in Northern and Northwestern Wisconsin....	13.0
North Dakota	3.6

National bank members have continued to apply for trust powers under Section 11-K of the Federal Reserve Act. Applications received and approved by the Federal Reserve Board during 1922 include the following:

Bank	Location	Date	Capital 12-29-22
First National Bank.....	Alexandria, Minn.	12- 9-22	\$60,000
First National Bank.....	Bismarck, N. D.....	7-26-22	100,000
Martin County National Bank.....	Fairmont, Minn.	9- 7-22	75,000
Security National Bank.....	Faribault, Minn.	3-29-22	200,000
Farmers National Bank.....	Hutchinson, Minn....	12-20-22	50,000
James River National Bank.....	Jamestown, N. D....	6- 8-22	100,000
First National Bank.....	Red Wing, Minn.....	1-13-22	100,000
Truman National Bank.....	Truman, Minn.	9-26-22	50,000
American Exchange Nat'l Bank...	Virginia, Minn.	3-20-22	100,000

B. Examination of Banks

Every member state bank in this district was examined by this office at least once during 1922. In several instances, at the request of the different state banking departments, second examinations were made of the larger state bank members. All state banking departments in the Ninth District cooperate with the Federal Reserve Agent in joint examinations of their state banks which are members of the Federal Reserve System. In one state, the banking department accepts the Federal Reserve independent examinations of state banks as its own. During 1922, 152 examinations were made by the Federal Reserve Agent's examiners of which five were examinations of national banks. Of the 152 examinations made in 1922, 114 were made in conjunction with the state banking department examiners and 38 were made independently, two of the latter examinations being made of state banks applying for membership in the Federal Reserve System. Both of these banks later became members. In the examination work during 1922, five examiners were used, who traveled in the aggregate 45,521 miles and examined banks with total resources of \$145,294,107. In addition to the foregoing examinations, special visits were made at 33 banks by the examiners for the purpose of obtaining credit information or in connection with rediscounts or collections, or to give general assistance to member banks, and two examiners spent two months each at closed member banks in this district.

In addition to the information obtained by Federal Reserve examiners, 1,802 reports of examination of national banks were received from the Chief National Bank Examiner of this district and 28 reports of examination of state member banks were received from the various state banking departments. There were five calls for reports of condition from national banks and three calls for state member banks during 1922. Also, two semi-annual statements of earnings and dividends were required from all member banks.

Four applications of state banks desiring to become members of the Federal Reserve System were received and investigated, and three of them were forwarded to the Federal Reserve Board and approved. Fully 125 applications for original or additional stock in the Federal Reserve Bank were received during the year.

C. Federal Reserve Note Issues

During 1922 the Federal Reserve Agent and his deputies at Minneapolis and Helena received \$36,440,000 of new Federal reserve notes from the Comptroller of the Currency at Washington, and \$8,420,000 of fit-for-use notes from our paying tellers. The issues of new and fit-for-use notes totaled \$43,360,000 during the year. Stocks of notes on hand with the Agent were increased from \$9,390,000 on December 31, 1921, to \$10,890,000 at the same date in 1922.

Early in January gold pledged with the Agent as collateral increased in amount to a point where it exceeded 40 per cent of the outstanding Federal reserve notes and continued to exceed this percentage during the remainder of the year. The total amount of notes outstanding on December 31, 1921, and December 31, 1922, respectively, were \$56,789,000 and \$62,633,000. The Agent held as security for these notes on December 31, 1921, about \$17,000,000 in gold and \$50,000,000 in commercial and agricultural paper; and on the same date in 1922, \$46,000,000 in gold and \$20,000,000 in discounted paper.

A study of the dollar amounts of different denominations of Federal reserve notes outstanding in this district at the end of each of the last six years shows that the smaller denominations, which are used largely in payrolls and as pocket money, vary in quantity with the volume of retail business while the larger denominations which are used more largely for cash reserves by banks or by individuals vary in amount with the needs of bankers and their expectations with reference to the stability of business. For the purpose of this study, five and ten dollar bills have been considered "pocket money" denominations and the larger denominations have been grouped as the class commonly used for "reserves," although it is true that some of the larger denominations are used for pocket money and some of the smaller denominations are held in banks' cash reserves. Probably these two exceptions to the general rule followed will offset each other to a large extent over a period of years.

The year 1918 was a period of business expansion. Pocket money apparently increased \$29,000,000 and bank cash reserves apparently increased \$19,000,000. During 1919 when nearly everyone expected a quick reaction to pre-war levels, and hesitated to launch new enterprises, our Federal reserve notes in circulation declined \$10,000,000. This decline took place entirely in the pocket money denominations. The larger bills did not vary appreciably in volume and their failure to decline with pocket money was probably due to three facts: (1) that as prices were rising very rapidly, the

larger bills came into use as pocket money; (2) that state banks were using them more largely for reserve purposes instead of gold certificates; (3) and that many bankers felt it wise to keep their cash reserves at a high level, fearing that the uncertainties of the time might lead to heavy demands for cash when customers should lose confidence in the general business situation. During 1920, pocket money in circulation in this district apparently declined \$8,000,000, but cash reserves, as evidenced by the larger denominations of Federal reserve notes, increased \$1,000,000, showing either that bankers needed larger cash reserves in a time of financial uncertainty or that the public held larger quantities of these notes as a store of value. In 1921 business was greatly depressed, and the fear of a financial crash was past. Pocket money apparently declined \$9,000,000 and cash reserves apparently declined \$11,000,000. In the fall of 1922 business commenced to revive slowly. Pocket money in circulation apparently increased \$3,000,000, but cash reserves declined \$1,000,000, showing that it was deemed safe to curtail the idle funds on hand, on account of the continued depression and consequent smaller probable demand for cash and revived confidence.

The elasticity of Federal reserve notes is greater in the smaller denominations, both on account of the larger quantity in circulation, and on account of the fact that their use in making payroll and retail trade payments, causes their volume to fluctuate more closely with the volume of business. Further, when business starts to expand, the five-dollar bill is apparently the first to increase in volume and then as prices rise and larger payments are made the tens and then the twenties increase the more rapidly. During 1918 the bulk of the expansion in note issues, which amounted to nearly \$48,000,000, was due to the three lowest denominations: \$21,000,000 in ten-dollar bills, \$17,000,000 in twenties, and \$8,000,000 in fives. Presumably, the first stage of expansion, evidenced by a larger expansion of fives than of the other denominations, was over. In 1919 the contraction of \$10,000,000 in total circulation was accounted for almost wholly by a contraction of \$10,000,000 in ten-dollar bills. The increases and decreases in the other denominations offset each other. During 1920 the total notes outstanding declined \$7,000,000. Ten-dollar bills declined slightly more than \$4,000,000 and fives declined \$4,000,000 exactly. During 1921 the decline of \$21,000,000 in total circulation was accounted for principally by declines of \$10,000,000 in twenties, \$7,500,000 in tens and \$2,000,000 in fives. In 1922 the rise of \$2,250,000 in circulation was caused by a rise of \$2,000,000 in fives and \$1,500,000 in tens, while the other denominations declined. It is thus seen that the ten-dollar bill furnished the greater part of the elasticity in the three years, 1918, 1919, and 1920. The twenty-dollar bill was the most elastic in 1921, probably due to the fact that with prices much lower, employment less regular, and business confidence improved, the amount of this denomination used as pocket money declined materially. In 1922 expansion was just beginning and the five-dollar bill furnished the bulk of the initial increase in note issue as should be expected in this phase of the business cycle.

Monthly variations during 1922 indicate the same tendencies regarding the different denominations of Federal reserve notes outstanding, which were noted in the previous paragraphs regarding the years 1918-22. Five and ten-dollar bills varied closely with the volume of payments made in this district and the volume of the larger bills, from fifty to one thousand dollar denominations, varied with the needs for bank cash reserves as estimated by bank executives. The twenty dollar denomination exhibited some of the attributes of pocket money and some reserve qualities.

To ascertain the probable call for currency and the vault space required to absorb used notes when they are returned by the Federal Reserve Bank, the Federal Reserve Agent maintains a chart which has been carried forward each week for several years. It cannot be foretold with any degree of accuracy, except in one instance, what the outward movement of Federal reserve notes will be in a certain week, but the approximate beginning and end of each of the movements during the year can be fixed fairly definitely by the recurrence of similar opening and closing dates in several consecutive years. The one exception is the week ending July 4, when a large volume of notes can be expected to be called for to meet the combined need of holiday buying and June 30 payments. There are three other major outward movements, the first in March and April to take care of cash requirements incident to crop planting and other spring activities, the second commencing in the first week in September and continuing until the last week in October for the purpose of furnishing cash to harvest and move the crop, and the third during the four weeks of December to furnish cash for Christmas shopping. There is also a tendency toward heavier issues at the turn of each calendar month to meet end-of-the-month payments.

With regard to return of notes, the movements are much less pronounced because the notes become widely scattered and drift back more gradually than they are issued. However, it is to be noted that returns are heaviest in January, February, May, June, and November, following the periods of heavy note issue. It is impossible to predict whether notes will be returned to the Federal Reserve Agent or sent to Washington for destruction, because it is impossible to ascertain definitely the amount of use to which they will be subjected and the consequent degree of wear which they will show. With this in mind, the Federal Reserve Agent observes very closely the past history of both retirements at Washington and returns to his local office, knowing that at any time he may have a large proportion of the notes which are going out of circulation returned to him and that he must have vault space sufficient to receive the maximum amount returned.

The Federal Reserve Agent at Minneapolis now maintains approximately a three-year supply of notes for issue, counting both new and used currency in his possession. This supply fluctuates somewhat, according to the season of the year, being enlarged just before an expected demand for notes and being allowed to fall off

somewhat before a period when notes customarily are returned. The greater part of this supply is kept at Washington, largely because of limited vault space in the local offices at Minneapolis and Helena. It is possible, of course, to secure notes from the Washington supply within not more than three days from the date of a telegraphic order if unusual demand arises.

The volume of notes necessary for a three-year supply has been fixed at \$101,250,000, or three times the net issues in 1920, which, until 1922, was the year of largest issue in this bank. The proportion which each denomination bears to the total has been based on the percentage which each denomination bears to the total issues from the opening of this Federal Reserve Bank to December 31, 1921.

D. Reports on Agricultural and Business Conditions

During the year, twelve monthly reports were prepared for the Federal Reserve Board and later published, containing a total of 72 pages of printed material. The average number printed each month during 1922 was 4,783 as compared with 1,533 in 1921. This increase in number published was secured without increase in total cost of production.

In connection with this monthly report, two special supplements were issued, the first a 12-page statistical abstract of business in the Northwest during 1920 and 1921, which was mailed with the January 31 report, and the second a 12-page pamphlet, discussing the financial problems of the northwestern farmers and containing a large number of maps and graphs showing grain production, live stock holdings, seed loans, banking conditions, marketing trends of the principal northwestern farm products, and wheat prices, which was mailed with the November 28 report. In addition several special studies were published in the monthly reports during the year as follows:

Variations in the Average Building Permit in this District During a Business Cycle. A Ten-Year Average of Livestock Receipts. A Ten-Year Average of Flour Production at Minneapolis. (April 28).

A Survey of the Prospective Wool Clip in Montana. (May 26).

Federal Seed Loans Made in 1922 by Counties. (June 28).

Black Rust and the Common Barberry. (July 28).

A Survey, with two Maps, of the Bank Credit Situation on June 30, 1922 and 1921 Based on Replies to Questionnaires sent to all Banks in this District; a Survey, with two Maps, of the Wheat Yield per Acre as estimated on August 10, 1922 and 1921 by 800 Member Banks; and The Importance of the National Dairy Show to the Northwest. (Aug. 28).

Recent Changes in Live Stock Holdings in the Northwest, with four Maps. (Sept. 28).

The Outlook for the American Sheep Grower, with two Maps. (Oct. 28).

Beginning in November, a monthly summary was furnished of national business conditions prepared by the Federal Reserve Board and telegraphed to the Federal Reserve Agent at Minneapolis for distribution.

E. General Service

There is a continuous and insistent demand that this Federal Reserve Bank furnish speakers for various public meetings and that they describe the operations of the Federal Reserve System and its relation to business activity and agricultural conditions. In response to this demand during the year 1922, representatives of the Federal Reserve Agent and officials of the bank addressed 83 different groups with a total attendance of 11,579 persons. In addition, many requests were received through personal calls or letters for specific information regarding the banking system, all of which have been met with such information as could be obtained from our library and office files. With reference to certain questions or phases of banking activity, there have been so many requests as to make it advisable and more economical to print a formal memorandum containing all the information on the particular subject for general distribution. During 1922, 89,600 copies were distributed of a pamphlet entitled, "Better Banking," describing the operation of the Federal Reserve System; and about 1,000 copies of a pamphlet "The Economic Position of Agriculture in the Northwestern Grain-raising Areas." During the year 1922 the number of volumes in our library increased from 624 to 742 volumes; and the number of newspapers and periodicals received was reduced so as to include only those which were found by actual test to be used by our staff or known to be of permanent value for reference purposes.

Changes in Personnel

In the annual fall election, member banks re-elected Mr. Theodore Wold of Minneapolis, as a Class A Director, and Mr. F. R. Bigelow of St. Paul, as a Class B Director. Mr. George W. McCormick of Menominee, Michigan, was appointed a Class C Director, succeeding Mr. C. H. Benedict, resigned, to serve with the above directors for a three-year term beginning January 1, 1923.

The Federal Reserve Board announced the reappointment of Mr. Thomas A. Marlow and Mr. Lee M. Ford as members of the Board of Directors of the Helena Branch. Reappointment of Mr. C. J. Kelly, Mr. R. O. Kaufman, and Mr. H. W. Rowley as directors of the Helena Branch, was announced by this bank.

Mr. George H. Prince was reappointed by our Board of Directors as a member of the Advisory Council to serve for the year 1923.

During the latter part of December the Federal Reserve Board announced the reappointment of Mr. John H. Rich as Chairman and Federal Reserve Agent, and the redesignation of Mr. Curtis L. Mosher and Mr. J. F. Ebersole as Assistant Federal Reserve Agents

at the Minneapolis office, and Mr. H. L. Zimmermann as Assistant Federal Reserve Agent at the Helena Branch.

In February Mr. O. A. Carlson resigned as Manager of the Helena Branch, and Mr. R. E. Towle, formerly Cashier, was appointed Manager, Mr. H. F. Brown was appointed Cashier, and Mr. Oliver Geiss Assistant Cashier. Mr. L. E. Rast, formerly Assistant Cashier of the Helena Branch, was transferred to the head office and appointed Assistant Cashier. In April Mr. R. E. Schumacher was appointed Assistant Cashier at Helena, succeeding Mr. Oliver Geiss.

The complete staff of the Federal Reserve Bank of Minneapolis on December 31, 1922, numbered 515 persons as compared with 467 persons a year previous, or an increase of 10 per cent. The number in the Fiscal Agency Department was increased by 67 or nearly 112 per cent., and in the Auditing Department by 4 or 31 per cent., while there was a decrease in the number in the Banking Department of 24 or more than 6 per cent.

*Resources and Liabilities of the Minneapolis Federal Reserve Bank
at Close of Business, December 31, 1920-1922
(In thousands of dollars)*

RESOURCES			
	Dec. 30, 1922	Dec. 31, 1921	Dec. 31, 1920
Gold and gold certificates.....	\$7,535	\$9,140	\$9,130
Gold settlement fund—Federal Reserve Board.....	23,499	31,115	8,456
Gold with foreign agencies.....	.....	.....	89
Total gold held by bank.....	\$31,034	\$40,255	\$17,675
Gold with Federal Reserve Agent.....	46,372	16,856	25,905
Gold redemption fund.....	3,423	2,765	3,098
Total gold reserves.....	\$80,829	\$59,876	\$46,678
Legal tender notes, silver, etc.....	1,190	811	250
Total reserves.....	\$82,019	\$60,687	\$46,928
Bills Discounted:			
Secured by U. S. Government obligations.....	\$2,539	\$7,289	\$17,093
All other.....	19,377	43,923	64,561
Bills bought in open market.....	.....	.....	1,313
Total bills on hand.....	\$21,916	\$51,212	\$82,967
United States bonds and notes.....	12,572	115	116
United States certificates of indebtedness:			
One-year certificates (Pittman Act).....	.....	\$4,450	\$8,480
All other.....	499	.....	.....
Municipal Warrants.....	39	89	.....
Total earning assets.....	\$35,026	\$55,866	\$91,563
Bank premises.....	942	763	590
5 per cent redemption fund against F. R. bank notes..	196	201	480
Uncollected items.....	18,166	14,505	21,606
All other resources.....	1,809	1,033	249
Total resources.....	\$138,158	\$133,055	\$161,416
LIABILITIES			
Capital paid in.....	\$3,535	\$3,569	\$3,461
Surplus.....	7,473	7,468	6,980
Deposits:			
Government.....	800	2,964	1,555
Member bank—reserve account.....	49,310	43,524	43,520
All other.....	916	477	532
Total deposits.....	\$51,026	\$46,965	\$45,607
Federal Reserve notes in actual circulation.....	58,735	56,789	79,498
Federal Reserve Bank notes in circulation—net liability.....	.....	4,220	7,655
Deferred availability items.....	16,588	12,919	17,492
All other liabilities.....	801	1,125	723
Total liabilities.....	\$138,158	\$133,055	\$161,416
Ratio of total reserves to deposit* and Federal reserve note liabilities combined.....	74.7	58.5	*38.8

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

*Earnings and Expenses of the Minneapolis Federal Reserve Bank,
1922, 1921 and 1920*

EARNINGS

	1922	1921	1920
Discounted bills	\$1,451,659	\$4,649,554	\$4,734,259
Purchased bills .....	.....	13	191,862
United States securities	383,531	142,001	181,990
Transfers—net earnings	3,195	12,581	77,245
Deficient reserve penalties	128,087	157,158	92,744
Miscellaneous	2,776	5,004	29,281
Total earnings	\$1,969,248	\$4,966,311	\$5,307,381

CURRENT EXPENSES

Salaries:				
Bank officers	\$107,977	\$115,499	\$77,637	
Clerical staff	463,390	517,448	363,724	
Special officers and watchmen	22,281	23,618	10,766	
All other	16,446	18,807	23,686	
Governors' conferences	467	770	452	
Federal Reserve Agents' conferences	267	403	27	
Federal Advisory Council	1,140	908	893	
Directors' meetings	11,407	11,902	6,705	
Traveling expenses†	21,470	35,505	15,227	
Assessments for Federal Reserve Board expenses	24,945	25,554	22,520	
Legal fees	11,592	11,628	3,100	
Insurance (life, fidelity, casualty, workmen's compensation, and general liability)	25,311	29,553	22,253	
Banking House:				
Taxes and fire insurance	1,578	3,119	} 45,469	
Light, heat, and power	902	1,556		
Repairs and alterations	1,667	1,015		
All other	11	.....	
Rent, including light, heat and power, and minor alterations	44,038	44,128	} 100,817	
Fire insurance—Furniture and equipment	481	112		
Furniture and equipment* .....	.....	53,368	} 102,156
Printing and stationery (including office and other supplies)	64,469	97,072		
Telephone	7,090	7,248		
Telegraph	21,697	23,494		
Security shipments	4,018	2,101		
Currency and coin shipments	22,992	20,420		
Postage and expressage (other than on money and security shipments)	80,071	83,139		
Federal Reserve currency:				
Original cost, including shipping charges	53,334	124,584		62,627
Cost of redemption including shipping charges	16,765	16,552		15,959
Taxes on Federal Reserve Bank note circulation	14,260	26,980	36,792	
All other expenses	44,876	29,384	25,288	
Total current expenses	\$1,084,942	\$1,325,867	\$1,015,198	
Current net earnings	\$884,306	\$3,640,444	\$4,292,183	

†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.

*Earnings and Expenses of the Minneapolis Federal Reserve
Bank—Continued*

PROFIT AND LOSS ACCOUNT

	1922	1921	1920
Earnings	\$1,969,248	\$4,966,311	\$5,307,381
Current expenses	1,084,942	1,325,867	1,015,198
Current net earnings.....	884,306	3,640,444	4,292,183
Additions to current net earnings:			
Assessment account expenses Federal Reserve Board previously charged to profit and loss	.....	.....	16,607
All other	41,231	17,264	.....
Total additions	41,231	17,264	16,607
Deductions from current net earnings:			
Depreciation allowances on bank premises...	9,713	5,275	177,737
Furniture and Equipment.....	24,640	.....	.....
Reserve for probable losses.....	.....	500,000	.....
Reserve for depreciation on U. S. bonds....	78,058	.....	.....
All other	30,431	1,279	.....
Total deductions	142,842	506,554	177,737
Net deductions from current net earnings.....	101,611	489,290	161,130
Net earnings available for dividends, franchise tax, and surplus	782,695	3,151,154	4,131,053
Dividends paid	213,774	211,657	195,871
Franchise tax paid United States Government...	*512,029	2,450,967	524,234
Transferred to surplus account.....	*56,892	488,530	3,410,948

*Member Banks Severing Connection With This Federal Reserve
Bank During 1922.*

Name of Bank	Location	Reason	Shares Surrendered
Farmers Nat'l Bk....	Big Sandy, Mont.	Liquidation	18
Citizens Nat'l Bank....	Tyndall, S. D....	Consolidation	17
Stockmens Nat'l Bank....	Poplar, Mont.	Liquidation	18
First Nat'l Bank.....	Menno, S. D.	Absorbed by a State Bk.	17
Stillwater Val. Nat'l Bk.	Absarokee, Mont.	Liquidation	20
Stockmens Nat'l Bank.	Hardin, Mont....	Absorbed by a State Bk.	27
First Nat'l Bank.....	Antelope, Mont....	Absorbed by a State Bk.	17
Silver Bow Nat'l Bk....	Butte, Mont.....	Absorbed by a State Bk.	132
Nat'l Bank of Com....	Yankton, S. D....	Absorbed by a Nat'l Bk.	33
First Nat'l Bank.....	Ingomar, Mont....	Liquidation	23
First Nat'l Bank.....	Reed Point, Mont.	Liquidation	17
Lincoln Nat'l Bank....	Minneapolis, Minn.	Absorbed by a Nat'l Bk.	360
Merchants Nat'l Bank.	Wimbledon, N. D.	Liquidation	18
American Nat'l Bank.	Billings, Mont....	Liquidation	98
First Nat'l Bank.....	Fresno, Mont....	Liquidation	15
Peoples Bank	St. Paul, Minn....	Consolidation	360
Stockmens State Bank.	Browning, Mont...	Liquidation	30
Farmers State Bank...	Waconia, Minn....	Withdrawal	21
St. Anthony Falls Bk..	Minneapolis, Minn.	Absorbed by a Nat'l Bk.	300
First Am. State Bank..	Golden Valley, N.D.	Withdrawal	17
Little Horn State Bk..	Wyola, Mont.....	Withdrawal	21

*Bank also charged its surplus account and paid the U. S. Government \$52,423 as an additional franchise tax for 1921. See page 5.

*Movement of the Earning Assets of the Federal Reserve Bank of
Minneapolis During the Calendar Year 1922*

(Amounts in Thousands of Dollars)

Date	Total Earning Assets	Bills Discounted for Mem- ber Banks in this District*			Municipal Warrants Held	U. S. Securities Owned
		Total (1)	Secured by U. S. Govt. Obligations (2)	Percent (2÷1)		
January 4...	\$53,669	\$48,913	\$7,225	14.8	\$89	\$4,667
January 11...	49,498	44,857	6,776	15.1	44	4,597
January 18...	48,215	43,619	6,545	15.0	25	4,571
January 25...	46,879	42,298	6,525	15.4	15	4,566
February 1...	45,525	40,460	6,073	15.0	15	5,050
February 8...	44,151	39,212	5,799	14.8	2	4,937
February 15...	43,306	37,881	5,486	14.5	2	5,423
February 21...	42,565	37,173	5,170	13.9	..	5,392
March 1....	39,782	34,078	4,490	13.1	..	5,704
March 8....	39,302	31,804	3,711	11.7	..	7,498
March 15....	40,467	30,680	3,653	11.9	..	9,787
March 22....	39,575	29,546	3,795	12.8	..	10,029
March 29....	38,510	27,700	2,585	9.3	..	10,810
April 5.....	37,869	26,663	2,543	9.5	..	11,206
April 12.....	39,206	26,712	2,521	9.4	..	12,494
April 19.....	40,258	26,484	2,331	8.8	..	13,774
April 26.....	40,230	26,913	2,605	9.7	..	13,317
May 3.....	41,356	27,147	2,743	10.1	..	14,209
May 10.....	40,238	25,754	2,086	8.1	..	14,484
May 17.....	42,632	27,960	3,693	13.2	..	14,672
May 24.....	41,674	27,037	2,409	8.9	..	14,637
May 31.....	40,837	25,978	1,977	7.6	..	14,859
June 7.....	39,665	24,504	1,744	7.1	..	15,161
June 14.....	40,957	24,682	1,704	6.9	..	16,275
June 21.....	39,624	26,729	3,879	14.5	..	12,895
June 28.....	39,966	26,691	2,746	10.3	..	13,275
July 5.....	39,457	25,972	1,978	7.6	..	13,485
July 12.....	38,220	25,139	1,625	6.5	4	13,077
July 19.....	36,872	24,834	1,666	6.7	9	12,029
July 26.....	37,775	25,934	1,544	6.0	9	11,832
August 2....	38,589	27,127	2,007	7.4	3	11,459
August 9....	37,498	26,400	2,069	7.8	4	11,094
August 16...	36,602	26,930	2,229	8.3	9	9,663
August 23...	36,861	27,213	2,019	7.4	21	9,627
August 30...	37,518	27,119	2,172	8.0	21	10,378
September 6	36,116	26,317	1,828	6.9	21	9,778
September 13	35,926	25,706	1,631	6.3	18	10,202
September 20	44,729	26,216	2,262	8.6	16	18,497
September 27	45,147	26,191	2,049	7.8	15	18,941
October 4...	43,556	24,531	1,961	8.0	15	19,010
October 11...	36,395	23,861	1,671	7.0	15	12,519
October 18...	36,003	23,275	1,766	7.6	27	12,701
October 25...	35,915	23,958	1,876	7.8	27	11,930
November 1	35,801	23,175	2,722	11.7	24	12,602
November 8	35,041	22,420	2,360	10.5	27	12,594
November 15	34,069	21,456	2,031	9.5	27	12,586
November 22	33,471	21,340	2,187	10.2	27	12,104
November 29	33,665	21,883	1,911	8.7	24	11,758
December 6	33,064	21,445	1,985	9.3	26	11,593
December 13	33,709	21,299	2,091	9.8	26	12,384
December 20	34,564	21,431	2,156	10.0	26	13,107
December 27	35,227	21,079	2,177	10.3	40	14,108

*There were no rediscount transactions between this bank and other Federal reserve banks during the year.

Movement of Demand Liabilities and Cash Reserves of the Federal Reserve Bank of Minneapolis During the Calendar Year 1922

(Amounts in Thousands of Dollars)

Date	Cash Reserves (4)	Total Deposits (5)	F. R. Notes in circulation (6)	Reserve Percentage 4 ÷ 5 & 6
January 4.....	\$59,523	\$44,283	\$56,674	59.0
January 11.....	60,793	42,826	55,577	61.8
January 18.....	63,463	44,458	54,377	64.2
January 25.....	62,479	43,716	53,254	64.4
February 1.....	64,306	46,112	54,639	65.1
February 8.....	70,519	48,649	52,526	69.7
February 15.....	67,786	45,738	52,162	69.2
February 21.....	69,890	47,932	52,027	69.9
March 1.....	69,842	46,225	52,134	71.0
March 8.....	69,818	44,016	52,590	72.3
March 15.....	72,359	47,722	52,477	72.2
March 22.....	72,509	47,124	52,297	72.9
March 29.....	70,688	44,496	51,691	73.5
April 5.....	74,522	47,379	52,315	74.8
April 12.....	71,300	45,877	52,244	72.7
April 19.....	70,441	46,120	51,968	71.8
April 26.....	68,169	44,490	51,170	71.3
May 3.....	70,515	47,453	51,381	71.3
May 10.....	68,351	45,514	50,937	70.9
May 17.....	66,297	46,175	50,557	68.5
May 24.....	63,098	42,952	49,836	68.0
May 31.....	66,334	47,176	49,515	68.6
June 7.....	65,770	44,427	49,554	70.0
June 14.....	68,569	49,509	48,933	69.7
June 21.....	67,161	46,324	49,254	70.3
June 28.....	63,577	43,511	48,628	69.0
July 5.....	67,725	47,550	50,547	69.0
July 12.....	68,153	45,677	49,927	71.3
July 19.....	68,742	44,648	49,482	73.0
July 26.....	67,154	44,621	49,051	71.7
August 2.....	65,343	44,260	48,874	70.2
August 9.....	67,579	45,325	48,959	71.7
August 16.....	68,267	46,006	48,749	72.0
August 23.....	66,510	43,803	48,986	71.7
August 30.....	66,713	44,611	49,163	71.1
September 6.....	72,931	47,293	51,328	74.0
September 13.....	70,946	45,291	51,588	73.2
September 20.....	68,258	49,960	52,415	66.7
September 27.....	65,512	46,660	52,762	65.9
October 4.....	71,533	48,643	55,204	68.9
October 11.....	75,246	45,837	56,403	73.6
October 18.....	74,033	43,441	56,911	73.8
October 25.....	77,049	48,769	56,753	73.0
November 1.....	79,300	50,081	56,778	74.2
November 8.....	78,273	49,422	57,623	73.1
November 15.....	81,295	49,109	56,975	76.6
November 22.....	81,052	49,696	57,090	75.9
November 29.....	79,000	47,149	56,691	76.1
December 6.....	85,567	52,860	58,005	77.2
December 13.....	77,865	46,300	57,894	74.7
December 20.....	82,424	51,737	59,183	74.3
December 27.....	80,842	49,576	60,027	73.8

DIRECTORS AND OFFICERS
of the
FEDERAL RESERVE BANK OF MINNEAPOLIS

January 1, 1923

DIRECTORS

Class A	Class B	Class C
J. C. Bassett (1923) Aberdeen, S. D.	N. B. Holter (1923) Helena, Mont.	John H. Rich (1923) Minneapolis, Minn.
W. C. McDowell (1924) Marion, N. D.	F. P. Hixon (1924) LaCrosse, Wis.	Homer P. Clark (1924) St. Paul, Minn.
Theo. Wold (1925) Minneapolis, Minn.	F. R. Bigelow (1925) St. Paul, Minn.	George W. McCormick (1925) Menominee, Mich.

OFFICERS

John H. Rich, Chairman and Federal Reserve Agent.	R. A. Young, Governor.
Homer P. Clark, Deputy Chairman.	W. B. Geery, Deputy Governor.
Curtis L. Mosher, Secretary Board of Directors and Assistant Federal Reserve Agent.	S. S. Cook, Deputy Governor.
J. F. Ebersole, Assistant Federal Reserve Agent.	Frank C. Dunlop, Controller.
Harry Yaeger, Field Representative.	B. V. Moore, Cashier.
Fred M. Bailey, Manager Bank Examination Department.	Gray Warren, Assistant Cashier.
	L. E. Rast, Assistant Cashier.
	H. C. Core, Assistant Cashier.
	Andreas Ueland, Legal Counsel.

Member of Federal Advisory Council

George H. Prince, Chairman Board of Directors, Merchants National Bank, St. Paul, Minn.

HELENA BRANCH (HELENA, MONTANA)

Directors

T. A. Marlow, Helena, Chairman	
Lee M. Ford, Great Falls	C. J. Kelly, Butte
R. O. Kaufman, Helena	H. W. Rowley, Billings

Officers

R. E. Towle, Manager	R. E. Schumacher, Assistant Cashier
H. L. Zimmerman, Assistant Federal Reserve Agent	T. B. Weir, Legal Counsel
H. F. Brown, Cashier	