

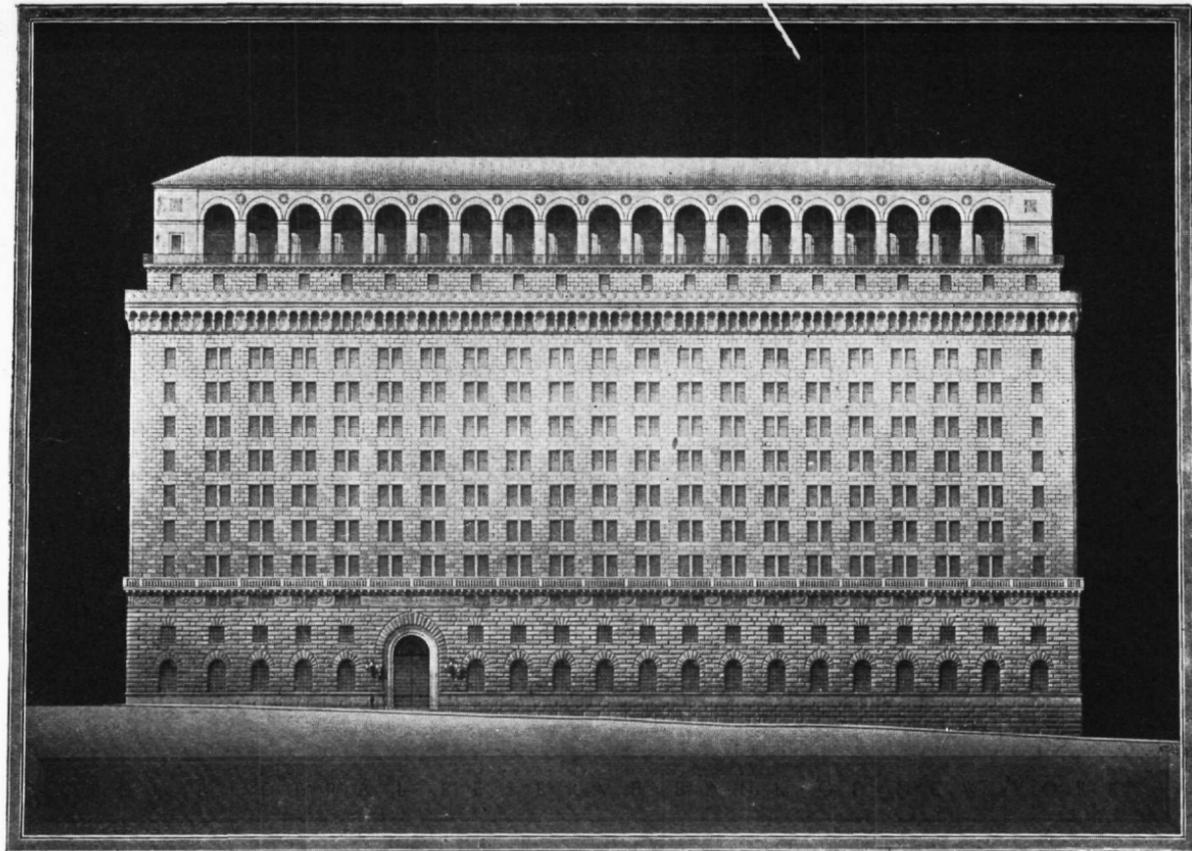
Fifth Annual Report

Federal Reserve Bank
of New York

For the Year Ended December 31, 1919



Second Federal Reserve District



YORK AND SAWYER, ARCHITECTS.

DESIGN FOR LIBERTY STREET FACADE. NEW BUILDING. FEDERAL RESERVE BANK OF NEW YORK

Fifth Annual Report

**Federal Reserve Bank
of New York**

**For the Year Ended December 31
1919**

**Second Federal
Reserve District**

LETTER OF TRANSMITTAL

FEDERAL RESERVE BANK
OF NEW YORK

New York, February 1, 1920.

SIR: I have the honor to submit herewith the fifth annual report of the Federal Reserve Bank of New York, covering the year 1919.

Respectfully,

PIERRE JAY,

Chairman and Federal Reserve Agent.

Hon. W. P. G. HARDING,

Governor, Federal Reserve Board,

Washington, D. C.

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Federal Reserve Bank of New York

DIRECTORS AND OFFICERS JANUARY 1, 1920

Directors

PIERRE JAY, New York City

Chairman

JAMES S. ALEXANDER, New York City

LESLIE R. PALMER, Croton-on-Hudson,
N. Y.

WILLIAM L. SAUNDERS, Plainfield, N. J.

GEORGE FOSTER PEABODY, Saratoga
Springs, N. Y.

Deputy Chairman

CHARLES SMITH, Oneonta, N. Y.

CHARLES A. STONE, New York City

ROBERT H. TREMAN, Ithaca, N. Y.

Member of Federal Advisory Council

A. BARTON HEPBURN, New York City

Officers

GENERAL OFFICERS

BENJ. STRONG, *Governor*

J. HERBERT CASE, *Deputy Governor*

LOUIS F. SAILER, *Deputy Governor*

DUDLEY H. BARROWS, *Secretary*

SENIOR OFFICERS

J. HERBERT CASE,
Controller of Foreign Relations Pro
tem., Controller of Loans Pro tem.

LAURENCE H. HENDRICKS,
Controller of Collections

JOSEPH D. HIGGINS,
Controller of Cash and Custodies

ARTHUR W. GILBART,
Controller of Administration

LOUIS F. SAILER,
Controller of Fiscal Agency Functions
Pro tem., Controller of Accounts
Pro tem.

EDWIN R. KENZEL,
Controller of Investments

CHANNING RUDD,
Controller of Government Loan
Organization

DIRECTORS AND OFFICERS JANUARY 1, 1920—Continued

JUNIOR OFFICERS

- GILBERT E. CHAPIN,
Manager, Loan Department
- CHARLES H. COE,
Manager, Check Department
- JAY E. CRANE,
Manager, Foreign Department
- RALPH T. CRANE,
*Manager, Member Bank Relations
Department*
- WILLIAM H. DILLISTIN,
*Manager, Bank Examinations
Department*
- BETHUNE M. GRANT,
*Manager, Government Securities Sales
Department*
- WILLIAM A. HAMILTON,
Manager, Cash Department
- HOWARD M. JEFFERSON,
Manager, Personnel Department
- J. WILSON JONES,
*Manager, Government Bond Depart-
ment*
- ADOLPH J. LINS,
*Manager, Government Deposit Depart-
ment*
- WALTER B. MATTESON,
*Manager, Certificates of Indebtedness
Department and Manager, Securi-
ties Department*
- HENRY R. MURRAY,
Manager, Collection Department
- ROBERT M. O'HARA,
Manager, Bill Department
- JOHN E. RAASCH,
Manager, Planning Department
- LESLIE R. ROUNDS,
*Manager, Accounting Department and
Manager, Disbursing Department*
- WILLIAM M. ST. JOHN,
Manager, Custody Department
- I. WARD WATERS, *Manager, Service Department*

FRANCIS OAKEY, *Acting General Auditor*

HARRY ARTHUR HOPF, *Organization Counsel*

Federal Reserve Agent

PIERRE JAY, *New York City*

SHEPARD MORGAN, *Assistant Federal Reserve Agent*

Buffalo Branch

DIRECTORS

HARRY T. RAMSDELL, *Buffalo, N. Y.*

CLIFFORD HUBBELL, *Buffalo, N. Y.*

RAY M. GIDNEY, *Buffalo, N. Y.*

ELLIOTT C. McDUGAL, *Buffalo, N. Y.*

FRANK L. BARTLETT, *Olean, N. Y.*

RAY M. GIDNEY, *Manager*

OFFICERS

WALTER W. SCHNECKENBURGER, *Cashier*

Fifth Annual Report of the Federal Reserve Bank of New York

I

REVIEW OF 1919

Business and Credit Conditions

THE Federal Reserve System commenced operations several months after the European war had been in progress, and 1919 was, therefore, the first entire year in which it operated free from the overshadowing anxieties of war. But though actual fighting had ceased before the year opened, disturbed conditions of industry, labor, credit and prices, such as usually follow in the wake of a great war, were very much in evidence throughout the year. The unemployment of the winter and spring months, due to the sudden cessation of war industries and the rapid return of our soldiers and sailors, was followed during the summer and autumn by an active demand, both domestic and foreign, for goods of all kinds. This soon turned a labor surplus into a labor shortage, still further increased both prices and wages and encouraged an unprecedented series of strikes which greatly retarded production and distribution when demand upon both were at their heaviest. The higher prices realized and the higher wages received in nearly all parts of the country gave rise during the autumn to extravagant purchases of all kinds of necessities and luxuries without regard to price. They also induced a reckless and widespread speculation for the rise in securities and real estate, as well as in many commodities, not merely raw materials but even semi-finished and finished goods. Throughout the latter half of the year the supply of most goods has been wholly inadequate to the demand; competition in most industries has been non-existent, and the insistent demands of a class of buyers without experience in prices and determined to satisfy their desires regardless of price, have resulted in a seller's market. The year closed with the speculative demands for credit somewhat decreased but with the demands of industry,

at ever increasing price levels, absorbing the credit released by lessened speculation. The credit reservoir was at its lowest point and average commodity prices at their highest.

The Relaxation of War Restrictions

During the war, as at present, there was a shortage of goods and labor. Then the Government was the great insistent buyer whose demands had first to be filled. To meet the situation the banks were asked to discriminate in their credits against less essential production and distribution and consumers were asked to forego less essential consumption. But it was not until the Government took control of materials, allocating them to the more essential industries, and supervised to some extent the movements of labor, that effective reduction of less essential production and distribution was brought about. Issues of new securities were rigidly restricted by the Capital Issues Committee and speculation in existing securities was held in check by cooperative action between bankers and stock exchanges.

The prompt withdrawal of the Government, after the armistice, from the control it had exercised over materials and labor was soon followed by the withdrawal of restrictions on the issue of new securities and dealings in existing securities. Natural laws again became operative. The desire for comforts and luxuries, held in restraint for a year or more, reasserted itself, and large profits, high wages and sales of Government securities provided the necessary purchasing power. The immense demand for goods led many industries to increase their plants and finance themselves by issuing securities. The desire to speculate, also held in restraint during the war, asserted itself not only in the stock market, where securities rose to new high levels in an adjustment of prices to the immense profits which many industries were realizing, but also in real estate and many commodities. And many of the millions who, during the war, had learned their first lesson in investing in securities fell an easy prey to sellers of doubtful or worthless securities which promised higher returns than the Liberty bonds taken in exchange.

Rising Demands for Credit

The intense activity of the last six months of 1919 in goods and securities, with constantly rising prices, was facilitated by the credit situation. The policy adopted by the Government during the war of paying low rates of interest on its borrowings, whether funded or temporary, necessitated the adoption of a correspondingly low rate policy by the Federal Reserve Banks, in order to facilitate the sales of Government securities. These always exceeded in

volume the savings available at the time and, therefore, could only be absorbed through recourse to bank loans for a considerable part of every issue. In fact, "borrow and buy" was one of the slogans common to all of the later loan campaigns. During the war, with production, consumption and speculation all held in check by Government control or patriotic restraint, the low rates offered little temptation to unnecessary expansion. But with Government control and patriotic restraint both removed soon after the armistice and with the successful floating of the Victory Liberty loan in May, coincidentally with the passing of the winter's unemployment and industrial readjustment, natural forces and impulses vigorously reasserted themselves. The rapidity with which in the late summer and early autumn fresh credit was demanded and absorbed by the feverish industrial and speculative activity already described made it clear that natural forces in credit must also reassert themselves if the credit situation were to be protected and if credit were to exert any restraint upon further price expansion. The low discount rates which had been safely maintained by the Federal Reserve Banks under the Government control of industry during the war, proved, in the absence of such control, to be an invitation to further credit expansion. They provided the banks with cheap credit which could be re-loaned at a profit.

The Increase of Discount Rates

During September the debt of the Government decreased about \$400,000,000. By the end of the year the reduction had grown to \$759,000,000. This turn in the tide of Government financing provided the basis for an increase in the rates of the Federal Reserve Bank of New York. These rates were accordingly increased, gradually and progressively, on November 3, December 11 and 31, 1919, and January 22, 1920, from a scale of from 4 to $4\frac{3}{4}$ per cent. to a scale of from $4\frac{3}{4}$ to 6 per cent. Thus the rates which during the war were necessarily related to the rates on Government securities rather than to the rates paid by industry and commerce, began gradually to approach their normal relation to the latter class of borrowing. If credit elasticity were abandoned and fixed limits of credit established a large measure of credit and price deflation might be accomplished promptly, but only at the expense of industrial demoralization such as we have seldom, if ever, experienced. Credit should do its part in bringing about the readjustment, and should be made sufficiently expensive to exert pressure and discourage unproductive and unnecessary uses. But the movement should be gradual and orderly; sudden credit or price deflation might lead to disaster.

Price and Credit Contraction

While the present price expansion could not have occurred without accompanying credit expansion, we should not expect to rely confidently or solely on credit contraction to bring about price contraction. In any necessary industry in which the production is unequal to the demands of consumption, the pressure of higher credit costs is readily absorbed in the higher prices which absence of competition permits; while refusal to extend credit merely tends to widen the gap between supply and demand and leads consumers to pay even higher prices for the decreased supply. Sugar, for example, is a commodity of which, for various reasons, the world is short. Sugar prices would permit producers to pay any cost for credit; failure to secure credit would reduce production and lead to still higher prices. Copper, on the other hand, was produced in great volume for war requirements, but after the armistice the production was in excess of peace needs, and the price to the public promptly fell from 26 cents to 15 cents per pound without any credit pressure to bring it down. Analyses of the prices prevailing in many other specific industries could be made which would show greater or lesser divergences from the general rise in the price level and indicate that the prices under analysis were due not alone to the larger volume of credit in use but in part also to the particular conditions prevailing in such industries.

If anyone doubts the necessity for credit pressure as a *sine qua non* of effecting a reduction of present price and credit expansion, he has only to observe conditions before the pressure began to be exerted in order to be convinced. Nevertheless, we should not forget the desirability which the war so clearly taught us, of viewing our financial problems both from the standpoint of the supply of goods and services as well as from that of credit which provides the means of commanding and transferring them. In the absence of industrial competition, so general at present, too much must not be expected from credit pressure alone on either the volume of credit or the price of goods. A decline in the price of goods through the reestablishment of competition, however, will surely bring about a decline in the volume of the credit required to produce and distribute them. The reestablishment of competition seems most likely to be effected through increased production rather than decreased consumption, for, under present conditions, to effect any substantial reduction of consumption otherwise than by taxation would be extremely difficult. Domestic consumption is proceeding at a high rate, undeterred by either high prices or urgent appeals for restraint and economy and supported by an immense group of wage-earners and agriculturists who have never

before had such buying power and who mean to exercise and enjoy it. They are creating a consumptive demand not to be measured by pre-war standards. The declining exchange rates, however, are tending to check the demands of foreign consumers for many of our goods not essential to their health and industries.

Prospects of Larger Production

The prospect of a gradual falling off of this foreign consumption and of larger importations from foreign countries, encouraged by the falling exchanges, indicates one possible element of relief to the present lack of equilibrium between supply and demand at home. Again, immigration, which ceased almost completely during the war, has recently been resumed in substantial volume, though as yet it does not appear to have offset the steady return of laborers to their European homes since the armistice. Perhaps the most encouraging prospect of the larger production so necessary to reestablish competition is found in the tendency of labor to work more steadily and efficiently, not only here but in other belligerent countries, and in the activity of manufacturers of labor-saving machinery. Managers of producing and distributing plants are apparently awakening to the desirability of effecting economies in the volume of labor they employ. Expressing it in another way, they are seeking to provide labor with tools and methods which will make it worth more nearly its present wages as compared with those of five years ago. Wherever this policy of readjusting the high cost of labor is practicable, instead of readjusting by reducing wages, not only will the necessary transition to lower labor costs be facilitated but a great benefit will be conferred both on those directly affected and on business generally. For one of the most important economic changes brought about by higher wages and the larger margins which they often represent has been the broadening of our buying power and the stimulation which it has given to industry. In our price readjustment whatever can be done to conserve or even increase to the wage earner this margin over bare living costs, will make the readjustment easier for both labor and industry.

The Responsibility of the Member Banks

Except in the case of open market transactions, whatever pressure Federal Reserve Bank rates may put upon the volume of credit is exerted not directly but through the member banks. It is important, therefore, that as the first steps are being undertaken to reduce the great credit expansion which war financing necessitated the member banks should realize that the existence of their new credit organization does not lessen the responsibility for credit condi-

tions which they formerly recognized and assumed. On the contrary it rather increases their responsibility because of the immensely increased credit power which the new organization creates and which they take the initiative in using. The duty of the organization is to establish such rates as will suffice to keep the volume of credit within control. But it is the credit policies and requirements of the member banks, reflected in the amount of their reserve credit they call into use, which will usually determine the volume. And as the banks are gradually relieved of Government securities it seems desirable that the policy of steady borrowing which the absorption of these Government securities has necessitated, should gradually revert to the policy of seasonal or occasional borrowing by banks, which prevailed prior to America's entry into the war. When the member banks have thus once more reached a position in which they usually transact only such business as their own resources permit the Federal Reserve System will have been restored to its normal role of an agency for emergency or seasonal expansion.

II BANK OPERATIONS

Earnings, Investments and Banking Relations

The statement of condition of the Federal Reserve Bank of New York as of December 31, 1919, compared with that for December 31, 1918, is as follows:

RESOURCES		
	Dec. 31, 1919	Dec. 31, 1918
RESERVES:		
Gold with Federal Reserve Agent.....	\$306,756,215.00	\$274,392,165.00
Gold redemption fund for Federal Reserve Notes.....	25,000,000.00	25,000,000.00
Gold Settlement Fund.....	14,976,859.68	66,790,455.76
Gold bullion.....	91,597,931.24	79,101,340.83
Gold coin and certificates.....	62,635,827.49	179,674,646.70
Gold with foreign agencies.....	48,194,795.30	.....
Legal tender notes.....	43,770,842.00	43,038,200.00
Silver certificates and coin.....	2,422,808.50	4,531,976.85
Total Reserves.....	\$595,355,279.21	\$672,528,785.14
LOANS AND DISCOUNTS:		
Bills discounted for member banks.....	\$790,803,288.24	\$697,341,455.69
Acceptances purchased.....	202,902,609.54	77,576,632.94
United States bonds.....	1,306,800.00	1,447,700.00
United States one year Treasury notes.....	.....	521,000.00
United States certificates of indebtedness.....	8,445,500.00	93,374,500.00
United States Securities held to secure F. R. Bank Notes.....	59,276,000.00	34,955,000.00
Total Investments.....	\$1,062,734,197.78	\$905,216,288.63
OTHER RESOURCES:		
Federal Reserve Notes and other cash.....	\$132,138,895.83	\$97,048,219.95
Federal Reserve Bank notes.....	3,527,000.00	751,000.00
Redemption fund Federal Reserve Bank notes	2,900,000.00	1,689,250.00
Items in process of collection.....	194,382,544.39	145,736,177.53
Exchanges for Clearing House and sundry cash items.....	54,532,017.18	36,401,491.78
Due from foreign banks.....	1,141,326.31	6,770,374.11
Interest accrued on United States bonds.....	543,500.33	172,878.27
Deferred charges and prepaid expenses.....	164,525.49	150,194.29
Advances made for Treasury U. S. account expenses Government Loan Organization.	977,835.29	3,023,724.56
Real Estate.....	3,094,050.00	2,317,692.39
Total Other Resources.....	\$393,401,694.82	\$294,061,002.88
Total Resources.....	\$2,051,491,171.81	\$1,871,806,076.65

LIABILITIES

CAPITAL:	Dec. 31, 1919	Dec. 31, 1918
Capital paid in.....	\$22,390,750.00	\$20,820,100.00
Surplus.....	45,081,932.63	8,322,040.00
Total Capital Fund.....	\$67,472,682.63	\$29,142,140.00
DEPOSITS:		
Due to United States Government.....	\$5,849,025.28	\$5,705,629.16
Due to Foreign Governments and banks.....	27,569,776.45	95,976,172.85
Due to member banks—reserve balances.....	755,951,452.59	705,062,061.27
“ “ “ “ —uncollected funds.....	88,568,032.65	72,173,899.90
Due to non-member banks, deposit account..	11,655,844.36	5,382,207.29
Due to other Federal Reserve Banks—collected funds.....	72,964,615.44	78,986,137.26
Due to other Federal Reserve Banks—uncollected funds.....	7,337,079.52	6,934,425.41
Officers' checks outstanding.....	6,170,350.28	4,998,919.04
Gross Deposits.....	\$976,066,176.57	\$975,219,452.18
NOTES:		
Federal Reserve notes outstanding.....	\$939,715,955.00	\$819,015,835.00
Federal Reserve Bank notes outstanding.....	58,200,000.00	33,785,000.00
Total.....	\$997,915,955.00	\$852,800,835.00
OTHER LIABILITIES:		
Depreciation reserve account.....	\$526,621.35	\$205,880.00
General reserve account.....	822,682.42	299,375.00
Unearned discount and interest.....	2,737,510.26	1,308,769.90
Participation certificates Liberty Loan bonds	20,130.00	34,410.00
Reserve for franchise tax.....	.....	12,795,214.57
Due to United States Government as franchise tax.....	2,703,893.63	.....
All other liabilities.....	3,225,519.95	.....
Total Other Liabilities.....	\$10,036,357.61	\$14,643,649.47
Total Liabilities.....	\$2,051,491,171.81	\$1,871,806,076.65

The increase in the capital stock of the bank is analysed in Exhibit B in the appendix.

EARNINGS AND EXPENSES

Following is a comparative statement of the earnings and expenses of the Federal Reserve Bank of New York for the years 1918 and 1919:

	1919	1918
INCOME:		
Bills discounted—members.....	\$29,935,910.97	\$17,736,260.94
Acceptances bought.....	3,334,329.74	5,411,820.70
United States securities.....	1,888,497.28	1,561,839.17
Municipal warrants.....		2,621.23
Commissions received.....		22,645.93
Profit on bills sold.....	275.08	10,393.07
Penalties for deficient reserves.....	36,405.58	27,191.89
Service charges.....		50,167.06
Interest on noncurrent funds.....	3,746.51	
Sundry profits.....	78,840.88	491,795.99
Total.....	\$35,278,006.04	\$25,314,735.98
EXPENSE:		
Directors' fees, outside conferences, and Federal Advisory Council.....	\$29,335.22	\$22,618.96
Salaries.....	2,959,165.15	1,298,474.26
Rent.....	290,243.41	139,007.62
Cost of furniture and equipment.....	204,013.60	170,933.02
Repairs and alterations.....	130,718.37	42,145.52
Stationery and printing.....	236,653.61	137,960.30
Telephone and telegraph.....	65,725.15	33,053.49
Postage.....	116,071.54	99,439.80
Expressage.....	54,395.47	47,204.28
Insurance.....	98,816.68	35,294.48
Extra help, and supper allowance due to late work	160,941.30	48,459.52
Postage and insurance on our Federal Reserve notes returned.....	43,735.90	20,491.24
General expense.....	351,541.63	121,779.43
Cost of Federal Reserve notes.....	610,538.86	335,043.65
Cost of Federal Reserve Bank note plates.....	31,060.00	27,920.93
Assessment for expenses of Federal Reserve Board	181,874.61	100,876.18
Total.....	\$5,564,830.50	\$2,680,702.68
Net earnings.....	\$29,713,175.54	\$22,634,033.30
Net credits to Profit and Loss during year.....	10,413.16	132,058.91
Total.....	\$29,723,588.70	\$22,766,092.21
DEDUCTIONS DECEMBER 31, 1919:		
Reserve for tax on Federal Reserve Bank note circulation.....	\$169,514.40	
Additional transfer to depreciation reserve account.....	325,741.35	
Transfer to general reserve account.....	368,681.70	
Estimated value of buildings now standing on site, charged off.....	900,031.72	\$1,763,969.17
DIVIDENDS PAID DURING 1919:		
January 1 to June 30.....	\$630,578.84	
July 1 to December 31.....	660,469.00	1,291,047.84
Carried to surplus.....	23,964,678.06	
Paid franchise tax United States Government.....	2,703,893.63	
Total.....	\$29,723,588.70	

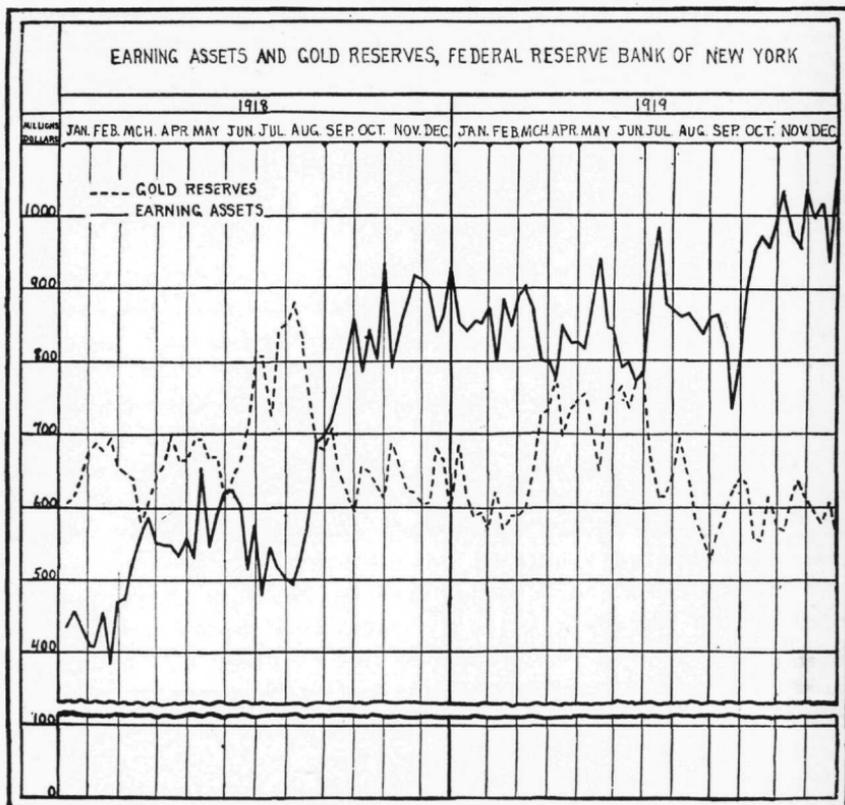
The increased earnings for 1919 were due, of course, to the larger volume of discounts and advances which war and business financing necessitated during the year. The total of expenses does not comprise disbursements made for the account of the Government amounting to \$4,963,642.44, which include the cost of carrying on the departments of the bank performing fiscal agency functions for the United States, and the Government Loan and War Savings Organizations. These payments have been reimbursed or are now in process of reimbursement by the Treasury Department.

The amendment to the Federal Reserve Act, approved March 3, 1919, directed that each Federal Reserve Bank should pay its net earnings into a surplus fund until it amounted to 100 per cent. of its subscribed capital and that thereafter it should pay into surplus each year a further 10 per cent. of its net earnings, before transferring to the Treasury of the United States any of its surplus earnings as a franchise tax. This was made retroactive so as to cover the surplus earnings of the year 1918, which had not been called for by the Treasury Department pending the consideration of this legislation by Congress. Accordingly, at the close of the year the surplus of the Federal Reserve Bank of New York is \$44,781,500, or 100 per cent. of its subscribed capital, to which is added 10 per cent. of the remaining net earnings of the present year, or \$300,432.63, making in the aggregate a surplus of \$45,081,932.63 to which the United States has reversionary ownership. The amount transferred to the Treasury of the United States as a franchise tax was \$2,703,893.63.

Deductions have been made from the total net earnings of the bank to cover certain known items of depreciation and to provide reserves for special purposes. Thus, the appraised valuation of the old buildings and foundations on the property acquired during the year as a part of the site for the new bank building, has been charged off in the amount of \$900,031.72. The loss in value of the foreign exchange held by the bank as based on market rates at the close of the year, amounting to \$325,741.35, has also been provided for, and an additional sum of \$200,000 has been set aside for the establishment of a self-insurance fund. Other charges are \$169,514.40, to cover the tax on Federal Reserve Bank note circulation for 1919, and \$168,681.70 to cover the assessment to be made by the Federal Reserve Board for its expenses.

Semi-annual dividends of 3 per cent. were paid to stockholders on June 30th and December 31st.

INVESTMENTS DURING 1919



(In millions of dollars)

Recourse to the credit facilities of the Federal Reserve Bank of New York was more constant and general, and in larger volume than during 1918. The maximum of its earning assets during 1918 was \$968,000,000. In 1919 it was \$1,079,000,000. The chart given above shows the course of the earning assets and gold reserves of the bank for the years 1918 and 1919. Chart No. 4 in the appendix shows the classification of the earning assets, and Exhibit C gives the figures illustrated in the chart.

Discounts and Advances

As the necessity for the banks to borrow from the Federal Reserve Bank arose primarily from their absorption of one form or another of Government obligations, it was natural that these obligations should have continued to be used during the year as the chief basis for accommodation at the Federal Reserve Bank, though loans based on commercial paper showed a marked increase from 1918. But the impelling reason why loans continued to be based mainly

on Government obligations was the preferential rate established for such transactions, and the greater ease and simplicity of borrowing with such security. In both 1918 and 1919, although it was the volume of Government obligations outstanding which created the necessity for borrowing at the Federal Reserve Bank, the fluctuations in the amount of this borrowing arose directly from the movement of Government funds into or out of the district, as was noted in the last annual report.

Below is a comparative summary of the discounts and advances made in 1919, 1918 and 1917:

	1919	1918	1917
Number of applications received.....	23,237	14,831	2,513
Amount of applications accepted and discounted or advanced upon..	\$42,449,491,133.87	\$24,535,538,457.77	\$6,513,225,285.60
Number of pieces of paper discounted or advanced upon.....	127,721	129,038	22,484
Largest piece of paper discounted or advanced upon.....	\$120,000,000.00	\$135,000,000.00	\$147,000,000.00
Smallest piece of paper discounted or advanced upon.....	2.81	5.02	25.00
Average size of notes discounted or advanced upon.....	\$332,361.09	\$190,141.96	\$289,682.67
Number of banks rediscounting.....	546	522	322

The distribution by months of discounts and advances made in 1919 is given in the appendix (Exhibit D).

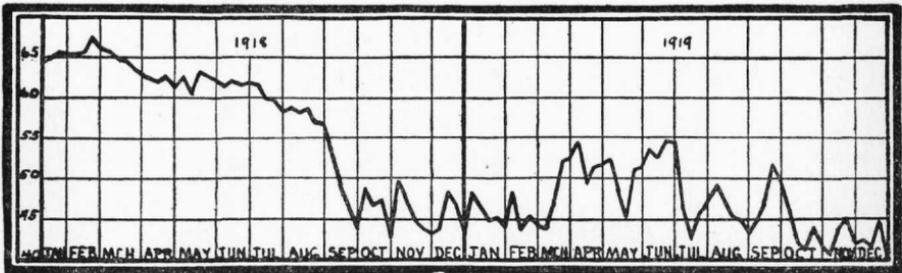
During the year the purchase from the Treasury of special certificates of indebtedness for short periods in order to supply the Treasury with funds to meet maturing obligations pending the transfer of funds from other districts, or their withdrawal from depository banks, aggregated \$2,605,500,000; the largest amount of such certificates held at any one time was \$260,000,000. Exhibit E in the appendix gives the amounts of such certificates taken at various times in 1919. The bank purchased during the year \$24,321,000 United States 2 per cent. certificates of indebtedness, which it hypothecated under the authority of the Pittman Act as security for Federal Reserve Bank notes.

The custom of purchasing certificates of indebtedness from non-member banks with an agreement on their part to repurchase within fifteen days, was continued in 1919 as a means of encouraging their subscriptions to the issues. The largest amount of certificates held

under repurchase agreements at any one time was \$35,876,500 on May 6.

This bank has continued during the year its policy covering the temporary purchase of bills, thereby assisting houses that deal in such paper from time to time in carrying their portfolios. The largest amount of bills so held at any one time was \$14,288,851.73 on November 17.

Reserve Percentage



Movement of Reserve Percentage 1918-1919

During the year the fluctuations in earning assets and the movements of Government funds effected considerable variations in the reserve percentage of the Federal Reserve Bank of New York, as appears in the chart given above, which shows also for purposes of comparison the course of the reserve percentage in 1918. In its weekly published statements the highest per cent. of reserves against deposit and note liabilities was 54.5 on June 20, and the lowest per cent., 40 on December 26. Detailed figures showing the changes from week to week appear in Exhibit F in the appendix, and are illustrated in Chart No. 5. Frequently during the year in order to equalize reserve percentages, this bank sold bills from its portfolio to other Federal Reserve Banks. The volume of these sales aggregated \$312,739,000. On the other hand, as a partial offset to this larger aggregate transfer of investments, the Federal Reserve Bank of New York rediscounted for or purchased bills from other Federal Reserve Banks to the aggregate amount of \$55,826,561.89.

The following table shows the reserve figures of this bank and of the Federal Reserve System, when the United States entered the war and at the close of 1918 and 1919:

Date	Federal Reserve Bank of New York		All Federal Reserve Banks	
	Per Cent.	Amount	Per Cent.	Amount
April 6, 1917.....	92.0	\$426,714,000	84.7	\$962,662,000
December 27, 1918.....	42.5	637,295,000	50.6	2,146,219,000
December 26, 1919.....	40.0	616,040,000	44.8	2,135,536,000

ACCEPTANCES AND THE DISCOUNT MARKET

Purchases by months of bankers acceptances and indorsed trade bills by this bank for its own account and for the account of other Federal Reserve Banks have been as follows:

	For Our Own Account		For the Account of Other Federal Reserve Banks	
	No. of Items	Amount	No. of Items	Amount
January	2,850	\$75,628,789.75	1,789	\$46,516,341.45
February	2,115	56,351,763.56	1,209	31,772,303.09
March	2,013	53,350,194.52	1,329	34,959,972.36
April	2,645	71,653,945.23	1,217	33,966,815.31
May	2,300	60,721,633.14	1,252	34,190,164.37
June	4,768	142,516,454.53	2,875	81,900,544.26
July	4,832	129,118,992.41	2,749	73,976,160.83
August	2,301	64,910,475.76	1,903	46,094,342.25
September	2,332	64,481,753.02	2,931	76,141,468.06
October	5,448	145,060,465.83	3,838	98,869,452.20
November	5,145	152,642,970.06	3,109	79,417,045.05
December	6,823	210,788,099.84	4,383	101,694,398.60
Total	43,572	\$1,227,225,537.65*	28,584	\$739,499,007.83

*Includes \$15,826,561.89 of bills bought from other Federal Reserve Banks.

The classification of bills bought in the open market for the account of this bank and for other Federal Reserve Banks, the volume of acceptances discounted in 1919, and the amounts sold by this bank to other Federal Reserve Banks, appear in the appendix (Exhibits H and I).

Purchases for Member Banks

During the year 1919 this bank, as a service to member banks, has also bought bills in the open market for their account. This new service has been availed of by 38 member banks up to the end of December 31, 1919. Bills bought for their account aggregated \$8,199,947 and comprised 873 pieces. Such purchases are made for member banks on their order, and if desired, this bank retains custody of the paper bought, and either collects it for the member bank's credit at maturity or makes such other disposition of it before maturity as may be desired. This service is without charge to members and through it several of them have become experienced buyers of bills on their own account, and find it no longer necessary regularly to avail themselves of the service. Others, having surplus funds for investment only occasionally, have not yet developed as individual buyers. From the very general interest manifested in this new service, the outlook for increasing activity in it is promising.

Bankers Acceptances

The demand for bankers acceptance credit continues to increase substantially and more bills are being created than ever before. Freer shipping facilities have promoted larger import movements, particularly from South America and the Orient, and increased commodity prices have resulted in very large dollar drawings from those markets. The increased price of cotton this year also has required much greater banking accommodation, which has largely taken bankers acceptance form, with the result that many new names have appeared in the New York market as acceptors, principally of banks located in the South and Southwest.

Careful estimates of the volume of bankers acceptances and foreign trade dollar bills drawn on American merchants at the close of the year 1919 indicate a total well in excess of \$1,000,000,000, of which it is estimated that about \$950,000,000 are bankers acceptances. A table of estimates of the amount of eligible bankers acceptances at the end of the year, arranged by Federal Reserve Districts, follows:

Boston.....	\$110,000,000	Chicago.....	\$65,000,000
New York.....	643,000,000	St. Louis.....	20,000,000
Philadelphia.....	25,000,000	Minneapolis.....	7,000,000
Richmond.....	19,000,000	Kansas City.....	1,000,000
Cleveland.....	26,000,000	Dallas.....	11,000,000
Atlanta.....	5,000,000	San Francisco.....	26,000,000

The further development during the year of the business of accepting corporations and foreign trade banks has been rapid. At the end of the year such institutions located in New York had aggregate capital and surplus in excess of \$38,802,000, and their liability for acceptances outstanding was approximately \$90,000,000.

The acceptance liabilities of national banks, trust companies and state banks of this district, as of recent date, are compared with former years in the following table:

	Nov. 12 Dec. 31, 1919	Sept., 1918	Sept., 1917	Sept., 1916
National Banks...	\$184,022,912.00	\$141,934,391.42	\$73,717,000	\$44,300,877
Trust Companies..	134,653,153.63	124,038,547.88	91,424,509	68,588,558
State Banks.....	16,978,158.47	9,841,533.62	7,355,910	2,787,995
Total.....	\$335,654,224.10	\$275,814,472.92	\$172,497,419	\$115,677,430

The figures above stated for 1919 were taken from published statements as of December 31, 1919, where statements of that date were available, and otherwise from the last available published statements, which were of the date as of November 12, 1919. These figures, however, do not represent the entire amount of bills

accepted by the banks in this district as of those dates, but only the amount of their acceptances outstanding and in the hands of holders other than the accepting banks. It appears from the reports that on the same dates additional amounts of acceptances of these institutions were held in their own portfolios as follows:

National Banks.....	\$16,028,745.00
Trust Companies.....	26,090,337.61
State Banks.....	6,783,848.62
Total.....	\$48,902,931.23

While discount houses and dealers in bills have endeavored strenuously to accomplish distribution of this increased volume of bills and in the main have been fairly successful, the almost constant advance in money rates made their task increasingly difficult. Not only have they had to carry larger portfolios, often requiring for that purpose funds obtainable only at rates equal to or higher than those earned by their portfolios, but the higher rates for call money on investment securities attracted to that market out-of-town funds that might otherwise have been at the service of the open discount market; and during the latter months of the year, as the market rates for bills yielded along with other rates to higher levels, there developed an instability that prevented satisfactory distribution. Under these circumstances the Federal Reserve Banks absorbed an increasing amount of bills in the open market, buying from member banks and dealers alike at uniform rates for prime indorsed paper.

The minimum rates at which paper was purchased during the year by this bank were by periods as follows:

	Short Bills	90-Day Bills
Jan. 2 to Nov. 3.....	4 ⁰ / ₁₀₀	4 ¹ / ₄ %
Nov. 5 to Nov. 25.....	4 ¹ / ₄ %	4 ¹ / ₂ %
Nov. 26 to Dec. 3.....	4 ³ / ₈ %	4 ³ / ₄ %
Dec. 4 to Dec. 22.....	4 ¹ / ₂ %	4 ³ / ₄ %
Dec. 23 to Dec. 29.....	4 ³ / ₄ %	4 ⁷ / ₈ %
Dec. 29 to Dec. 31.....	4 ³ / ₄ %	5 ⁰ / ₁₀₀

These rates reflected the changed conditions in the primary market and were in every instance for three-name paper as compared with unindorsed bills on which the market quotations were generally based. The primary market rates for 90-day bankers bills advanced during the year from about 4 5-16-4 3-8⁰/₁₀₀ to 5 3-8-5¹/₂% . The experience of the discount market for the last three months of the year emphasizes the need referred to last year of a call money market related to commercial discount rates rather

than to the requirements of the securities market. A committee of prominent bankers and stock exchange members, under the chairmanship of Hon. Paul M. Warburg is giving this matter serious consideration.

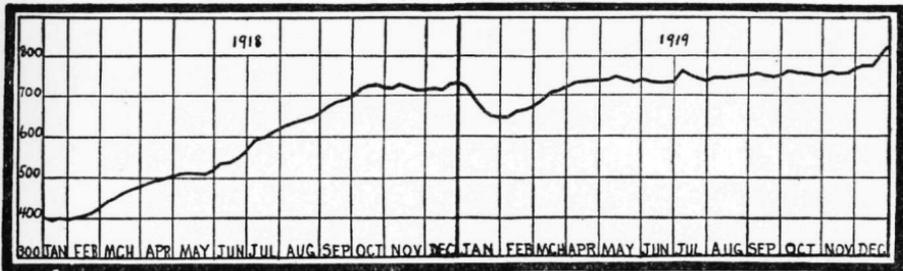
During the first ten months of the year, Treasury certificates of indebtedness were available to investors at rates slightly above the discount rates on prime bankers acceptances and this fact continued to operate as it did last year against general buying of bills by savings banks and corporations, but now conditions are reversed and the discount market expects a better demand to develop from these quarters for the 90-day and four-months' bankers acceptances.

Trade Acceptances

The former activities of the American Trade Acceptance Council in promoting a more general use of trade acceptances have, during the year, been carried on by the American Acceptance Council, which succeeded the American Trade Acceptance Council, including its functions within its broader purposes and sphere of influence. The increased volume of this class of paper appearing in the market and offered for discount, as well as the greater and more intelligent interest shown in many quarters, indicates the continued success of the movement during the year and it may be said that the practice of closing commercial accounts with the trade acceptance has become well fixed in many lines of trade.

Inquiries recently conducted indicate a substantial increase in the number of representative concerns using the system. The position in the discount market of the bills of well-known houses is well established, and the distribution through this channel is reported to be satisfactory. The amount of domestic trade bills discounted and purchased by the Federal Reserve Bank of New York during 1919 was \$45,724,760.52, as compared with \$31,903,092.74 during 1918.

NOTE ISSUES



Federal Reserve Notes in Actual Circulation 1918-1919
Federal Reserve Bank of New York
(In millions of dollars)

Federal Reserve Notes

The foregoing chart shows the movement of the Federal Reserve notes of this bank in actual circulation during the year. The decrease during the first month of the year reflects the normal release of currency following the crop moving and holiday periods. The maintenance of the circulation at a high point throughout the balance of the year, which reached \$827,679,000 on December 24, is merely indicative of great trade activity at steadily increasing prices. The amount of Federal Reserve notes in actual circulation at the end of each week throughout the year appears in Exhibit F and the movement of Federal Reserve notes between this bank and other Federal Reserve Banks is given in Exhibit J, both in the appendix.

The substitution of Federal Reserve notes for gold certificates seems to have proceeded as far as practicable. The banks of the district are carrying very small stocks of gold certificates, and though they continue to retire from general circulation those which are presented over their counters, the volume of gold certificates in general circulation in the district is now very small indeed.

Federal Reserve Bank Notes

With the continuance during the early part of the year of the export of silver to oriental countries, Federal Reserve Bank notes have been issued in increasing volume to replace silver certificates retired from circulation. The amount of Federal Reserve Bank notes of this bank outstanding on December 31, was \$58,000,000, which compares with \$33,000,000 a year ago.

During this year for the first time a supply of the larger denominations of Federal Reserve notes, permitted by the amendment of September 26, 1918, have been available and on December 31, the following amounts were outstanding:

Denominations	Amount Outstanding
500	\$12,816,000
1,000	35,681,000
5,000	2,000,000
10,000	5,950,000

Handling the Larger Circulation

The increased outstanding circulation of this bank has necessitated a corresponding growth in the division which handles the bulk of the currency received on deposit from the banks of this district. At the close of 1918 the staff of this division was composed of 74 employees—35 men and 39 women—who sorted, counted, and put notes up in packages or prepared them for redemption, performing an approximate average of 683,000 separate counts every day, or a total of about 206,903,000 for the year. At the close of 1919 the staff of this division comprised 216 employees—123 men and 93 women—as compared with 74 a year ago, and the approximate daily average was 1,575,000 counts or a total of about 477,476,000 for the year. Expressed in values, such receipts for 1919 totalled \$1,702,229,104, compared with \$922,674,615 in 1918. A summary of the total issues of Federal Reserve notes, the redemptions, the amount outstanding and the collateral and gold held against them appears in Exhibit K in the appendix.

The notes of the bank have been at all times during the year redeemable in gold, although the amount so presented for redemption has been extremely small.

The money shipping division, which has charge of the despatch not only of currency and securities to the banks, but of notes to Washington for cancellation, made 63,194 shipments in the year as against 34,934 in 1918. Currency shipments amounted to \$480,771,000 in addition to \$602,538,000 of notes sent to Washington for cancellation, and securities shipped totalled \$470,000,000. The shipments of notes to be cancelled and shipments of currency were more than double the corresponding figures for 1918, but the securities shipped were materially less than in that year because there was but one Government loan.

COLLECTIONS AND CLEARINGS

The increasing use which is being made of the check collection facilities of the bank is indicated in the following figures, showing the number of items handled year by year, and the amount in dollars:

Period	Number of Items	Amount
1915 (June 1—December 31).....	1,262,211	\$1,334,015,772
1916.....	6,841,364	5,160,192,000
1917.....	19,408,179	20,104,527,000
1918.....	35,349,601	42,581,833,000
1919.....	*74,466,774	*56,557,834,478

Additions to Par List

During 1919, in addition to handling an increased number of items progress was made in many directions. Chief among these was the notable increase of 6,581 banks in other Federal Reserve districts added to the par list, making the total number of such points 25,571, out of a total estimated number of banks and bankers 29,586. On December 31, 1919, checks were being handled at par on every bank and banker in the following states:

California	Kansas	Nevada	Pennsylvania
Colorado	Maine	New Hampshire	Rhode Island
Connecticut	Maryland	New Jersey	Texas
Delaware	Massachusetts	New Mexico	Utah
Idaho	Michigan	New York	Vermont
Illinois	Missouri	North Dakota	Wyoming
Indiana	Montana	Ohio	District of
Iowa	Nebraska	Oklahoma	Columbia

In this Federal Reserve district arrangements were made on November first to collect checks at par on all private bankers in the district—in nearly all cases with the consent of such bankers. At the beginning of the year there were forty-two banks in New York State on which checks were being collected through express companies or special agents, owing to their unwillingness at that time to remit at par. At the end of the year all but four of these banks had agreed to remit.

The number of our own member banks which regularly send us checks for collection has increased materially with the extension of the par list, but for the country banks the collection of checks through Federal Reserve Banks will not become general until the entire country can be handled.

Owing to the new organization of the Transit Department, effected at the end of 1918, this department has functioned with

*Including checks handled by Buffalo Branch

increasing smoothness throughout the current year. The number of items handled fluctuates considerably, the lowest number of items handled in one day during the year being 150,000, while the highest was 274,000.

There has been a steady increase in the number of items received by the Transit Department direct from member banks in other districts. Similarly more of our own member banks are sending their items direct to other Federal Reserve Banks when time of transit can be reduced by so doing. It is estimated that over 100,000 items are now being sent direct.

During the year by an arrangement with the banks and bankers in the Borough of The Bronx and in the Borough of Manhattan north of 59th Street, and, later by a similar arrangement with those in Brooklyn, a plan was developed of clearing checks drawn upon these banks and bankers which enabled such checks to be received for immediate credit instead of upon the basis of two days deferred credit as heretofore. It is hoped that during the ensuing year further services of this kind may be developed, where the volume warrants, looking to the reduction of the transit and collection time. Exhibit L in the appendix shows the various classes and amounts of checks handled during 1919 by the check collection department of the bank.

Note Collection

The facilities of the Bank in the collection of notes, drafts and coupons were further developed and increasingly used. During 1919 the bank collected 83,534 notes and drafts payable in New York City, as compared with 39,302 the year before, and about 8,000 in 1917. The collection of such items payable elsewhere than in New York increased nearly 200 per cent. during the year, aggregating 147,742 in number and \$234,834,000 in amount. Through the Buffalo branch collections of a similar nature were made for the Buffalo territory. No charge is made by the Federal Reserve Bank for this service, but where a charge is made by the collecting bank, it is passed back to the depositing bank.

The bulk of these non-cash items, however, is collected at par. During the year, of those payable within this district, about 97½ per cent. were collected at par, and where charges were made the average rate was 1-12 of 1 per cent. Of the items payable outside of this district, about 77 per cent. were collected at par, and charges, when made, averaged about 1-10 of 1 per cent.

Coupon Collections

The collection of matured bonds and coupons by this bank during 1919 was \$39,748,000 as compared with \$17,945,000 during 1918.

The extent to which the member banks are availing themselves of this service is seen in the increase in the number for whom collections were made from 258 during 1918 to 587 during 1919.

Gold Settlement Fund

The settlements made through this fund during 1919, as compared with those of previous years, were as follows:

1919.....	\$41,932,723,000
1918.....	32,935,576,000
1917.....	17,118,917,000
1916.....	2,335,225,000
1915.....	556,432,000

A more detailed statement of the transactions for the year is given in Exhibit M in the appendix.

Telegraphic Transfer System

This system has been used increasingly throughout the year by the Treasury Department and by the member banks, to make transfers of funds from one part of the country to another, immediately, at par and without cost. The growth of the use of the system may best be understood from the following daily average figures:

Month	Number of Transfers			Amount Transferred		
	1917	1918	1919	1917	1918	1919
January.....		65	211		\$49,137,729.59	\$61,452,380.36
February.....		80	213		50,063,542.32	54,293,219.90
March.....		88	213		42,693,293.87	60,427,470.97
April.....		101	221		54,739,515.64	49,145,844.50
May.....		112	235		55,045,758.84	47,515,234.73
June.....		110	262		70,647,040.30	56,751,256.15
July.....	31	135	272	\$31,801,000.00	67,710,105.00	69,269,382.04
August.....	35	142	273	28,536,000.00	54,046,227.58	60,844,434.71
September.....	38	168	306	30,893,000.00	55,639,814.09	69,264,574.21
October.....	48	188	330	37,304,000.00	98,785,077.26	59,560,197.96
November.....	73	187	357	47,191,000.00	68,017,973.77	61,805,748.66
December.....	70	209	359	50,308,000.00	86,148,696.73	69,557,755.09

RELATIONS WITH BANKS

The banks of the Second Federal Reserve District as they were on December 31, 1919, classified according to their charters, whether National or State, and also according to membership in the Federal Reserve System, are as follows:

LOCATION	NATIONAL BANKS	STATE BANKS		TRUST COMPANIES		TOTAL	
		Mem- bers	Non- Mem- bers	Mem- bers	Non- Mem- bers	Mem- bers	Non- Mem- bers
Manhattan.....	31	15	19	15	8	61	27
Rest of New York State...	457	24	166	35	41	516	207
Total New York State..	488	39	185	50	49	577	234
New Jersey.....	135	5	11	26	61	166	72
Connecticut.....	13	0	1	2	15	15	16
Total for District.....	636	44	197	78	125	758	322

Bank Changes in 1919

Important changes that transpired during the year, including the establishment of new banks, both National and State, are summarized as follows:

Total number of banks in the district, January 1, 1919.....	1,045
New National banks established.....	24
New State institutions established.....	25
	1,094
National banks absorbed by State institutions..	3
State institution absorbed by National bank...	1
State institutions absorbed by other such institutions.....	8
National bank consolidated with another National bank.....	1
State bank went out of business.....	1
	14
National banks converted into State institutions	6
State institutions converted into another type of State institution.....	5
	1,080
Total number of banks at the end of the year.....	1,080

Conferences with Member Banks

With the strain of the war lifted a continuous effort has been made by the officers of the bank to establish personal relations with the officers of member banks, especially of those situated outside of New York City. While there has been general understanding of the services performed by the Federal Reserve Bank in extending credit, collecting checks and supplying currency, and in connection with the sale and handling of Government bonds and certificates, many bankers have been unfamiliar with the other operations and services of the bank. The bankers outside of New York City have therefore been invited in groups of about twenty-five, to spend a day at the Federal Reserve Bank discussing its operations with its officers, making suggestions for the improvement of its service, and visiting its various departments. At the same time an opportunity was presented for the officers of the bank to explain fully its policies, which were frequently not understood by the member banks. In all, officers of 481 member banks, out of a total of 758, attended such conferences during the year. It is hoped that in 1920 the officers of many of the remaining 277 banks will be able to attend similar meetings.

Member Banks Relations Department

In order further to carry out the purposes of these conferences a special representative of the Federal Reserve Bank was assigned early in the year to visit member banks and to discuss with their officers current banking problems, and explain the services which this bank stands ready to perform. The results proved to be beneficial, and it was decided to enlarge the staff of visitors. Accordingly when the new organization was effected in September it was decided to establish a Member Bank Relations Department, with additional traveling representatives, so that at least once each year the Federal Reserve Bank, following the well-established practice of large commercial banks, should have first-hand contact with each of its customers. Altogether 487 banks were visited in the year.

During the year the banks of this district, both member and non-member, exhibited the same cordial support of the Government's financial program as during the war. They oversubscribed their quotas, when such were assigned, of certificates of indebtedness offered, and in the Victory loan the Second Federal Reserve District led all others by subscribing for 130 per cent. of its quota.

New Members of the System

The number of State banks and trust companies, which are members of the system, increased during the year from 101 to 122

Twenty-two new State bank or trust company members were admitted, and one trust company formerly a member was merged with a National bank. The 122 members represent 31 per cent. in number, and about 79 per cent. in resources of the State banks and trust companies in the district which have sufficient capital to make them eligible for membership. In both of these respects the New York Federal Reserve District continues to lead all the other districts. The new members in 1919 were as follows:

	BANK OR TRUST COMPANY	LOCATION	RESOURCES
January.....	Northern Westchester Bank.....	Katonah, N. Y.....	\$336,550.89
April.....	Hamilton Trust Company.....	Paterson, N. J.....	12,351,991.75
	Mechanics Bank.....	Brooklyn, N. Y.....	43,892,494.38
	Ironbound Trust Company.....	Newark, N. J.....	9,048,197.36
May.....	Fidelity Trust Company of Buffalo.....	Buffalo, N. Y.....	22,066,511.71
	Geneva Trust Company.....	Geneva, N. Y.....	4,135,279.29
June.....	Bank of East Aurora, The.....	East Aurora, N. Y.....	1,498,420.83
	Peoples Bank of Buffalo.....	Buffalo, N. Y.....	17,946,195.64
	Bank of Buffalo, The.....	Buffalo, N. Y.....	48,569,225.01
July.....	Kingston Trust Company.....	Kingston, N. Y.....	1,626,614.61
August.....	Sussex County Trust Company.....	Franklin, N. J.....	402,030.32
	Liberty Bank of Buffalo.....	Buffalo, N. Y.....	37,048,764.17
	Bank of United States.....	New York, N. Y.....	28,964,148.01
September...	Olean Trust Company.....	Olean, N. Y.....	1,370,281.29
	Citizens Trust Company.....	Adams, N. Y.....	1,374,760.33
	Elizabethport Banking Company.....	Elizabeth, N. J.....	4,739,350.15
November...	East Orange Bank.....	East Orange, N. J.....	1,902,757.67
	Bank of Orchard Park.....	Orchard Park, N. Y.....	488,512.36
December...	Citizens Bank of Cape Vincent.....	Cape Vincent, N. Y.....	170,606.92
	Bank of Nutley.....	Nutley, N. J.....	1,538,980.85
	State Bank of Endicott.....	Endicott, N. Y.....	60,000.00
	Ridgefield Park Trust Company.....	Ridgefield Park, N. J.....	1,579,494.52

With the signing of the armistice and the removal of the war incentive towards membership, the number of State institutions applying for membership decreased considerably. But the development during the past year of services and facilities of the Federal Reserve Bank, and the more general understanding and appreciation of them by the member banks, has not been without its influence among the State institutions, and there are indications that during the ensuing year the number of applications is likely at least to be maintained.

Fiduciary Powers for National Banks

During the year the number of national banks in the district exercising fiduciary powers—authorized by the Federal Reserve Board, under the amendment to the Federal Reserve Act approved September 26, 1918—increased from 34 to 117. A number of these banks, especially those in the larger cities, are actively developing fiduciary business, but in the smaller places many of the banks have gone no further than to obtain the Federal Reserve Board's

permission to transact it. A list of the banks thus far authorized appears in the appendix, Exhibit N.

Banks which have received permission to accept drafts and bills of exchange up to 100 per cent. of their capital and surplus are listed in Exhibit O in the appendix.

The Reserves of Member Banks

From the inauguration of the Federal Reserve System the reserves of member banks in this district were calculated by this bank on the basis of averages for monthly periods; but in other districts a number of other plans, some on a semi-monthly, some on a weekly and some on a daily basis were in operation. In the early fall the Federal Reserve Board thought it desirable to establish a uniform practice, and in conformity with general instructions issued by the Board, this bank instituted on October 1 the Board's uniform method, superseding the monthly method of reporting in effect previously. Under the revised method weekly reports are received from member banks in the central reserve cities and reserve cities—that is, the Boroughs of Manhattan, Brooklyn and The Bronx, and the cities of Albany and Buffalo—and semi-monthly reports from members elsewhere. From these reports are computed each bank's net demand and time deposits for the weekly or semi-monthly period as the case may be, and the amount of reserve which each bank is required to keep at the Federal Reserve Bank. The penalty rate on deficient reserves has remained at $6\frac{3}{4}$ per cent. throughout the year. Penalty payments amounting to \$31,495.70 were slightly above those of last year, when the amount was \$27,191.89.

Relations With State Banking Departments

The relations with the State Banking Departments of New York, New Jersey and Connecticut have continued to be of the most cordial nature during 1919. The chiefs of these departments and their deputies and examiners have visited this bank, and our examiners accompanied their examiners in the examinations of over one-quarter of the State institution members of this bank.

In New York State the Superintendent of Banks recommended to the Legislature of 1919 bills which were enacted into law providing him with the necessary authority to receive securities on deposit from National banks granted fiduciary powers, and providing that a State bank or trust company which became a member of the Federal Reserve Bank of New York, should be considered as complying with the State reserve requirements if it maintained the reserves required by the Federal Reserve Act.

INTERNATIONAL FINANCIAL ARRANGEMENTS

Prior to January 1, 1919, this bank made certain financial arrangements with foreign banks or governments which were by way of preparation for a return to more nearly normal conditions in international commerce than had existed during the war. These arrangements were outlined in this report for 1918. The operations carried on in accordance with them during the year are summarized below:

BANK OF ENGLAND:—Transactions with the Bank of England under the terms of our formal agreement have been very limited during the past year. We have opened a current account with them which has, however, remained inactive. The Bank of England is handling for our account the German gold purchased from the United States Grain Corporation, described elsewhere in this report, which involves a very considerable amount of work on their part.

BANK OF FRANCE:—Operations between this bank and the Bank of France have been very limited, being confined largely to our opening a current account with them and the occasional receipt of funds by us for their credit.

BANK OF JAPAN:—No active business has been transacted during the past year with the Bank of Japan although it is expected that our relations may become more active in the near future.

PHILIPPINE NATIONAL BANK:—Our relationship with the Philippine National Bank has remained unchanged, there being no need for active operations, as they have a branch in New York.

DE NEDERLANDSCHE BANK:—Our relations with this institution during the past year have become more active and we now perform for them many of the duties of a New York correspondent. They have opened a current account with us and also invest in bills in this market which are held by us in portfolio for them. The account which we opened with de Nederlandsche Bank for the purpose of receiving therein, for the use of the Treasury Department, the proceeds in guilders of the sale of wheat and other commodities, has been closed out during the past year.

NORGES BANK AND SVERIGES RIKSBANK:—Both of these accounts which were opened at the request of the Treasury Department to effect disbursements for the War Department have been closed out, the former on September 24, 1919, the latter on April 10, 1919.

DE JAVASCHE BANK:—In April, 1919, a limited arrangement

was effected between ourselves and de Javasche Bank whereby we agreed to hold United States gold coin in custody for them, and open a current account in their favor. This arrangement is now in actual operation.

BANK OF SPAIN:—This account was opened in August, 1919, at the request of the Treasury, to receive therein the pesetas which we purchased as fiscal agent of the United States to retire peseta certificates of indebtedness issued by the Treasury in connection with the 250,000,000 Spanish Peseta Credit. Operations through this account have been confined to such transactions.

INDIA:—Operations under the arrangement between the United States and the British Government by which American importers obtained rupees through the Federal Reserve Bank of New York to pay for imports from India were concluded on May 12, 1919, when the last sale was made. The total credits received by this bank under the arrangement from November 28, 1917, when it went into operation, to May 12, 1919, were 202,500,000 rupees, all of which were disposed of to our importers.

ARGENTINA, BOLIVIA AND PERU:—Transactions under the arrangements entered into between the United States and the Argentine, Bolivian and Peruvian Governments, for the stabilization of exchange between the United States and those countries, also came to an end during the past year. The Argentine Government has withdrawn a portion of the deposit held by us for its credit under the terms of this agreement, but still retains a substantial amount on deposit with us. Under the Bolivian agreement, which provided for a maximum deposit of \$5,000,000, we received \$4,500,000, all of which was withdrawn during the first six months of the past year. No operations were carried on through this bank under the Peruvian agreement.

FOREIGN EXCHANGE REGULATIONS

During the first six months of 1919 the Division of Foreign Exchange of the Federal Reserve Board released practically all of the restrictions which had been imposed on foreign exchange transactions during the war in accordance with the President's executive order of January 26, 1918. Regulations were issued permitting transfers of funds to the countries to which remittances had been prohibited during the war. On May 6, the Federal Reserve Board removed the limitations which had previously been in force on exportations of silver from the United States, and on June 9 the Board announced that licenses for the exportation of gold would be freely granted.

On June 26, 1919, the President issued a new proclamation removing all restrictions from the exportation of coin, bullion, or

currency, and from transactions in foreign exchange, except as to (1) transactions with or for persons in that part of Russia under the control of the so-called Bolshevik Government, and (2) the importation of, or exchange transactions in Russian rubles.

Gold Imports and Exports

The control over the export of gold which had been exercised by the Federal Reserve Board since September 7, 1917, under the authority vested in it and the Secretary of the Treasury by the President, was virtually terminated on June 9, 1919, when the Board announced that all applications for the export of gold would be freely granted, irrespective of destination or amount. Prior to the removal of these restrictions, greater latitude had been exercised by the Board, following the termination of the war, in granting applications for the export of gold. From January 1, 1919 to June 9, 1919, the Federal Reserve Bank of New York forwarded to the Board 810 applications for permission to export gold, silver, or currency, aggregating \$151,811,816.82, of which it recommended that 703 applications aggregating \$138,258,264.62 should be granted.

In 1919 while the embargo was in force, the gold exported from the United States under license from the Board aggregated \$14,000,000, while imports during that period were \$44,000,000, making a net gain in our gold supply from imports of \$30,000,000. The removal of restrictions by the Federal Reserve Board naturally caused a large increase in our gold exports for June. During that month they totalled \$82,972,840 as against \$1,956,135 for the previous month. Imports of gold in June also showed a substantial increase and totalled \$26,134,460, which resulted in a net outward movement during the month of \$56,838,380. The monthly totals of gold exports since June have been considerably less than the amount shipped during that month, while imports have also declined. For the seven months from June 1 to December 31, the aggregate amount of gold exports was \$354,149,576, as against total imports of \$52,223,473, or a net outflow during the period of \$301,926,103.

Acquisition of German Gold

The Federal Reserve Banks, however, received in London approximately \$173,000,000 in gold, representing payment by the German Government for food-stuffs bought in the United States. That amount was introduced into the gold reserves of the Federal Reserve Banks and is, therefore, tantamount to an importation. Approximately \$42,000,000 of this gold has been sold to banks for exportation to the Far East, and would have been withdrawn from this country, if it had not been available in London. As a result of

the acquisition of this gold from Germany the net outflow of \$301,926,103 mentioned above is reduced by about \$131,000,000 leaving a net loss of \$170,926,103 since the lifting of the embargo. For the entire year gold exports aggregated \$368,185,248 as against \$41,069,818 during 1918, while imports for this year, exclusive of the German gold, amounted to \$76,534,046 compared with \$62,042,748 in 1918. The net loss of gold through exports from this country amounted to \$291,651,202, but the acquisition of the German gold, of which about \$131,000,000 remained in the reserves of the Federal Reserve Banks at the close of the year, reduced the loss to about \$160,600,000.

The largest portion of our gold exports during the year went to Japan and China, including Hong Kong. The former took \$94,114,189 and the latter \$79,195,738. The next largest amount, namely \$56,560,000, was consigned to Argentina. Substantial amounts were also withdrawn for shipment to India and Spain. Our exchanges with those countries were against us when the embargo was lifted and gold shipments were made in settlement of adverse trade balances. More than 58 per cent. of our imports of gold during the year came from Canada which shipped to us during that period \$44,487,390 and \$10,017,550 in gold was received from Hong Kong.

The German gold mentioned above, which this bank purchased in May, 1919, from the United States Grain Corporation at bullion value, consisted of approximately 730,000,000 German marks against which we originally made an advance to the Grain Corporation of 92 per cent., or about \$159,000,000, based upon a preliminary examination of the gold. This advance was later increased to 98 per cent. or approximately \$170,000,000, as more accurate returns on the value of the gold were received. Two hundred and ninety million marks of this gold was deposited with the National Bank of Belgium, Brussels, and the balance, 440,000,000 marks, with de Nederlandsche Bank, Amsterdam. At our request the Bank of England undertook the transfer of this gold from the Continent to London, and as it arrived at the Bank of England it was introduced into our reserves and pro-rated among all the Federal Reserve Banks. All of the gold has arrived at the Bank of England, and most of it has been reduced to bars.

ORGANIZATION OF THE BANK

Throughout the year the Board of Directors met weekly and the Executive Committee daily, except on Saturdays and holidays. Other committees of the board have held meetings as occasion required.

One of the subjects to which the directors and officers gave special attention during the first eight months of the year was the development of a form of internal organization which would facilitate the most effective conduct of the bank. After thorough study and analysis, a plan was adopted which went into effect on September 2. It has as its fundamental aim the separation of the functions of operation and organization, and involves placing the responsibility for conducting each department upon its own chief administrative officer and requiring it to transact completely the business falling within its province. Every activity is definitely allocated to a specific department, and responsibility is thus more definitely fixed. The office of cashier, through whom all operating matters, in the last analysis, formerly had to pass, is abolished.

The officers are grouped as follows:

- A. Junior Officers
- B. Senior Officers
- C. General Officers

The junior officers are the Managers of the various departments. Their title corresponds with the title of assistant cashier, formerly used. Each one of these managers is responsible for the duties of operation or organization as the case may be, which attach to his department, and has working under him subordinates authorized to sign within specified limitations, and a sufficient staff to complete all business of his department.

Each of the senior officers, called Controllers, is assigned to one or more of the functions of the bank and is responsible for the development of policies relating to his particular function, and for the supervision of the departments charged with carrying out the various aspects of such function. The controllers, therefore, do not operate the departments of the bank, but supervise and control their policies.

The number of managers at present is 26, and the number of controllers is 12. At present some of the controllers are acting as managers, and some of the deputy governors are acting as controllers.

The general officers of the bank are as follows:

- Governor
- Deputy Governors
- Chairman of the Board of Directors

These officers form the Managing Committee of the bank, with which certain controllers are from time to time invited to sit. The Managing Committee meets daily, except Saturdays. Its members are not assigned to specific functions or departments of the bank, but are concerned with general policies of administration.

Another aim of this plan of organization is to center greater responsibility upon the junior and senior officers, and to open to them more opportunities for promotion than existed under the old form of organization where there was only one cashiership through which all assistant cashiers would normally expect to receive promotion. The plan of fixing operating responsibility has been extended even below the rank of manager. In many of the departments there are divisions, each in charge of a chief, and many of the larger divisions are divided into sections, each in charge of a supervisor.

The plan of organization has now been in operation about four months, and seems to be working satisfactorily as a means of accelerating administration, and of fixing and developing responsibility. A complete chart of the organization was issued and sent to all member banks on September 2.

The Staff of the Bank

For the past three years the clerical staff has maintained for purposes of education and recreation an organization of its own known as the Federal Reserve Club, which now embraces almost the whole body of employees. In order to increase the interest of the entire staff of the bank in its operations a committee of the Federal Reserve Club meets from time to time with a committee of officers of the bank to discuss matters relating to the welfare of the entire staff, clerical and official. From such conferences it is hoped that important results will flow.

At the end of 1919, the staff of the bank, including the Buffalo branch, consisted of 32 officers and 2,930 employees, an increase of 7 and 300 respectively, during the year. The distribution of employees according to departments and a comparison with the personnel of a year ago is given in Exhibit P in the appendix. In many of the departments of the bank the cessation of hostilities has not brought any relief from the pressure of work which prevailed during the war. It has not, however, been necessary as during 1918, to treble the staff; on the contrary, the staff has remained fairly stationary and has therefore been far better able to keep up the work of the bank than in the preceding year and shorter hours have become possible, with far less evening work, so that compensation for overtime work which was inaugurated in February, 1918, has been discontinued.

Living costs, however, continued to increase during the year, and

the directors, with the approval of the Federal Reserve Board, supplemented the normal compensation of employees by additional payments to those receiving \$6000 or less. Throughout the year the entire staff of the bank maintained the fine spirit which was developed during the war and which has been commented on in preceding reports.

It is unfortunately necessary to record with the greatest regret the retirement during the year of our inactive, as well as of two of our active deputy governors. The expiration of the term of William Woodward, Class A director, who since the organization of the bank has been, though inactive, a deputy governor, and an active member of its executive committee, deprived the bank of a devoted and wise adviser. James F. Curtis, counsel of the bank since its organization, and for three years a deputy governor as well, retired on August 1 to resume private practice after nearly five years of constructive service to the bank of a nature for which his fine mind, ability and experience particularly fitted him. Robert H. Treman, Class A director of the bank since its organization, who on July 1, 1916, consented to serve as senior deputy governor during the illness of Governor Strong, and who during the war felt it his duty to accede to the request of the directors that he should continue his active service was relieved from this service, at his insistent request, on November 1. The minute adopted by the directors on his retirement is printed as Exhibit EE.

Bank Premises

In the course of the year the plot bounded by Liberty Street, Nassau Street and Maiden Lane, acquired as a site for a building for the bank, was enlarged from 33,509 square feet to 46,084 square feet by additional purchases. The total cost of the entire property is \$4,797,881.72, at the average rate of \$104.11 a square foot.

It was planned early in the year to proceed as soon as possible with the erection of a building. Accordingly, with the assistance of the consulting architect studies were made of its general requirements. The Board of Directors appointed a Building Committee from its own members which should have power, subject to approval by the Board, to proceed with the conduct of a competition, and the construction and equipment of the building. The consulting architect prepared a program of competition, and six of the leading architects of New York City were invited to submit plans and designs. The competition closed on October 9, and the designs, which were submitted anonymously, were then studied by the consulting architect, the assisting architect and the Building Committee, whereupon the directors of the bank, acting upon their recommendation, made an award without a dissenting vote. The successful

design was prepared by York and Sawyer, who thereupon became the commissioned architects of the building.

In November the Federal Reserve Board expressed the view that because of the shortage of labor and materials and the resulting high prices, it was inopportune for the various Federal Reserve Banks to proceed with their building plans, an opinion with which the directors of this bank were in hearty accord. While the actual construction has therefore been postponed to a more suitable time, various committees are working constantly with the architects in studying the requirements of the bank and developing the plans so that they will be well advanced, if not completed, when the time for building arrives. The Planning Committee, composed of officers of the bank and the consulting architect, has made detailed studies of the organization of its departments with a view to their space requirements.

Election of Directors

To fill the vacancies caused by the expiration on December 31, 1919, of the terms of William Woodward and Henry R. Towne as directors of Class A and Class B respectively, an election was held December 2 to December 17. Both Mr. Woodward and Mr. Towne expressed a desire not to stand for re-election, and the following candidates were nominated:

Class A—James S. Alexander, President of the National Bank of Commerce in New York, New York City.

Class B—Charles A. Stone, President of the American International Corporation, New York City.

Mr. Alexander and Mr. Stone each received 59 votes and were duly declared elected directors of their respective classes for a term of three years, beginning January 1, 1920. Pierre Jay, Class C director and Chairman of the Board of the Federal Reserve Bank of New York since 1914, was re-elected a Class C director by the Federal Reserve Board for a term of three years, and re-designated chairman for 1920. The resignation of William Boyce Thompson, Class B director since 1914, was accepted on December 22, leaving a vacancy to be filled by election for the unexpired term ending December 31, 1920.

Member of the Advisory Council

On January 15th the directors elected A. Barton Hepburn, Chairman of the Advisory Board of the Chase National Bank, member of the Federal Advisory Council from the Second Federal Reserve District for the year 1919.

THE BUFFALO BRANCH

The first branch of the Federal Reserve Bank of New York to be established was opened for business at Buffalo on May 15, 1919. The purpose was to make the facilities of the Federal Reserve Bank more readily available to banks in the western part of New York State. The territory assigned to the branch were the counties of Monroe, Livingston, Allegany, Orleans, Genesee, Wyoming, Cattaraugus, Niagara, Erie and Chautauqua. It is optional with member banks in those counties to deal with the Buffalo branch or with the main office in New York.

The branch was placed in Buffalo, a city of more than 500,000 people whose industries are unusually diversified, because of its commercial and banking importance. The branch was established at the request of the Buffalo banks and all but one of the eligible State institutions not already members of the Federal Reserve System applied for and were admitted to membership. At present there are 75 member banks with capital and surplus of \$33,324,000 in the branch territory, aside from 84 non-member institutions.

Functions of the Branch

The by-laws adopted for the branch permit it to exercise many of the functions which had been performed at the main office in New York; nevertheless an intimate connection is to be maintained in all of its operations between the branch and the bank in New York. It is permitted to receive from member banks and other Federal Reserve Banks checks and drafts for collection on the same terms and conditions as they are received by the Federal Reserve Bank in New York. It sends items direct to all member and non-member banks on the par list in this district for payment by remittance to the Federal Reserve Bank of New York in New York funds or, if preferred, for payment by remittance to the Buffalo branch in Buffalo funds. In either case a single remittance may be made for letters received from both New York and Buffalo. It receives deposits from member banks and makes payments of money to or through them for the account of other member banks. These payments include the supply of currency in all denominations. It makes telegraphic transfers without charge for the account of member banks and Federal Reserve Banks. It collects maturing notes, drafts, bills of exchange and coupons for member banks in the Second Federal Reserve District, for the Federal Reserve Bank of New York or for other Federal Reserve Banks. It receives from member banks within its territory applications for discount of eligible paper, which are sent to New York, with recommendations by the Buffalo branch, for final action and credit, or for such other disposition as may be desired for the applying member bank. It

pays Government checks, Liberty bond coupons, maturing United States certificates of indebtedness and other Government obligations, and also receives and holds securities for safekeeping for the account of member banks in its territory.

Advantages of its Operations

These facilities have worked to the very material advantage of the banks in Western New York and particularly of the Buffalo banks. At the time the branch was established the rules of the Buffalo Clearing House were amended so that all balances due as the result of the daily clearings could be settled on the books of the branch. Consequently the exchange of currency in settling clearing house credits or debits has been eliminated entirely. Banks within the city or adjacent to it have been enabled to reduce materially the amount of vault cash, because it is always possible to obtain currency of all denominations from the Buffalo branch. They are able also to save one day's time in collecting their outgoing checks by depositing them at the Buffalo branch instead of by mailing them to the New York office or to other correspondents. They are able to conduct transactions directly with the Buffalo branch which relate to Government business, such as the redemption of certificates of indebtedness, the payment of Government coupons, checks, etc.

The volume of transactions of the Buffalo branch from the moment it was opened and the increase since that time has demonstrated its value. Its business was conducted in the beginning by a staff of forty employees, who had been trained in the main office and who were temporarily assigned to the work at Buffalo. They returned to New York as rapidly as employees could be selected locally and instructed in their duties. The growth of the business has required an increase from time to time in the number of employees. The staff now consists of two officers and ninety-two employees. The following table gives a comparison between certain of the chief operations of the branch for June, 1919, the first full month of operation, and for the last month of the year:

	June	December
Currency received.....	\$5,432,645.00	\$9,214,681.00
Currency disbursed.....	4,527,000.00	12,366,000.00
Discount applications received, number.....	27	108
Amount.....	\$10,399,440.85	\$48,654,889.24
Collections handled, number.....	2,177	3,972
Amount.....	\$903,980.78	\$4,329,684.41
Checks and transit items handled, number.....	368,076	637,810
Amount.....	\$145,418,158.69	\$202,173,743.64
Daily average.....	14,723	24,531
Government certificates of indebtedness redeemed..	\$9,476,000.00	\$4,494,500.00
Government coupons paid, number.....	59,785	121,259
Amount.....	\$323,870.96	\$1,011,861.09

III

FISCAL AGENCY OPERATIONS

The Sale and Handling of Government Issues

The sale of the Victory loan in the spring of 1919 was the final stage in the great series of Treasury operations for funding the country's war indebtedness. Like its predecessors the Victory loan presented a problem which was not limited to selling bonds, but extended to the creation of a new public attitude toward investments. The Federal Reserve Banks were again the chief agencies utilized by the Treasury Department and its War Loan Organization in selling the Government obligations. With the conclusion of the Victory loan campaign the Government's current financial needs were not satisfied, but short-time financing in the form of the certificates of indebtedness supplied the funds which the Government's financial program required. To the Second Federal Reserve District, because of its position at the financial center of the country, fell naturally the obligation of selling more notes and more certificates of indebtedness than any other Federal Reserve district was called upon to take. In the twenty-six months from our entrance into the war up to the end of the Victory loan campaign on May 10, 1919, the banks and organizations working with the Federal Reserve Bank of New York sold \$6,259,990,600 Liberty bonds and Victory notes, and up to December 31, 1919, certificates of indebtedness amounting to \$11,019,491,000.

CERTIFICATES OF INDEBTEDNESS

With the announcement of the Secretary of the Treasury that the Victory Loan would conclude the series of long-term issues, certificates of indebtedness became thenceforward the chief medium of treasury financing. Though in the case of four issues, put out subsequent to the Victory Loan, the certificates were not nominally to be paid from the proceeds of taxation, yet according to the Secretary's statement made at the close of the year, they were to be redeemed partly out of the funds already in hand, and partly from the proceeds of tax certificates then about to be issued. Thus the year saw an end of long-term financing, a decrease in the floating debt of the country, and the establishment of a plan of redemption by which certificates were to be paid and gradually reduced in volume out of tax receipts.

In the twelve months of 1919 there were sold through the Federal

Reserve Bank of New York a total of \$4,506,155,500 of certificates of indebtedness, making a total of \$11,019,491,000 since the war began and approximately 42.6 per cent. of all the certificates sold in the country since the issues were initiated. The record by years was as follows:

	Tax Certificates	Loan Certificates	Total Tax and Loan Certificates	Total Tax and Loan Certificates for Country	Per Cent. of Certificates Taken by Second District
1917..	\$494,070,500	\$1,928,005,000	\$2,422,075,500	\$3,880,570,000	62.4
1918..	733,016,000	3,358,244,000	4,091,260,000	10,742,094,000	38.1
1919..	1,982,883,000	2,523,272,500	4,506,155,500	11,246,779,000	40.1
Total..	\$3,209,969,500	\$7,809,521,500	\$11,019,491,000	\$25,869,443,000	42.6

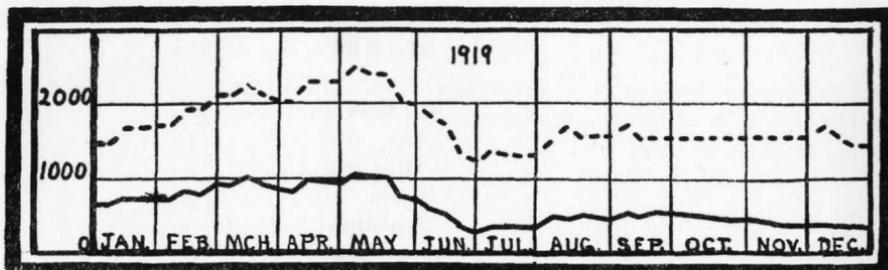
Of the 23 issues of certificates during the year, 8 were in anticipation of the Victory loan, 11 were payable from taxation and 4 were of the "1920 series," to which reference was made above. Detailed information on these issues appears in Exhibit Q in the appendix.

The plan adopted in 1918 of establishing bank quotas for bi-weekly or semi-monthly subscriptions to other than tax issues was continued up to August 15. These quotas varied from 1.6 to 2.5 per cent. of the total resources of each bank. By September the requirements of the Treasury were so far reduced that the issues became less frequent. The assignment of quotas was abandoned and the banks subscribed upon their own initiative. Nevertheless, the sales of certificates of the T-10 issue of September 15 in the Second District were \$412,319,000, which was greater than for any previous issue of the year.

The general participation by the banks of this district in the purchase of certificates is shown by the fact that all but 84 out of a total of 1,262 commercial and savings banks in the district appear in the list of subscribers. The banks outside New York City received allotments to Victory loan certificates of 101 per cent. of their total quota, as against 108 per cent. in the case of the Fourth Loan certificates, and New York City banks received allotments of 126 per cent. of their quota to Victory loan certificates as against 135 per cent. to Fourth loan certificates.

Stated in tabulated form, the subscriptions for the year allotted to the various classes of banks were as follows:

Class of Bank	Number in Second District	Number Subscrib- ing	Allotment	Per Cent. of Total Allotment
National.....	632	624	\$2,512,341,500	55.8
State.....	245	234	326,610,000	7.2
Trust Companies.....	207	196	1,360,762,500	30.2
Savings.....	178	124	42,305,000	.9
Individuals and Firms.....			264,136,500	5.9
Total.....	1,262	1,178	\$4,506,155,500	100.0



Certificates of Indebtedness outstanding (dotted line), compared with total held by reporting banks (solid line), Second Federal Reserve District, 1919. (In millions of dollars)

The usual method of payment by book credit was continued as in previous years. According to this plan credits in favor of the United States are opened on the books of the banks, the deposits so created are called for as occasion demands, and the withdrawals are made ratably among the various depositaries.

It is noteworthy that the banks, particularly in the later issues, have been able to resell a large portion of the certificates to which they subscribed, thereby reducing the volume of Government obligations which they have been in the habit of holding heretofore. The chart at the head of this section shows the volume of certificates issued in this district and outstanding on each Friday throughout the year, and at the same time shows the amounts held by the 112 reporting banks of the district, which represent approximately 77 per cent. of the total banking resources of the district. Exhibit R in the appendix gives the figures illustrated in the chart.

The redemption of certificates in this district has been materially in excess of sales, indicating that many certificates sold in other districts have been sent to this market prior to their maturity dates. The total amount redeemed through this bank up to December 31 was \$4,351,057,500, of which \$2,872,177,500 were redeemed in cash; \$646,031,500 were exchanged for other issues, and \$832,848,500 were presented in payment for bonds and in payment of taxes. The details appear in Exhibit S in the appendix.

The Victory Loan

As in previous loans the amount subscribed in the Second Federal Reserve District to the Victory loan exceeded the quota assigned. Total subscriptions exceeded the quota by 31 per cent., thus placing the New York District at the head of all districts, not only in the total sold but in the excess subscribed above the quota assigned. The number of subscribers was less than in either the Third or Fourth

loans, and the average subscription was greater than in either of those loans. The reduction in the number of subscribers is accounted for mainly on the ground that many subscribers on partial payment plans were still paying on the two previous loans. Furthermore, the sense of universal obligation present in the campaigns when the country was still at war had somewhat passed. The increase in the size of the average subscription was a reflection of the greater financial attractiveness of the Victory loan.

The sales in the Second Federal Reserve District have been as follows:

Loan	Quota	Amount Subscribed	Amount Allotted	Number of Subscribers	Average Subscription	Amount per Capita
First	\$600,000,000	\$1,186,788,400	\$617,831,650	978,959	\$1,212.29	\$94.67
Second	900,000,000	1,550,453,450	1,164,366,950	2,182,017	710.55	123.69
Third	900,000,000	1,115,243,650	1,115,243,650	3,043,123	366.47	88.98
Fourth	1,800,000,000	2,044,901,750	2,044,901,750	3,604,101	567.39	163.14
Victory	1,350,000,000	1,762,684,900	1,317,646,600	2,484,532	709.47	140.62
Total	\$5,550,000,000	\$7,660,072,150	\$6,259,990,600			

The "borrow and buy" campaign, by which the banks gave generous aid to subscribers who wished to pay for their purchases out of future earnings, was continued. The terms made by New York City banks and widely advertised, allowed the investor to borrow at $4\frac{3}{4}$ per cent. for ninety days with the privilege of one renewal; thereafter the banks made varying agreements with subscribers. The distribution of subscriptions according to size is shown in Exhibit T; the distribution according to the several classes of banks through which subscriptions were received is shown in Exhibit U; and the record of the various geographic subdivisions of the Second Federal Reserve District is shown in Exhibit V. Similar figures for the Third and Fourth loans will be found in the annual report of the Federal Reserve Bank of New York for 1918.

Government Loan Organization

The sale of the Victory loan was carried on along the same general lines as those described for previous loans in the annual report for 1918. The central organization, however, was more closely knit than before. It was subordinated to the director of the Government Loan Organization, who was the executive representing the Liberty Loan Committee, of which the Governor of the Federal Reserve Bank was chairman. The personnel of the Liberty Loan Committee was identical with that in previous campaigns and comprised fifteen bankers, who devoted themselves to the success of the loan. The work of carrying out the plan of campaign under the supervision of the director was in the hands of three vice directors, who were in charge respectively of sales, pub-

licity and women's activities. At its height there were 1,725 paid employees in the loan organization, aside from those carrying on the regular operations of the bank arising out of the sale of notes and bonds.

The Sales Organization

Through the vice director in charge of sales was coordinated the work of selling the Victory loan, both in the City of New York and in other parts of the Federal Reserve District. Save for improvements in the administration scheme, the methods employed were similar to those previously used, and operated with the same success.

In the Metropolitan district the results obtained by the two major canvassing organizations deserve special reference. The Advisory Trades Committee, which was the central operating organization for eighty-one committees, each representing a group of trades or industries of similar character, secured subscriptions from corporations, firms and from their employees. The subscriptions received by this organization in the four loans during which it was in operation were as follows:

	Amount Subscriptions
Second Loan.....	\$401,099,200
Third Loan.....	564,767,950
Fourth Loan.....	1,083,861,000
Victory Loan.....	633,471,500
Total.....	<u>\$2,683,199,500</u>

The other great working sales organization in the central boroughs was the Metropolitan Canvass Committee which held innumerable street meetings, many large mass meetings in public halls and armories, and conducted an active personal campaign, thereby making sure that every person in the centres of population was asked to participate in the Victory loan.

Outside the Metropolitan District the campaign was divided as before among eight subdistrict chairmen, who were the headquarters representatives of 2,012 local Victory loan committees, each with its chairman and members drawn from the leading citizens of the neighborhood. The work of these local committees in cities like Buffalo, Rochester, Syracuse, Albany, Newark and other large cities, approximated the intensive campaigning done in the City of New York, and many individual plans were successfully carried out. In the country districts the work was frequently done by the chairman and a small group of patriotic citizens who sold notes to their neighbors by house to house solicitation. Altogether there were upwards of 30,000 members of local committees.

Women's Activities

In the Victory loan the work of women was closely connected not only in the central organization, but in the local committees, with the work done by men. It was felt that the best results would be obtained by concerting the two sets of organizations. In the Victory loan there were 1,790 local committees organized in seventy-two counties, with about 35,000 workers. The subscriptions secured amounted to \$247,685,450, about \$45,000,000 more than in the Fourth Liberty loan. Many of the subscriptions were in small amounts. Altogether the women's organization was responsible for 20 per cent. of the number of subscriptions and 18 per cent. of the amount of notes sold in this district.

Publicity

The conditions under which the Victory loan was sold were unlike those of previous campaigns. Though peace was not yet officially established, fighting was at an end. Soldiers were returning from France with every manifestation of public rejoicing in contrast with their silent, unnoted departure a few months before. The war in the minds of the public at least was ended, and the popular relief was already showing itself in the great increase of private spending that reached such volume in later months. The problem which confronted the officers in charge of publicity was how to turn the public, temporarily at least, from spending to investing.

There were many who urged that the loan must be sold, as they said, "as a cold business proposition"—in other words, that the people could be expected to listen only to straight commercial argument. The loan was not placed on any such limited appeal. The central thought was presented in a poster received from the War Loan Organization at Washington which showed a mechanic putting his hand into his pocket and saying, "Sure! We'll finish the job." America had undertaken to do something and America was bound to see it through.

Aside from a great outpouring of printed matter and the use of other publicity devices already familiar in previous loans there were certain new elements of publicity which were peculiar to the time. The Seventy-seventh Division, made up of men drawn from the City of New York, returned at the height of the loan campaign and their parade in New York City on May 6, while not designed primarily as a part of the campaign procedure, nevertheless was an important factor in pitching the public mind to a high key of patriotism.

The Panorama of Victory parade, which took place on May 3, was prepared by the War Department at the particular instance of the

Government Loan Organization and for diversified interest surpassed any parade ever seen in this country. Every device of modern warfare was exhibited and produced in the streets of New York. The exhibits varied from battle tanks and huge artillery to the devices of chemical warfare in action.

Victory Way, an extraordinary artistic and architectural development in Park Avenue north of the Grand Central Terminal, was the out-of-door meeting place for the campaign in the City of New York and served the purpose for which the Liberty Altar at Madison Square was constructed in the Fourth Liberty loan. There captured German guns were on exhibition and at each end of the plaza were pyramids of German helmets, captured behind the lines in France where they had been held in readiness for the use of the German armies when they should enter Paris.

Outside the City of New York there were parades and similar exhibitions held by the local committees. Aeroplanes, tanks and captured German submarines were sent throughout the district and were the centers for patriotic meetings and enthusiasm for the loan.

Altogether 80,000,000 pieces of Liberty Loan advertising material varying from pamphlets and posters to small printed leaflets and paper and pasteboard novelties were distributed, thereby insuring that the message of the Victory loan was carried not only once but many times and in many different ways to every inhabitant of the district. Advertising space purchased from funds contributed by individuals, corporations and firms amounted to over \$300,000, and in addition space valued at \$66,000 was turned over to the committee for its use. The newspapers in their news columns printed a great amount of news of the Victory loan and in the City of New York the aggregate space amounted to over 4,100 columns.

Innumerable meetings were held for the purpose of conveying by word of mouth the meaning of the Victory loan. Carter Glass, Secretary of the Treasury, addressed a meeting in New York City on April 15 just prior to the beginning of the loan campaign. At a meeting addressed by ex-President Taft at the Metropolitan Opera House subscriptions were received to the amount of \$125,000,000. Other meetings were held every evening indoors and on street corners, and a meeting held at Times Square at the conclusion of the campaign lasted continuously for thirty-six hours.

Elsewhere in the district, in the cities, towns and villages, meetings of citizens were productive of subscriptions to a very large total.

Disbanding the Organization

With the close of the Victory loan campaign it was apparent that even the nucleus organization which had been established for Liberty loan purposes prior to the Third loan and served continuously

between campaigns as well as during them, would no longer be necessary. Consequently, steps were taken to relieve employees of Government Loan work as rapidly as the end of their duties permitted. An organization was established which undertook to give every possible aid in securing employment for both men and women employees and through it many of them were placed, a considerable number in the Federal Reserve Bank. In conformity with a schedule approved by the Treasury Department the employees who were released received compensation for a period of weeks or days after the termination of service, varying according to the length of their employment.

While the former Government Loan Organization was being disbanded that part of it which had to do with the sale of War Savings Stamps and certificates of indebtedness was in some degree augmented. It was necessary also to retain for a year the staff handling partial payment accounts and also for some time that part of the organization which has to do with the payment of bills and securing reimbursement from the Treasury Department. To this latter group fell also the duty of assembling the records of the headquarters organization and of local committees throughout the Second Federal Reserve District, and of collating and filing them in such a way that they may be accessible for reference in the future. It had also the obligation of disposing of leases and surplus equipment according to terms prescribed by the Treasury Department. Up to December 31 sales of used furniture and other equipment realized \$62,000.

Partial Payments

The marked success of the partial payment plan adopted in the Third and Fourth loans for the Metropolitan District demanded that it be followed again in the Victory loan. Under this plan books were sold during the loan campaign which called for forty-eight weekly payments instead of twenty-four as in the Fourth loan, and the book itself had at once a more attractive and a less expensive form. In addition to books providing for the purchase of \$50 and \$100 notes as in previous loans, books were sold for \$500 notes also. Initial payments were 4 per cent. of the face value of the notes subscribed for, and subsequent weekly payments were at the rate of \$1, \$2 and \$10 respectively. These weekly payments were acknowledged by the issue of gummed receipts which were placed in the books as a record of payments, and a follow-up method of reaching delinquent subscribers was provided for. These gummed receipts were issued at 986 banks and payment stations in the metropolitan district. Upon completion of all payments, whether anticipated or not, the book is exchanged for a Victory note at any

bank or at the office of the Victory Loan Association, the organization established for carrying on the plan.

The par value of the bonds sold on this partial payment plan in the Victory loan was greater than in either of the previous loans, and the number of subscribers was greater than in the Fourth loan but somewhat below that of the Third loan. The comparison is as follows:

	Number of Books Sold	Par Value
Third loan.....	836,747	\$48,744,300
Fourth loan.....	786,995	44,277,550
Victory loan.....	797,384	51,197,850
Total.....	2,421,126	\$144,219,700

For the purpose of financing the sale of Victory notes on the coupon book plan a syndicate was formed to include 137 banks and trust companies of Greater New York, Jersey City and Hoboken. Although these institutions assumed a maximum underwriting liability of about \$110,000,000, they were actually called upon to supply only \$25,000,000. This money called from the banks as needed in connection with the Government payments, together with about an equal amount received from subscribers, financed the purchase of the total sales of nearly \$51,200,000.

The cost of carrying on the Victory Loan Association is considerably lower than for similar organizations in the previous loans, partly due to improved methods. The number of employees required to handle the operation was about 130.

The schedule of payments on the Third and Fourth loans, partial payment plan, expired just prior to the opening of the Victory Loan campaign. The association has, however, permitted delinquents to make full payment or otherwise settle their accounts throughout the year, and bonds of those loans are still being delivered to subscribers. The number of persons calling at the office of the association to pay in full and receive their bonds, or to make inquiry about their subscriptions to the Victory or prior loans, has reached in a single day as high as 17,000.

Outside the Metropolitan District banks and committees were supplied with partial payment punch cards as heretofore, and a new device consisting of a book of receipts was used in addition with considerable success.

WAR SAVINGS AND POST-LOAN ACTIVITIES

On January 1, 1919, the work of the War Savings Committee in this district was consolidated with that of the Liberty Loan Committee, and thenceforward the work of both was conducted by the Government Loan Organization under the direct control of the

Governor of the Federal Reserve Bank of New York. The conduct of the Victory loan campaign under the guidance of this organization has been described above. Simultaneously, but with particular emphasis at the time when the Victory loan campaign was not being carried on, the War Savings branch of the organization was actively at work, under the supervision of a vice-director of the Government Loan Organization who also was its director of publicity. Its primary purpose was to impress upon the 12,000,000 persons in the Second Federal Reserve District the importance of saving and investing in Government Savings and Thrift stamps. Its method of operation provided for the establishment of War Savings societies among employees in factories, offices, stores; among school children, members of racial groups, fraternal lodges, etc.

In midsummer, when the work of selling the Victory loan was ended, the organization was remodeled so as to carry on the continuing savings and sales campaign of the Treasury Department and became one of the integral functions of the Federal Reserve Bank. Its activities included the sale of certificates of indebtedness, of thrift and savings stamps and the new Treasury savings certificates, first issued in July, which were in denominations of \$100 and \$1,000 maturity value; a campaign through publicity and personal contact to encourage saving and investing in Government securities; a campaign to prevent solicitation of the public to part with Liberty bonds and War Savings stamps at rates below the market or redemption value, as the case might be; and a movement to encourage purchases of Government securities in the open market and to discourage unnecessary sales.

An extensive volunteer organization covering the entire Second Federal Reserve District was maintained under the leadership of 2,400 bankers and business men acting as chairmen of county and town committees. Numerous meetings were held to prosecute the "Work and Save" campaign and publicity material was circulated as previously, though in diminished volume.

Gross sales of thrift and savings stamps and savings certificates in 1919, as reported to the organization, are shown by months as follows:

Month	Cash Value
January.....	\$2,440,365.25
February.....	1,040,842.43
March.....	1,015,344.14
April.....	1,232,621.77
May.....	993,777.36
June.....	827,859.83
July.....	743,088.40
August.....	587,069.55
September.....	1,226,839.45
October.....	1,283,850.06
November.....	1,250,710.71
December.....	1,849,644.60
Total.....	<u>\$14,492,013.55</u>

GOVERNMENT DEPOSITS

The plan of depositing the proceeds of sales of Liberty bonds and certificates of indebtedness in qualified depository banks was continued during the year by the Treasury Department. The Federal Reserve Bank, which appointed the depositories, has had the responsibility of receiving and approving collateral, depositing and withdrawing funds, and collecting interest on deposits, all under the instruction and supervision of the Treasury Department. The qualified depository banks were permitted under the law to pay for certificates of indebtedness and Liberty bonds by opening book credits in favor of the Federal Reserve Bank of New York as fiscal agent of the United States, "War Loan Deposit Account." Through the creation of these deposits and their withdrawal only as funds were needed for disbursement, disturbances to the money market were reduced to a minimum.

The withdrawal of deposits has been uniformly made on instructions from the Treasury Department on a pro rata basis, which has been the same for all depository banks in the district, and notice of forty-eight hours or more has been given whenever possible.

Funds deposited for use of the disbursing officers of the United States Army and Navy in foreign branches of qualified depositories were secured by collateral pledged with us.

The number of banks qualifying as depositories increased from 867 in the Fourth loan to 889 in the Victory loan. Custodians of collateral acted in 35 cities, a reduction from the earlier loans.

Collateral agents of the second class for the sale of Treasury Savings certificates, War Savings Certificate stamps and thrift stamps, were appointed by the Federal Reserve Bank, which received the securities pledged by them as collateral.

This year internal revenue collectors deposited with us for the credit of the Treasurer of the United States, checks representing payments of income and excess profits taxes, but these funds were not redeposited with depository banks as was the case during June, 1918, inasmuch as the funds were required in most instances for immediate disbursement. Receipts were as follows:

Income Tax Receipts—March 15 payment.....	\$317,089,000	
June 15 payment.....	298,093,000	
September 15 payment.....	291,262,000	
December 15 payment.....	272,046,000	
		\$1,178,490,000

Maximum deposits and securities pledged were:

Liberty loan funds, largest amount on deposit, June 7.....	\$409,356,104.02
Certificates of indebtedness funds, largest amount on deposit, September 17.....	538,036,000.00
Securities in vault, largest amount, June 10.....	793,937,822.96
Securities with custodians, largest amount, May 20.....	152,334,966.77

DELIVERIES, EXCHANGES AND CONVERSIONS

The work of the Government Bond Department, which conducts the issue, conversion and exchange of denominations of Government securities and pays Government coupons, has not diminished with the conclusion of the Liberty loan campaigns; on the contrary it has increased. This growth is accounted for partly by the large volume of sales in the market of Liberty bonds and Victory notes of small denominations which involve exchange into higher denominations, and also by the tendency of bonds sold in other districts to come to the New York market for sale. A summary of the operations of this department involving more than six and one-third billion dollars, and the handling of more than 52,000,000 individual pieces, appears in Exhibit X in the appendix.

In issuing Victory notes under the allotments made by the Treasury Department in this district, the transactions were as follows:

Cash sales during campaign.....	\$370,170,500.00
Total receipts, including cash sales:	
Principal.....	\$1,318,020,490.00
Accrued interest.....	3,099,150.81
Method of payment:	
Certificates of indebtedness.....	\$567,474,000.00
Advice of credit.....	604,810,765.62
Cash.....	148,844,975.19
Bonds full-paid on	
First installment date.....	\$757,681,700.00
Second installment date.....	55,807,100.00
Third installment date.....	15,701,300.00
Fourth installment date.....	14,045,000.00
Fifth installment date.....	34,850,550.00
Sixth installment date.....	69,764,650.00
Bond deliveries:	
Coupon bonds.....	\$1,230,149,650.00
Registered bonds.....	87,342,050.00
Number of pieces delivered:	
Coupon bonds.....	3,171,437.00
Registered bonds.....	91,156.00

The classification of payments for the Victory loan and for such installments of the Fourth Liberty loan as were payable in 1919, appears in Exhibit Y in the appendix.

The conversion of bonds from one interest rate to another within the Treasury Department conditions, reached a total for the year of \$363,814,200, par amount, in 478,587 pieces. Of these by far the largest in number were coupon bonds. The following table shows the aggregate of bonds and notes converted in 1919 and previous years, issue by issue:

First 3½ per cent. bonds to 4 per cent. (Nov. 8, 1917-May 15, 1918)...	\$113,385,650
Number of deliveries, pieces.....	737,852
First 4 per cent. bonds to 4¼ per cent.....	\$85,686,150
Number of deliveries, including deliveries made on converting First 3½ per cent. to 4¼ per cent., pieces.....	307,385
Second 4 per cent. bonds to 4¼ per cent.....	\$1,155,386,800
Number of deliveries, pieces.....	1,772,055
Victory 3¾ per cent. to Victory 4¾ per cent.....	\$7,551,500
Number of deliveries, pieces.....	7,551
Victory 4¾ per cent. to Victory 3¾ per cent.....	\$210,930,400
Number of deliveries, pieces.....	154,466
Aggregate number of pieces handled (Incoming and Outgoing)....	4,957,039

The great volume of small denomination bonds received for exchange for bonds of higher denominations, chiefly \$1,000—in certain issues the number of \$50 or \$100 bonds received for exchange has been greater than the number originally issued in this district—manifests the surrender of bonds by many small holders. Nearly 11,400,000 pieces have been received by this bank as against 2,300,000 pieces delivered. The total of exchanges in 1919 was \$1,443,844,500 in par amount.

The receipt of coupon bonds for exchange into registered bonds and vice versa, and the receipt of applications for transfer between holders of registered bonds, involved a total of \$373,193,650 par amount, divided among 55,538 individual applications. Inasmuch as the records of registered bond holders are maintained in the Treasury Department at Washington the action of the Federal Reserve Bank is limited to the receipt and delivery of such bonds.

The payment of coupons on Government bonds, Federal Land Bank Farm Loan bonds and War Finance Corporation bonds has increased materially during the year because of new issues. Over 28,000,000 coupons have been paid, involving nearly \$200,000,000. The largest number of coupons paid on any one day was 1,500,000 on December 15.

Government Disbursements

Disbursements by the Treasury Department through this bank have continued in very large volume throughout 1919. Nearly 13,000,000 Treasury checks were handled as against 11,100,000 in 1918, but the average size has been somewhat smaller. Consequently the total of nearly \$5,000,000,000 for a year ago was not reached. The day of largest transactions was on April 21, when 96,153 checks were handled. The list given below does not include payments on maturing certificates and coupons:

Payment of Treasury Checks

	Number	Amount
January.....	1,346,636	\$456,000,825.55
February.....	1,090,651	302,418,492.81
March.....	1,248,956	313,256,046.12
April.....	1,512,011	263,723,362.87
May.....	1,228,484	264,662,801.77
June.....	1,013,729	223,685,876.98
July.....	919,026	363,696,609.40
August.....	887,639	580,671,251.78
September.....	897,670	461,441,135.45
October.....	1,017,618	328,783,039.17
November.....	901,552	284,632,974.56
December.....	912,270	488,919,001.75
Total.....	12,976,242	\$4,331,891,418.21

APPENDIX

EXHIBITS

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Exhibit A
RATES OF DISCOUNT
 Effective at the Federal Reserve Bank of New York in 1919

	15 Days or less (Including Collateral Loans)	16 to 90 Days Inclus- ive	Agricultural Paper 91 Days to 6 Months	Special Secured by Liberty Bonds or U. S. C. of I. 16-90 Day	Trade Acceptances 16-90 Days	Rediscount of Bankers Acceptances			Open Market Purchases, Bankers Acceptances	
						15-60-90 Days			Authorized Rates Minimum	Actual Rates
						15	16-60	61-90		
January.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
February.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4½
March.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
April.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
May.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
June.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
July.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
August.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
September.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
October.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
November 1-3.....	4	4¾	5	4¼	4½	4	4¼	4½	4	4-4¾
November 5-30.....	4¼*-4¾**	4¾	5	4½	4½	4½	4½	4½	4	4-4¾
December 1-11.....	4¼*-4¾**	4¾	5	4½	4½	4½	4½	4½	4	4¼-5½
December 12-30.....	4½x-4¾	4¾	5	4¾	4½	4½	4½	4½	4	4¼-5½
December 31.....	4¾	4¾	5	4¾	4¾	4¾	4¾	4¾	4	4¼-5½

*Only certificates of indebtedness bearing 4¼ per cent. interest. Rate was 4½ for other certificates of indebtedness and Liberty Bonds.

**Eligible commercial paper only.

xCertificates of indebtedness only.

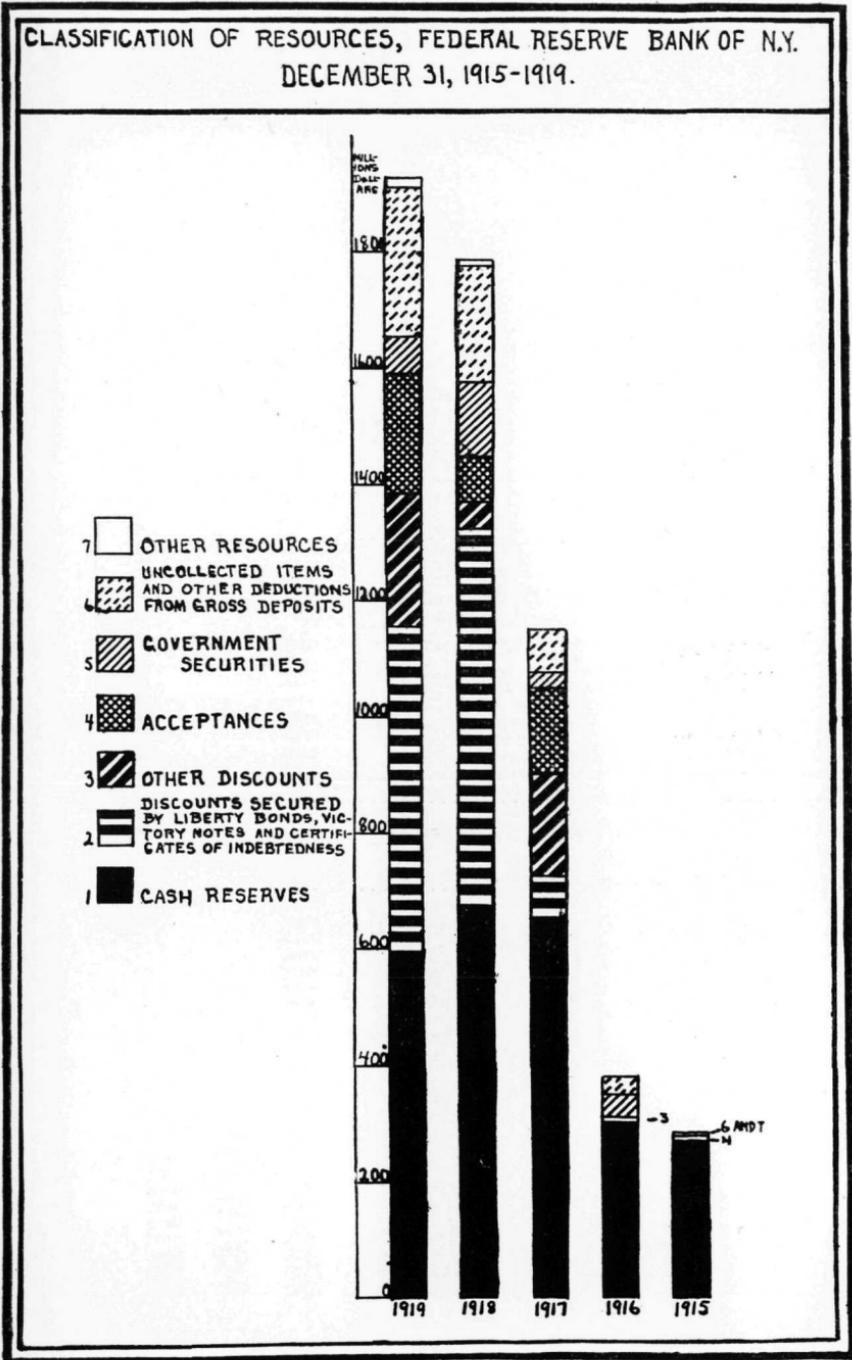
Reference to text, page 7.

Exhibit B
CAPITAL ACCOUNT RECONCILIATION
January 1st to December 31st, 1919

Capital paid in Jan. 1, 1919.....	\$20,820,100
Sundry Increase:	
Due to increase of capital and surplus of member banks....	\$1,591,050
Due to organization of new national banks.....	91,050
Due to admission of State Banks and Trust Companies.....	537,650
	\$2,219,750
	\$23,039,850
Sundry Decrease:	
Due to decrease in capital and surplus of member banks.....	
Due to banks liquidated.....	\$649,100
	\$649,100
Paid in capital December 31, 1919.....	\$22,390,750

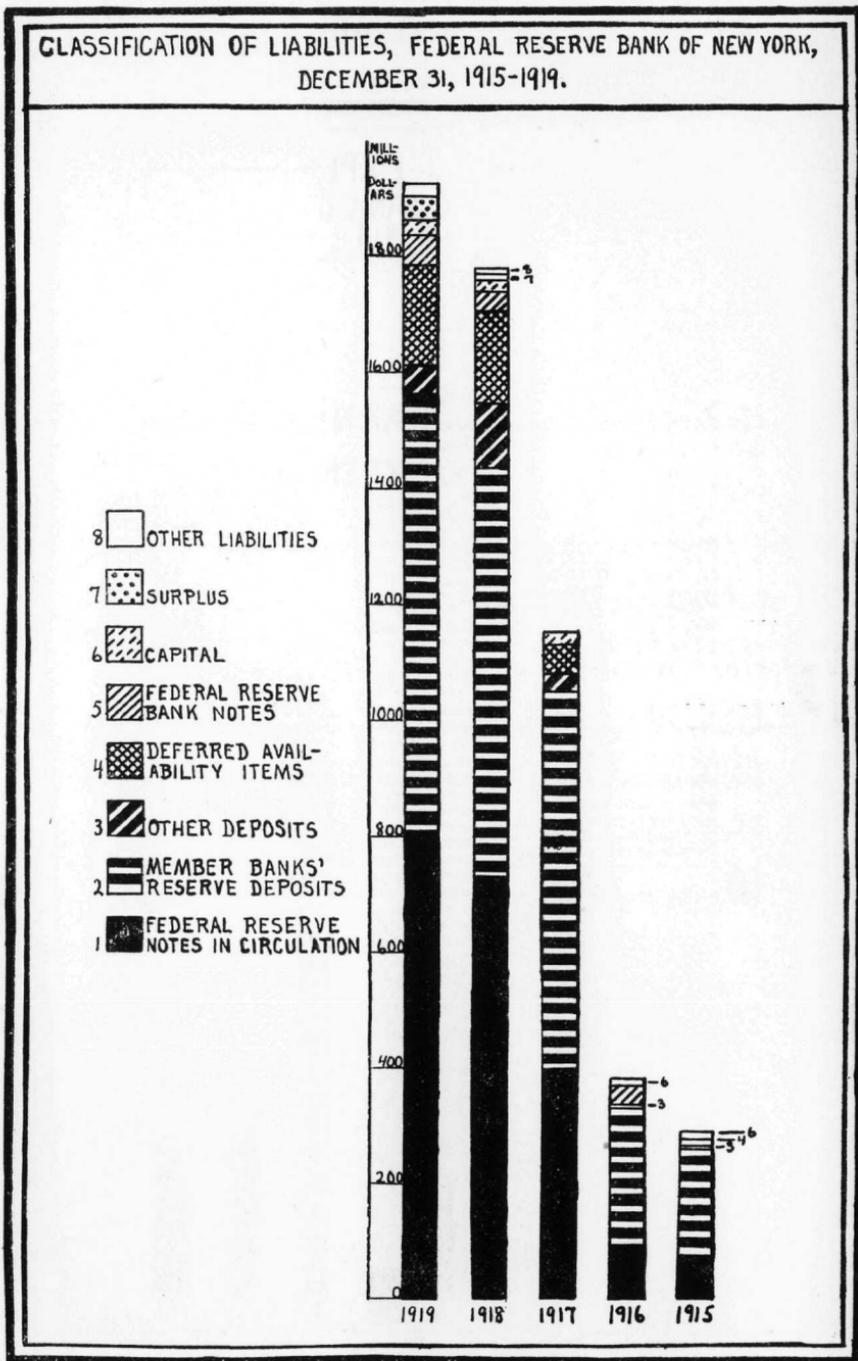
Reference to text, page 12.

Chart No. 1



Reference to text, page 11.

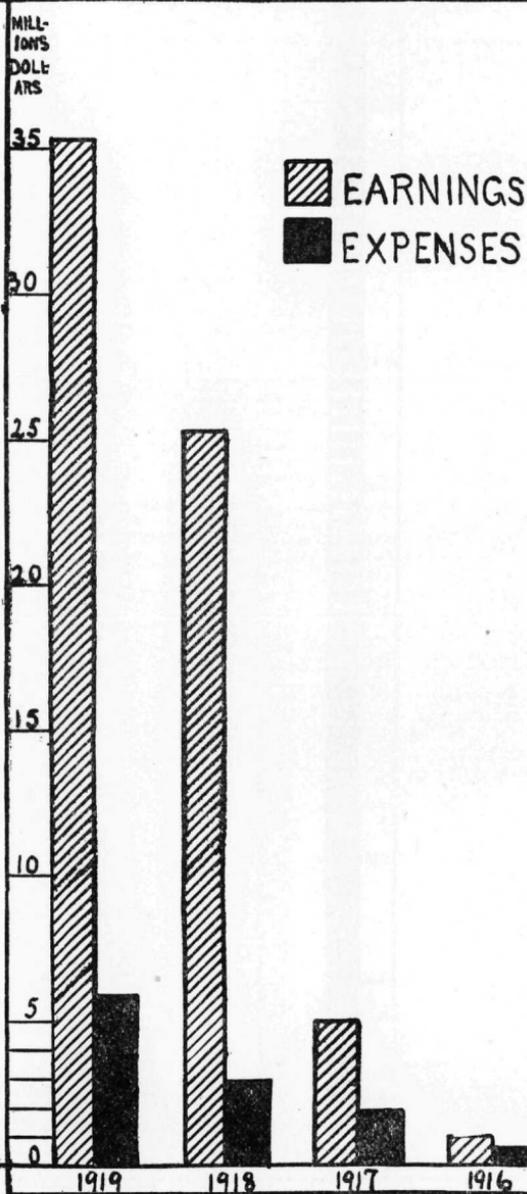
Chart No. 2



Reference to text, page 12.

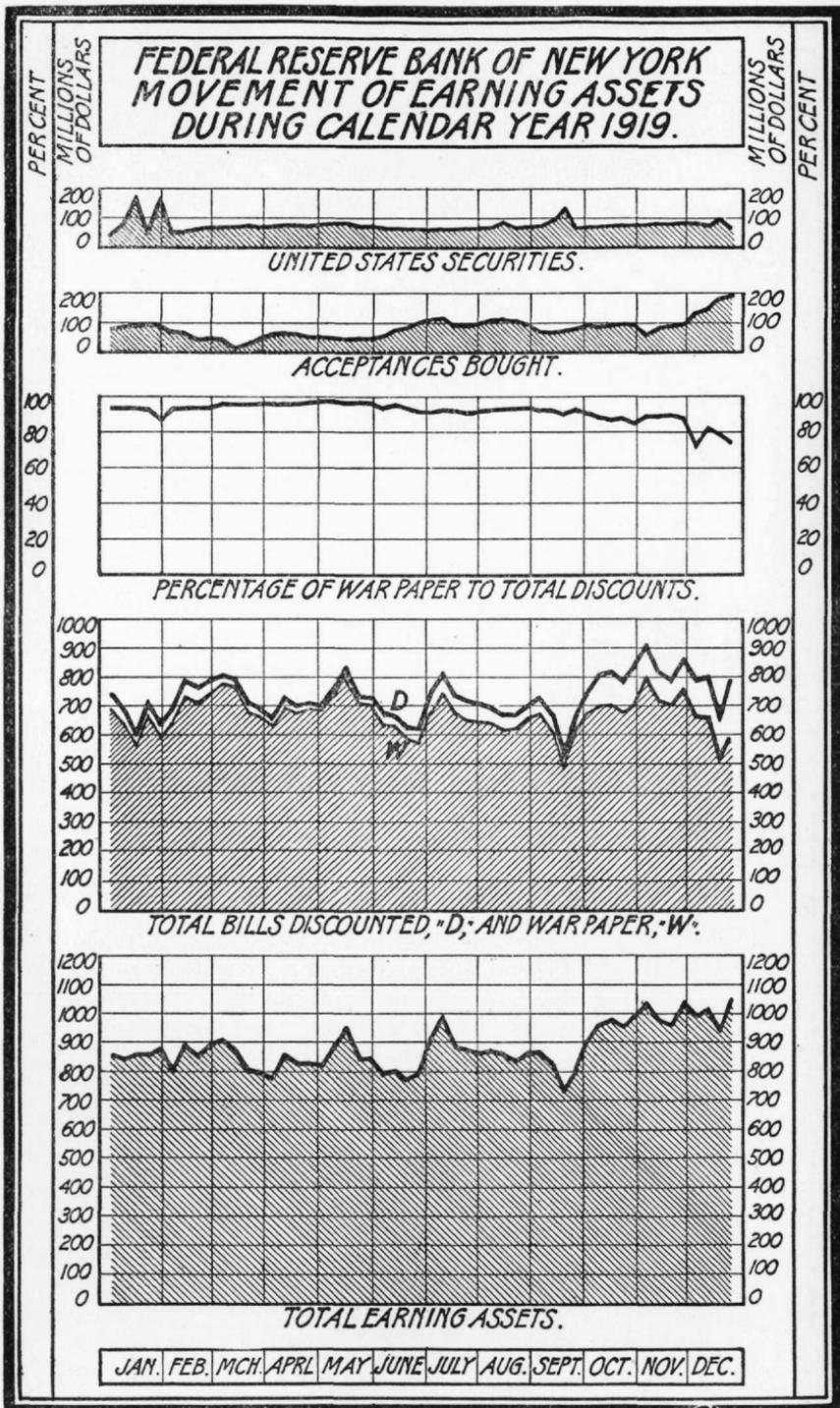
Chart No. 3

EARNINGS AND EXPENSES, FEDERAL RESERVE BANK OF NEW YORK 1915-1919



Reference to text, page 13.

Chart No. 4



Reference to text, page 15.

Exhibit C
EARNING ASSETS, 1919
Classification of Investments of the Federal Reserve Bank of New York
(In Thousands of Dollars)

		1	2	3	4	5	6	7	8
		Discounted Paper Secured by U. S. War Obligations	Other Discounted Paper	1 + 2	Per Cent. 1 ÷ 3	Bills Bought in Open Market	Total Bills Discounted and Bought	United States Securities	Total Earning Assets
January	3.....	691,786	44,307	736,093	94.0	76,294	812,387	43,241	855,628
	10.....	644,980	39,259	684,239	94.3	79,628	763,867	76,136	840,003
	17.....	569,446	33,535	602,981	94.4	84,148	687,129	169,139	856,268
	24.....	663,904	46,653	710,557	93.4	93,385	803,942	47,852	851,794
February	31.....	591,242	42,519	633,761	87.5	83,727	717,488	157,247	874,735
	7.....	639,721	49,226	688,947	92.9	64,524	753,471	47,896	801,367
	14.....	731,071	51,449	782,520	93.4	54,927	837,447	49,426	886,873
	20.....	707,364	46,917	754,281	93.8	41,399	795,680	54,119	849,799
March	28.....	741,979	45,059	787,038	94.3	43,325	830,363	60,138	890,501
	7.....	775,574	29,157	804,731	96.4	40,088	844,819	61,096	905,915
	14.....	761,365	29,234	790,599	96.3	16,897	807,496	64,852	872,348
April	21.....	676,608	32,052	708,660	95.5	27,158	735,818	65,826	801,644
	28.....	661,987	29,500	691,487	95.7	41,329	732,816	65,394	798,210
	4.....	628,697	25,572	654,269	96.1	55,612	709,881	66,179	776,060
May	11.....	692,682	31,507	724,189	95.6	57,017	781,206	70,850	852,056
	18.....	671,695	28,744	700,439	95.9	54,730	755,169	70,827	825,996
	25.....	685,022	24,045	709,067	96.6	46,903	755,970	70,126	826,096
	2.....	678,623	22,028	700,651	96.8	47,311	747,962	70,658	818,620
June	9.....	741,711	20,174	761,885	97.4	43,737	805,622	76,026	881,648
	16.....	792,953	32,618	825,571	96.0	42,691	868,262	76,713	944,975
	23.....	708,974	23,422	732,396	96.8	44,424	776,820	69,639	846,459
	29.....	703,252	26,677	729,929	96.3	44,853	774,782	69,834	844,616
June	6.....	634,661	38,949	673,610	94.2	51,779	725,389	67,492	792,881
	13.....	630,112	30,644	660,756	95.4	71,992	732,748	67,628	800,376
	20.....	584,513	39,782	624,295	93.6	80,948	705,243	64,818	770,061
	27.....	567,632	53,485	621,117	91.4	100,822	721,939	65,253	787,192

Reference to text, page 15.

Exhibit C—Continued
EARNING ASSETS, 1919
 Classification of Investments of the Federal Reserve Bank of New York
 (In Thousands of Dollars)

		1	2	3	4	5	6	7	8
		Discounted Paper Secured by U. S. War Obligations	Other Discounted Paper	1 + 2	Per Cent. 1 ÷ 3	Bills Bought in Open Market	Total Bills Discounted and Bought	United States Securities	Total Earning Assets
July	3.....	674,449	65,674	740,123	91.1	113,047	853,170	58,684	911,854
	11.....	742,901	62,342	805,243	92.3	119,363	924,606	60,371	984,977
	18.....	667,802	61,775	729,577	91.5	91,563	821,140	59,086	880,226
August	25.....	649,147	68,746	717,893	90.4	91,497	809,390	60,309	869,699
	1.....	644,096	58,120	702,216	91.7	98,002	800,218	62,887	863,105
	8.....	641,566	53,625	695,191	92.3	106,980	802,171	64,498	866,669
	15.....	615,433	49,853	665,286	92.5	111,654	776,940	77,951	854,891
	22.....	619,361	46,978	666,339	92.9	105,843	772,182	66,477	838,659
September	29.....	656,305	43,891	700,196	93.7	94,288	794,484	67,811	862,295
	5.....	672,070	52,791	724,861	92.7	71,177	796,038	68,640	864,678
	12.....	611,442	49,692	661,134	92.5	70,955	732,089	194,059	826,148
	19.....	483,053	45,539	528,592	91.4	73,521	602,113	32,093	734,206
October	26.....	617,837	47,707	665,544	92.8	76,401	741,945	64,816	806,761
	3.....	674,010	72,578	746,588	90.3	87,682	834,270	70,778	905,048
	10.....	697,763	104,877	802,640	86.9	80,400	883,040	71,078	954,118
	17.....	698,653	116,668	815,321	85.7	85,315	900,636	73,772	974,408
	24.....	675,336	105,083	780,419	86.5	97,925	878,344	74,780	953,124
	31.....	702,142	130,880	833,022	84.3	85,373	918,395	76,000	994,395
November	7.....	795,212	109,139	904,351	87.9	54,323	958,674	76,015	1,034,689
	14.....	721,344	98,759	820,103	88.0	77,896	897,999	76,519	974,518
	21.....	701,956	88,855	790,811	88.8	86,379	877,190	76,871	954,061
December	28.....	753,834	107,068	860,902	87.5	97,021	957,923	78,991	1,036,914
	5.....	667,512	119,342	786,854	72.7	131,865	918,719	76,714	995,433
	12.....	654,401	144,924	799,325	81.9	147,030	946,355	69,461	1,015,816
	19.....	515,035	143,537	658,572	78.2	179,382	837,954	98,800	936,754
	26.....	584,588	203,606	788,194	74.2	191,312	979,506	68,654	1,048,160

Exhibit D
DISCOUNTS AND ADVANCES
Distribution by Months, 1918 and 1919

	1919		1918	
	Number of Items	Amount	Number of Items	Amount
January	9,229	\$3,468,059,283.23	5,552	\$299,141,079.59
February	7,906	2,667,770,966.68	7,441	267,801,380.25
March	6,050	2,631,731,389.65	7,882	321,342,092.09
April	7,314	2,678,055,774.51	6,446	1,460,681,317.41
May	8,184	4,067,069,831.02	10,802	2,181,143,351.44
June	9,645	3,102,797,327.60	11,653	2,290,684,904.35
July	11,759	3,989,474,706.53	14,323	1,935,041,787.56
August	9,329	3,528,702,367.80	15,016	2,306,086,869.85
September	11,219	3,495,701,094.17	11,993	2,893,616,075.93
October	15,601	4,472,425,043.59	13,498	3,713,305,674.14
November	13,650	4,466,207,075.38	15,457	2,948,291,085.09
December	17,835	3,881,496,273.71	8,975	3,918,402,840.07
Total	127,721	\$42,449,491,133.87	129,038	\$24,535,538,457.77

Amounts held December 31, 1919

	Discounts or Advances based on United States Securities	Discounts or Advances based on Commercial Paper	Bankers Acceptances	Total
Within 15 days..	\$448,425,681.35	\$174,245,634.07	\$39,357,212.10	\$662,028,527.52
16—30 days.....	42,463,152.16	14,311,968.18	35,188,184.76	91,963,305.10
31—60 days.....	54,483,968.71	19,833,814.07	61,761,626.22	136,079,409.00
61—90 days.....	16,717,040.23	20,308,584.97	66,595,586.46	103,621,211.66
Over 90 days.... (Agricultural)		13,444.50		13,444.50
Total, Dec. 31, 1919	562,089,842.45	228,713,445.79	202,902,609.54	993,705,897.78
Total, Dec. 31, 1918.....	\$652,567,674.72	\$44,773,780.97	\$77,576,632.94	\$774,918,088.63
Total, Dec. 31, 1917.....	\$138,594,941.91	\$111,714,945.05	\$148,770,185.44	\$399,080,072.40

Reference to text, page 16.

Exhibit E
PURCHASES FROM THE TREASURY
Special Certificates of Indebtedness Bought in 1919

Date	Amount	Days
1919		
January 2	\$118,000,000	1
10	30,000,000	1
11	40,000,000	2
13	45,000,000	1
17	123,000,000	1
18	115,000,000	2
20	114,000,000	1
31	110,000,000	1
February 1	116,000,000	2
3	111,000,000	1
4	38,000,000	1
5	22,000,000	1
June 30	60,000,000	3
July 1	55,000,000	2
2	23,000,000	1
15	80,000,000	3
August 13	12,000,000	1
14	18,000,000	1
15	15,000,000	1
September 10	55,000,000	1
11	23,000,000	1
12	28,500,000	1
15	260,000,000	1
16	145,000,000	1
17	126,000,000	1
18	77,000,000	1
19	69,000,000	1
20	41,000,000	2
December 15	127,000,000	1
16	135,000,000	1
17	107,000,000	1
18	97,000,000	1
19	30,000,000	1
20	25,000,000	2
22	15,000,000	1

Reference to text, page 16.

Exhibit F
RESERVE POSITION, 1919
Movement of Gold and Cash Reserves, Federal Reserve Note and Net Deposit Liabilities, etc.
(In Thousands of Dollars)

		1	2	3	4	5	6
		Gold Reserves	Total Cash Reserves	F. R. Notes in Actual Circulation	Net Deposits	(3 + 4)	*Reserve Percentage
January	3.....	686,208	734,896	724,932	802,225	1,527,157	48.1
	10.....	617,160	670,308	691,455	753,602	1,445,057	46.4
	17.....	588,365	640,515	665,688	765,566	1,431,254	44.8
	24.....	592,552	644,321	650,587	777,706	1,428,293	45.1
February	31.....	568,367	621,297	647,913	772,464	1,420,377	43.7
	7.....	625,547	677,213	650,046	751,587	1,401,633	48.3
	14.....	568,670	620,327	664,613	765,496	1,430,109	43.4
	20.....	588,156	640,463	666,858	745,635	1,412,493	45.3
March	28.....	588,288	639,268	677,619	776,240	1,453,859	44.0
	7.....	596,479	647,494	689,212	787,777	1,476,989	43.8
	14.....	649,122	701,213	710,002	786,270	1,496,272	46.9
	21.....	728,407	780,836	715,569	789,168	1,504,737	51.9
April	28.....	735,392	788,481	723,160	780,338	1,503,498	52.4
	4.....	779,865	832,649	736,433	793,240	1,529,673	54.4
	11.....	697,747	751,406	738,128	786,894	1,525,022	49.3
	18.....	734,509	787,011	738,169	796,002	1,534,171	51.3
May	25.....	747,072	801,611	738,812	808,476	1,547,288	51.8
	2.....	756,684	808,905	741,385	805,298	1,546,683	52.3
	9.....	700,700	752,070	751,273	800,989	1,552,262	48.4
	16.....	649,596	702,275	742,067	822,557	1,564,624	44.9
June	23.....	744,924	796,636	735,462	825,936	1,561,398	51.0
	29.....	751,488	802,172	742,390	822,577	1,564,967	51.3
	6.....	766,149	818,039	736,674	792,185	1,528,859	53.5
	13.....	737,357	789,165	736,288	770,263	1,506,551	52.4
	20.....	771,515	823,384	735,226	774,416	1,509,642	54.5
	27.....	782,982	834,523	737,437	800,002	1,537,439	54.3

* Ratio of Cash Reserves to Net Deposit and Federal Reserve Note Liabilities Combined

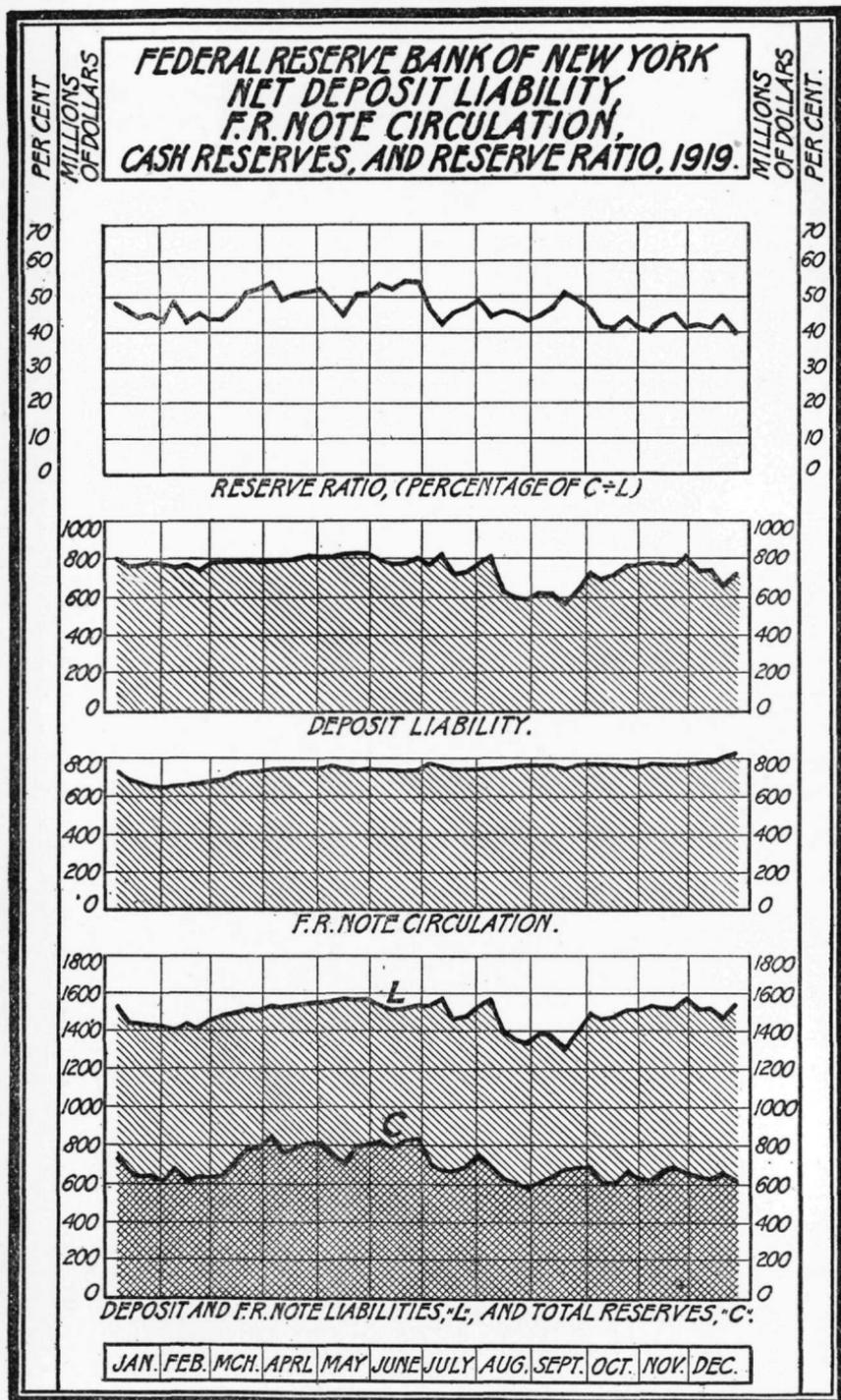
Exhibit F—Continued
RESERVE POSITION, 1919

Movement of Gold and Cash Reserves, Federal Reserve Note and Net Deposit Liabilities, etc.
(In Thousands of Dollars)

		1	2	3	4	5	6
		Gold Reserves	Total Cash Reserves	F. R. Notes in Actual Circulation	Net Deposits	(3 + 4)	* Reserve Percentage
July	3.....	656,095	706,190	762,915	769,602	1,532,517	46.1
	11.....	615,349	667,228	751,780	814,052	1,565,832	42.6
	18.....	614,174	662,674	742,980	713,164	1,456,144	45.5
	25.....	642,194	689,885	739,165	730,257	1,469,422	46.9
August	1.....	696,744	745,301	745,918	770,844	1,516,762	49.1
	8.....	645,930	693,519	745,723	807,338	1,553,061	44.7
	15.....	582,503	631,071	748,166	643,504	1,391,670	45.3
	22.....	557,162	606,770	749,975	598,747	1,348,722	45.0
September	29.....	527,446	577,759	752,283	590,729	1,343,012	43.0
	5.....	562,836	614,413	758,794	620,946	1,379,740	44.5
	12.....	592,478	643,875	752,893	615,945	1,368,838	47.0
	19.....	622,886	674,216	747,239	558,271	1,305,510	51.6
October	26.....	640,130	690,902	753,135	636,108	1,389,243	49.7
	3.....	633,955	686,215	761,705	720,991	1,482,696	46.3
	10.....	556,746	610,291	759,830	694,009	1,453,839	42.0
	17.....	552,497	605,871	758,191	714,130	1,472,321	41.2
November	24.....	613,344	663,929	750,809	754,133	1,504,942	44.1
	31.....	575,979	625,606	750,715	754,631	1,505,346	41.6
	7.....	568,105	618,135	763,700	772,241	1,535,941	40.2
	14.....	615,815	665,565	755,745	765,963	1,521,708	43.7
December	21.....	632,927	683,192	758,797	757,926	1,516,723	45.0
	28.....	610,953	660,539	767,398	808,095	1,575,493	41.9
	5.....	590,905	641,012	774,971	738,430	1,513,401	42.4
	12.....	577,407	626,910	778,170	740,880	1,519,050	41.3
December	19.....	608,107	654,376	806,615	660,213	1,466,828	44.6
	26.....	570,438	616,040	824,944	714,874	1,539,818	40.0

* Ratio of Cash Reserves to Net Deposit and Federal Reserve Note Liabilities Combined

Reference to text, page 17.



Reference to text, page 17.

Exhibit G
GOLD RESERVES
 Weekly Movement in 1919

(Amounts in Thousands of Dollars)

Date	Gold Coin and Certi- ficates	Gold Settle- ment Fund	Gold with Federal Reserve Agent	Gold Redemp- tion Fund	Gold with Foreign Agencies	Total Gold Reserve
January 3.....	257,085	127,829	274,380	24,903	2,011	686,208
10.....	258,942	57,675	273,532	25,000	2,011	617,160
17.....	260,574	28,870	271,910	25,000	2,011	588,365
24.....	260,554	34,008	270,979	25,000	2,011	592,552
31.....	259,612	20,765	260,979	25,000	2,011	568,367
February 7.....	260,597	78,818	259,121	25,000	2,011	625,547
14.....	261,690	21,300	258,669	25,000	2,011	568,670
20.....	260,805	42,547	257,793	25,000	2,011	588,156
28.....	260,524	43,870	257,256	24,627	2,011	588,288
March 7.....	260,434	53,226	256,181	24,627	2,011	596,479
14.....	245,713	106,615	269,783	25,000	2,011	649,122
21.....	244,721	187,527	269,230	24,918	2,011	728,407
28.....	249,978	190,414	268,301	24,688	2,011	735,392
April 4.....	248,989	224,280	281,596	25,000	.....	779,865
11.....	247,798	145,010	279,939	25,000	.....	697,747
18.....	255,616	176,507	277,386	25,000	.....	734,509
25.....	256,236	189,501	276,335	25,000	.....	747,072
May 2.....	256,021	199,568	276,095	25,000	.....	756,684
9.....	255,610	130,017	290,073	25,000	.....	700,700
16.....	254,301	80,956	289,339	25,000	.....	649,596
23.....	253,779	178,524	287,679	24,942	.....	744,924
29.....	252,840	186,786	286,920	24,942	.....	751,488
June 6.....	263,578	192,474	285,268	24,829	.....	766,149
13.....	260,047	168,200	284,281	24,829	.....	737,357
20.....	228,778	225,032	292,876	24,829	.....	771,515
27.....	210,322	255,520	292,311	24,829	.....	782,982
July 3.....	187,413	153,304	290,739	24,639	.....	656,095
11.....	176,288	124,343	289,889	24,829	.....	615,349
18.....	172,868	128,232	288,358	24,716	.....	614,174
25.....	168,481	160,932	287,952	24,829	.....	642,194
August 1.....	160,070	224,828	287,017	24,829	.....	696,744
8.....	158,539	177,225	285,578	24,588	.....	645,930
15.....	153,594	119,693	284,387	24,829	.....	582,503
22.....	161,390	87,585	283,279	24,908	.....	557,162
29.....	156,435	64,352	281,659	25,000	.....	527,446
September 5.....	149,830	96,347	291,659	25,000	.....	562,836
12.....	148,884	128,740	289,854	25,000	.....	592,478
19.....	139,243	152,696	289,256	25,000	16,691	622,886
26.....	157,733	139,419	288,849	25,000	29,129	640,130
October 3.....	153,957	127,380	287,654	25,000	39,964	633,955
10.....	150,542	56,301	285,358	24,872	39,673	556,746
17.....	160,809	43,171	284,406	24,872	39,239	552,497
24.....	155,967	100,792	283,000	24,780	48,805	613,344
31.....	156,700	64,813	281,912	24,872	47,682	575,979
November 7.....	149,896	61,303	285,365	24,872	46,669	568,105
14.....	151,835	101,143	284,417	24,773	53,647	615,815
21.....	146,923	125,038	283,780	25,000	52,186	632,927
28.....	137,374	115,902	282,877	25,000	49,800	610,953
December 5.....	151,201	74,561	291,356	25,000	48,787	590,905
12.....	155,208	55,486	290,070	24,930	51,713	577,407
19.....	156,249	87,692	288,751	24,873	50,542	608,107
26.....	147,197	41,560	307,385	25,000	49,296	570,438

Reference to text, page 17.

Exhibit H
OPEN MARKET ACCEPTANCE PURCHASES
 Classification of Bills Bought for the Account of the Federal Reserve Bank of New York

	Bankers Acceptances Import & Export	Bankers Domestic Acceptances	Indorsed Trade Bills of Foreign Origin	Bills Drawn to Furnish Dollar Exchange	Domestic Trade Acceptances	Total
January.....	\$45,200,347.40	\$26,777,675.79	\$1,489,745.23	\$1,215,000.00	\$900,168.53	\$75,582,936.95
February.....	32,496,978.94	21,938,985.49	810,659.00	662,286.95	442,853.18	56,351,763.56
March.....	35,769,492.56	14,501,220.02	2,778,348.64	201,133.30	.....	53,250,194.52
April.....	44,474,142.21	13,818,620.43	2,832,999.03	406,114.33	73,780.25	61,605,656.25
May.....	44,107,501.81	14,795,169.16	1,268,962.17	550,000.00	.....	60,721,633.14
June.....	112,618,067.78	23,991,087.64	570,123.26	7,556.85	268,053.03	137,454,888.56
July.....	104,960,449.46	23,022,659.28	232,944.83	566,327.46	336,611.38	129,118,992.41
August.....	55,751,008.53	8,617,804.47	287,441.61	188,750.00	65,471.15	64,910,475.76
September.....	52,125,315.68	11,582,896.27	577,820.66	124,053.41	50,000.00	64,460,086.02
October.....	115,621,444.67	27,409,633.44	1,254,256.65	221,636.70	553,494.37	145,060,465.83
November.....	123,819,277.63	25,627,552.95	1,592,049.82	1,327,500.00	242,682.52	152,609,062.92
December.....	169,527,805.65	35,473,532.15	1,683,609.03	1,993,251.72	1,594,621.29	210,272,819.84
Total 1919.....	\$936,471,832.32	\$247,556,837.09	\$15,378,959.93	\$7,463,610.72	\$4,527,735.70	\$1,211,398,975.76

Reference to text, page 18.

Exhibit H—Continued
OPEN MARKET ACCEPTANCE PURCHASES
 Classification of Bills Bought for the Account of Other Federal Reserve Banks

	Bankers Acceptances Import & Export	Bankers Domestic Acceptances	Indorsed Trade Bills of Foreign Origin	Bills Drawn to Furnish Dollar Exchange	Domestic Trade Acceptances	Total
January.....	\$29,481,920.77	\$16,650,650.68	.....	\$383,770.00	.....	\$46,516,341.45
February.....	19,002,355.69	12,439,260.70	\$100,686.70	230,000.00	.....	31,772,303.09
March.....	25,242,605.57	9,517,366.79	.....	200,000.00	.....	34,959,972.36
April.....	22,834,598.46	11,132,216.85	.....	.....	.....	33,966,815.31
May.....	27,113,076.64	6,468,597.73	.....	608,490.00	.....	34,190,164.37
June.....	68,510,348.19	13,330,196.07	.....	60,000.00	.....	81,900,544.26
July.....	60,265,298.80	13,435,862.03	.....	275,000.00	.....	73,976,160.83
August.....	40,725,358.59	5,084,880.22	184,103.44	100,000.00	.....	46,094,342.25
September.....	65,006,689.06	10,571,207.31	375,156.54	188,415.15	.....	76,141,468.06
October.....	78,315,068.70	20,342,383.50	25,000.00	187,000.00	.....	98,869,452.20
November.....	61,867,259.10	17,238,635.44	.....	311,150.51	.....	79,417,045.05
December.....	84,881,710.35	16,387,688.25	.....	425,000.00	.....	101,694,398.60
Total 1919.....	\$583,246,289.92	\$152,598,945.57	\$684,946.68	\$2,968,825.66	.....	\$739,499,007.83

Reference to text, page 18.

Exhibit H—Continued

OPEN MARKET ACCEPTANCE PURCHASES
Purchased Bills Sold to Other Federal Reserve Banks
(000 Omitted)

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Boston.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....
Philadelphia.....													
Cleveland.....	5,088	10,100					10,012			10,043	15,022		50,265,000
Richmond.....													
Atlanta.....													
Chicago.....			20,079							20,032	25,002		65,113,000
St. Louis.....										5,014	10,056		15,170,000
Minneapolis...	5,053	10,038	4,191										19,282,000
Kansas City...								10,013	15,010		10,005		35,028,000
Dallas.....											5,012		5,012,000
San Francisco.....		17,729		22,921	8,266	18,508	27,043	10,028	7,088	11,386			122,969,000
Total....	\$10,141	\$37,867	\$24,270	\$22,921	\$8,266	\$18,508	\$37,055	\$20,041	\$22,098	\$46,475	\$65,097		\$312,839,000

Reference to text, page 18.

Exhibit I
ACCEPTANCES REDISCOUNTED, 1919
 Distribution by Months and Class of Bills

	Bankers Acceptances	Trade Acceptances		Total
		Domestic	Foreign	
January	\$1,109,278.64	\$3,155,942.22	\$33,313.41	\$4,298,534.27
February	267,839.44	3,061,735.32	845,553.33	4,175,128.09
March	123,542.91	1,606,768.58	1,990,257.86	3,720,569.35
April	143,933.87	1,481,224.91	2,463,006.72	4,088,165.50
May	747,165.83	2,074,265.58	1,692,141.55	4,513,572.96
June	315,053.84	2,263,533.82	933,052.59	3,511,640.25
July	114,112.44	3,152,413.32	949,540.00	4,216,065.76
August	98,530.32	2,381,047.98	366,332.84	2,845,911.14
September	261,992.05	2,380,002.86	1,187,078.75	3,829,073.66
October	481,369.44	4,842,518.73	2,377,501.37	7,701,389.54
November	721,162.62	7,054,029.16	2,704,863.15	10,480,054.93
December	57,387,275.25	7,743,542.34	393,423.63	65,524,241.22
Total 1919 . . .	\$61,771,256.65	\$41,197,024.82	\$15,936,065.20	\$118,904,346.67
Total 1918 . . .	.....	\$28,359,958.12	\$42,316,953.49	.....

Reference to text, page 18.

Exhibit J

FEDERAL RESERVE NOTES

Movement between Federal Reserve Bank of New York and other
Federal Reserve Banks, 1919

From Federal Reserve Bank of	Notes of Federal Reserve Bank of New York Received	To Federal Reserve Bank of	Their Notes Shipped
Atlanta.....	\$12,802,160	Atlanta.....	\$14,603,700
Boston.....	59,860,250	Boston.....	33,280,800
Chicago.....	28,768,500	Chicago.....	29,202,250
Cleveland.....	22,815,150	Cleveland.....	24,882,550
Dallas.....	3,178,600	Dallas.....	2,522,950
Kansas City.....	4,883,200	Kansas City.....	5,489,350
Minneapolis.....	3,414,000	Minneapolis.....	4,091,350
Philadelphia.....	59,310,500	Philadelphia.....	54,441,950
Richmond.....	22,394,000	Richmond.....	24,859,000
St. Louis.....	9,962,820	St. Louis.....	5,983,050
San Francisco.....	8,018,610	San Francisco.....	11,028,250
Total.....	\$235,407,790	Total.....	\$210,385,200

Reference to text, page 22.

Exhibit K

FEDERAL RESERVE NOTES

Summary of Issues, Amount Outstanding, etc.

Total issued to the bank:		
1914, 1915, 1916, 1917, 1918.....		\$1,190,913,000.00
1919.....		753,120,000.00
		<u>\$1,944,033,000.00</u>
Less notes unfit for circulation retired 1914, 1915, 1916, 1917, 1918.....	\$371,897,165	
Less notes unfit for circulation retired 1919.....	632,419,880	
		<u>*1,004,317,045.00</u>
Amount outstanding December 31, 1919.....		\$939,715,955.00
As follows:		
In actual circulation.....		\$807,615,970.00
Held by Federal Reserve Bank December 31, 1919.....		132,099,985.00
		<u>\$939,715,955.00</u>
On December 31, 1919, the Federal Reserve Agent held against Federal Reserve notes:		
Gold certificates.....		\$306,756,215.00
Eligible paper.....		991,544,190.09
		<u>\$1,298,300,405.09</u>

*Includes \$59,033,000 of notes fit for circulation returned by the bank and by the
United States Treasurer.

Reference to text, page 23.

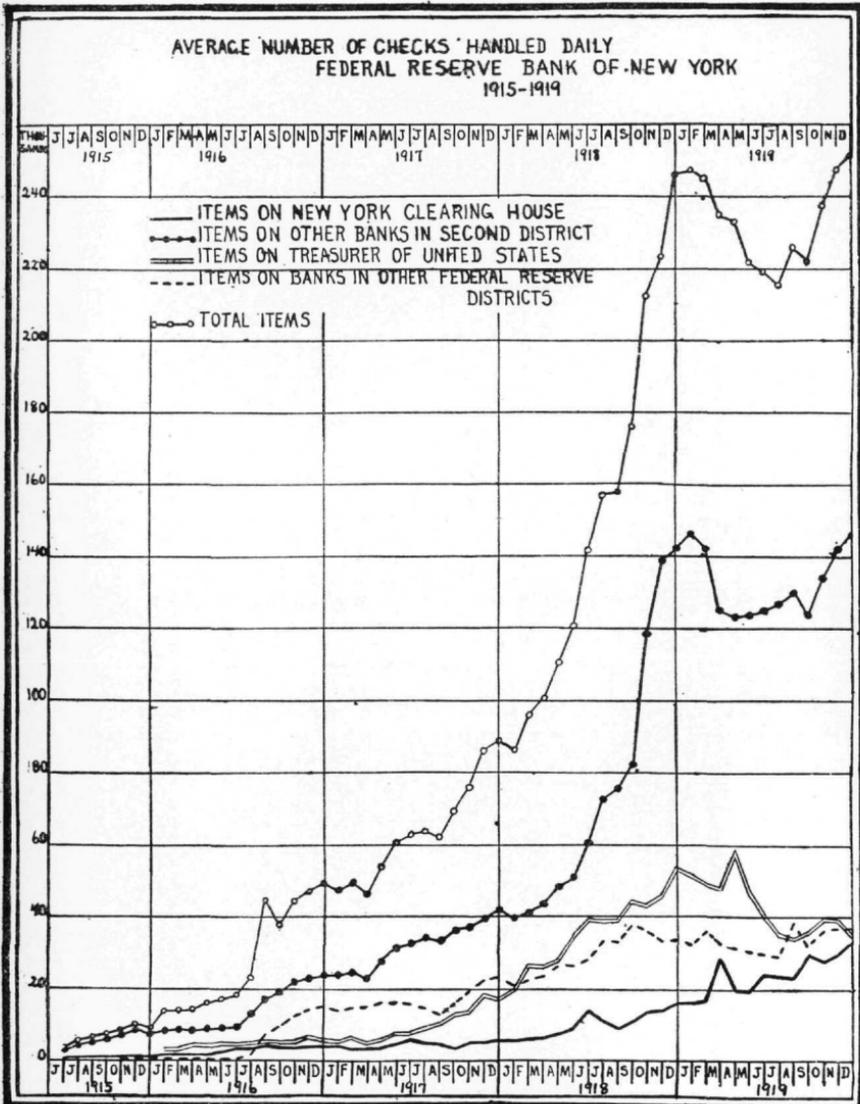
Exhibit L
CHECK COLLECTIONS
 Classification of Checks Handled by the Federal Reserve Bank of New York in 1919

	On Treasurer of United States		On Other Federal Reserve Banks		On Banks in Other Federal Reserve Districts		On New York Clearing House		On All Other Banks in Second District		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January.....	1,356,301	\$528,951,067	222	\$ 406,686	834,729	\$387,849,798	427,711	\$2,249,118,603	8,812,305	\$1,245,360,125	6,431,268	\$4,411,686,279
February.....	1,088,397	316,793,345	200	801,510	785,376	336,919,356	371,069	1,360,367,567	3,133,031	1,371,609,304	5,378,073	3,386,491,082
March.....	1,260,247	458,692,797	315	1,654,710	846,205	375,434,811	723,490	1,702,166,132	3,289,742	1,449,171,336	6,119,999	3,987,119,786
April.....	1,500,924	621,310,221	262	2,037,203	764,615	431,240,026	515,448	1,606,675,069	3,208,601	1,419,194,718	5,989,850	4,080,457,237
May.....	1,228,337	637,897,426	300	1,408,573	800,668	450,766,513	507,209	1,795,353,544	3,228,509	1,510,624,803	5,765,023	4,406,050,859
June.....	1,006,229	608,533,953	325	1,751,497	748,907	416,837,898	608,071	1,981,917,447	3,118,980	1,855,164,763	5,482,512	4,864,205,558
July.....	919,022	610,339,060	296	1,268,608	749,047	478,194,810	617,811	1,895,491,056	3,308,735	1,651,854,488	5,594,911	4,637,148,022
August.....	881,212	695,810,394	257	881,025	1,005,871	479,470,247	611,105	1,666,514,545	3,381,362	1,310,640,935	5,879,807	4,153,317,146
September.....	891,060	673,915,691	200	1,446,052	803,973	523,207,673	748,241	2,309,755,144	3,101,215	1,777,268,863	5,544,689	5,285,593,423
October.....	1,016,598	713,231,462	199	2,149,986	937,966	597,208,546	718,549	2,121,490,597	3,506,139	1,855,225,666	6,179,451	5,289,306,157
November.....	905,473	402,663,312	139	1,408,190	848,711	540,197,158	672,661	2,238,872,345	3,274,157	1,793,432,831	5,701,141	4,976,573,836
December.....	913,338	537,667,018	142	1,922,322	967,073	577,875,056	866,668	2,632,712,740	3,795,822	2,002,461,418	6,543,043	5,752,638,554
Total, 1919.	12,967,138	\$6,805,805,746	2,857	\$17,136,362	10,093,141	\$5,595,201,892	7,388,033	\$23,570,434,789	40,168,598	\$19,242,009,150	70,009,767	\$55,230,537,939
											*3,857,007	*1,327,296,539
											74,466,774	\$56,557,884,478

*Handled by Buffalo Branch.

Reference to text, page 25

Chart No. 6



Reference to text, page 25.

Exhibit M
GOLD SETTLEMENT FUND
Operations in 1919

Amounts received and paid by the New York Federal Reserve Bank in settlement of accounts due, were as follows:

From or to Federal Reserve Bank of	Received	Paid	Net Gain	Net Loss
Atlanta.....	\$649,953,388.76	\$923,825,391.22	.....	\$273,872,002.46
Boston.....	4,285,885,533.29	4,342,820,295.55	.....	56,934,762.26
Chicago.....	2,968,943,740.63	3,545,167,015.23	.....	576,223,274.60
Cleveland.....	2,500,886,760.69	2,069,956,232.73	\$430,930,527.96	.....
Dallas.....	500,120,095.43	672,865,227.70	.....	172,745,132.27
Kansas City.....	1,108,219,274.86	974,530,865.94	133,688,408.92	.....
Minneapolis.....	652,829,738.54	503,301,228.18	149,528,510.36	.....
Philadelphia.....	4,041,664,502.18	3,726,706,006.14	314,958,496.04	.....
Richmond.....	1,808,364,196.61	1,887,104,195.99	.....	78,739,999.38
St. Louis.....	806,177,518.58	829,374,921.82	.....	23,197,403.24
San Francisco.....	1,377,410,357.06	1,351,527,322.21	25,883,034.85	.....
Treasurer of the United States.....	240,000,000.00	80,090,000.00	159,910,000.00	.....
Federal Reserve Agent.....	.....	85,000,000.00	.....	85,000,000.00
Total.....	\$20,940,455,106.63	\$20,992,268,702.71	\$1,214,898,978.13	\$1,266,712,574.21
Loss.....	51,813,596.08	.....	51,813,596.08	.....

Reference to text, page 26.

Exhibit N

NATIONAL BANKS WITH FIDUCIARY POWERS

Listed according to States, including Authorizations of 1918

The Federal Reserve Board has authorized the National banks of this district listed below to exercise one or more fiduciary powers as follows:

- (1) Trustee
- (2) Executor
- (3) Administrator
- (4) Registrar of Stocks and Bonds
- (5) Guardian of Estates
- (6) Assignee
- (7) Receiver
- (8) Committee of Estates of Lunatics
- (9) Any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National banks are permitted to act under the laws of the State in which the National bank is located.

The numerals opposite the name of each bank, which refer to the list given above, indicate the power or powers it is authorized to exercise.

NEW YORK

PLACE	NAME OF BANK	POWERS GRANTED
Albany	First National Bank	4
"	National Commercial Bank	1 to 8 inclusive
"	N. Y. State National Bank	4
*Amsterdam	First Nat'l Bank (Conditional)	1 to 9 inclusive
*Auburn	Cayuga County National Bank	1 to 8 inclusive
"	The National Bank of Auburn	4
*Brooklyn	First National Bank	1 to 8 inclusive
*"	Nassau National Bank	1 to 8 inclusive
Buffalo	Mrs. & Traders National Bank	1 to 8 inclusive
Canandaigua	Canandaigua National Bank	1 to 8 inclusive
*Canton	First National Bank	1 to 9 inclusive
"	St. Lawrence Co. Nat'l Bank	1 to 8 inclusive
*Carthage	Carthage National Bank	1 to 8 inclusive
Catskill	Catskill National Bank	1 to 8 inclusive
Clayton	National Exchange Bank	4
*Cooperstown	First National Bank	1 to 9 inclusive
"	Second National Bank	1 to 8 inclusive
*Corning	First National Bank	1 to 8 inclusive
*Cuba	Cuba National Bank	1 to 9 inclusive
Dunkirk	Lake Shore National Bank	1 to 8 inclusive
*"	Merchants National Bank	1 to 8 inclusive
Edwards	Edwards National Bank	4
Elmira	Merchants National Bank	1 to 7 inclusive
"	Second National Bank	1 to 8 inclusive
Far Rockaway	Nat'l Bank of Far Rockaway	4
Geneva	Geneva National Bank	4
Glens Falls	Merchants National Bank	1 to 8 inclusive
*Gloversville	City National Bank	1 to 8 inclusive
*"	Fulton County Nat'l Bank	1 to 9 inclusive
*Goshen	Nat'l Bank of Orange County	1 to 9 inclusive
Granville	Farmers National Bank	4
"	Washington County Nat'l Bank	4
*Hempstead	First National Bank	1 to 9 inclusive
*Herkimer	Herkimer National Bank	1 to 8 inclusive
*Hoosick Falls	Peoples National Bank	1 to 8 inclusive
*Hornell	Citizens National Bank	1 to 9 inclusive
*Hudson	Farmers National Bank	1 to 9 inclusive
"	First Nat'l Bank (Conditional)	1 to 8 inclusive
*Ilion	Ilion National Bank	1 to 8 inclusive
*Ithaca	First National Bank	1 to 9 inclusive

PLACE	NAME OF BANK	POWERS GRANTED
Jamestown	Nat'l Chautauqua County Bank	1 to 8 inclusive
*Kingston	Roudout National Bank	1 to 9 inclusive
*Little Falls	Little Falls National Bank	1 to 8 inclusive
*Lockport	National Exchange Bank	1 to 8 inclusive
"	Niagara Co. National Bank	1 to 8 inclusive
*Middletown	Merchants National Bank	1 to 9 inclusive
Mineola	First National Bank	4
Morristown	Frontier National Bank	4
*Mount Vernon	First National Bank	1 to 8 inclusive
*New York	American Exchange Nat'l Bank	1 to 9 inclusive
"	Atlantic National Bank	1 to 8 inclusive
* "	Bank of New York, N. B. A.	1 to 9 inclusive
"	Bronx National Bank	4
* "	Chase National Bank	1 to 9 inclusive
* "	Chatham & Phenix Nat'l Bank	1 to 9 inclusive
"	Chemical National Bank	1 to 8 inclusive
"	Citizens National Bank	1 to 8 inclusive
* "	Coal & Iron National Bank	1 to 9 inclusive
"	First National Bank	1 to 8 inclusive
* "	Garfield National Bank	1 to 9 inclusive
* "	Gotham National Bank	1 to 9 inclusive
"	Hanover National Bank	1 to 8 inclusive
* "	Harriman National Bank	1 to 9 inclusive
"	Irving National Bank	1 to 8 inclusive
* "	Liberty National Bank	1 to 9 inclusive
"	Lincoln National Bank	1 to 8 inclusive
"	Mechanics & Metals Nat'l Bank	1 to 8 inclusive
* "	Merchants National Bank	1 to 9 inclusive
* "	National Bank of Commerce	1 to 8 inclusive
* "	National City Bank	1 to 8 inclusive
"	National Park Bank	1 to 8 inclusive
* "	Seaboard National Bank	1 to 8 inclusive
*North Tonawanda	State National Bank	1 to 8 inclusive
*Norwich	Chenango National Bank	1 to 8 inclusive
"	National Bank of Norwich	1 to 8 inclusive
Nyack	Nyack National Bank	1 to 8 inclusive
*Ogdensburg	Nat'l Bank of Ogdensburg	1 to 8 inclusive
*Oneida	Oneida Valley Nat'l Bank	1 to 9 inclusive
Oneonta	Citizens National Bank	1 to 8 inclusive
* "	Wilber National Bank	1 to 8 inclusive
Ovid	First National Bank	4
*Peekskill	Peekskill National Bank	1 to 9 inclusive
* "	Westchester Co. Nat'l Bank	1 to 8 inclusive
Plattsburg	City National Bank	4
* "	Plattsburg National Bank	1, 2, 3, 4, 5, 7, 8, 9
*Port Chester	First National Bank	1 to 8 inclusive
*Port Jervis	First National Bank	1 to 8 inclusive
* "	Nat'l Bank of Port Jervis	1 to 9 inclusive
*Poughkeepsie	Falkill National Bank	1 to 9 inclusive
* "	Farmers & Mfrs. Nat'l Bank	1 to 8 inclusive
Richfield Springs	First National Bank	4
Riverhead	Suffolk County Nat'l Bank	4
Rochester	Lincoln National Bank	4
*Rome	Farmers National Bank	1 to 8 inclusive
Saratoga Springs	Saratoga National Bank	4
*Southampton	First National Bank	1 to 8 inclusive
Stapleton	Richmond Borough Nat'l Bank	4
*Tarrytown	Tarrytown National Bank	1, 2, 3, 5, 6, 7, 8, 9
*Troy	Union National Bank	1 to 8 inclusive
Utica	Utica City National Bank	1 to 8 inclusive
* "	Oneida National Bank	1 to 8 inclusive
*Vernon	National Bank of Vernon	1, 2, 3, 5, 6, 7
*Walton	First National Bank	1 to 9 inclusive
*Watertown	Jefferson County Nat'l Bank	1 to 8 inclusive
"	Watertown National Bank	1 to 8 inclusive
Westfield	National Bank of Westfield	4

FIFTH ANNUAL REPORT

PLACE	NAME OF BANK	POWERS GRANTED
NEW JERSEY		
Asbury Park	Merchants National Bank	1 to 8 inclusive
Atlantic Highlands	Atlantic Highlands Nat'l Bank	1, 2, 3
*Belvidere	Belvidere National Bank	1 to 8 inclusive
Bloomfield	Bloomfield National Bank	1, 2, 3, 4
*Boonton	Boonton National Bank	1 to 9 inclusive
Bound Brook	First National Bank	1, 2, 3, 4
Cranbury	First National Bank	1, 2, 3, 4
Dover	National Union Bank	1, 2, 3, 4
*Elizabeth	National State Bank	1 to 7 inclusive
Frenchtown	Union National Bank	1, 4
Hoboken	First National Bank	1 to 4 inclusive
*Jersey City	First National Bank	1 to 9 inclusive
*Lambertville	Lambertville National Bank	1 to 8 inclusive
*Long Branch	Citizens National Bank	1 to 9 inclusive
*Morristown	First National Bank	1 to 8 inclusive
"	National Iron Bank	1 to 8 inclusive
Newark	Merchants National Bank	1, 2, 3, 4
* "	National Newark & Essex Bkg. Co.	1 to 8 inclusive
* "	National State Bank	1 to 9 inclusive
"	North Ward National Bank	1, 2, 3, 4
*New Brunswick	National Bank of New Jersey	1 to 9 inclusive
"	Peoples National Bank	1, 2, 3, 4,
*Orange	Orange National Bank	1 to 8 inclusive
* "	Second National Bank	1 to 9 inclusive
*Passaic	Passaic National Bank	1 to 9 inclusive
*Paterson	First National Bank	1, 2, 3, 4, 6, 7
* "	Paterson National Bank	1 to 8 inclusive
"	Second National Bank	1 to 8 inclusive
*Perth Amboy	First National Bank	1 to 9 inclusive
Phillipsburg	Phillipsburg National Bank	1 to 8 inclusive
Plainfield	City National Bank	1, 2, 3, 4
*Red Bank	Second National Bank	1 to 9 inclusive
Rutherford	Rutherford National Bank	1, 2, 3, 4
Somerville	Second National Bank	1, 2, 3, 4
*South River	First National Bank	1 to 9 inclusive
Sussex	Farmers National Bank	1, 2, 3, 4

CONNECTICUT

Bridgeport	City National Bank	1 to 8 inclusive
* "	Connecticut National Bank	1 to 9 inclusive
* "	First Bridgeport National Bank	1 to 9 inclusive
*Danbury	City National Bank	1 to 9 inclusive
* "	Danbury National Bank	1 to 9 inclusive
Greenwich	Greenwich National Bank	1 to 8 inclusive
Norwalk	National Bank of Norwalk	1, 2, 3, 4
*Ridgefield	First National Bank	1 to 9 inclusive
South Norwalk	City National Bank	1, 2, 3, 4
*Stamford	First Stamford National Bank	1 to 9 inclusive

*Some or all of powers indicated were obtained in 1919.

Reference to text, page 30.

Exhibit O

ACCEPTORS TO 100 PER CENT.

List of Banks Receiving Permission, 1915-1919

The following banks have received permission to accept drafts and bills of exchange up to 100 per cent. of their capital and surplus:

NEW YORK

New York	American Exchange National Bank
"	Atlantic National Bank
"	Bankers Trust Company
"	Bank of the Manhattan Company
"	Bank of New York
"	Central Union Trust Company
"	Chase National Bank
"	Chemical National Bank
"	Citizens National Bank
"	Columbia Trust Company
"	Corn Exchange Bank
"	Equitable Trust Company
"	Farmers Loan & Trust Company
"	*Fifth Avenue Bank
"	First National Bank
"	Franklin Trust Company
"	W. R. Grace & Co.'s Bank
"	Guaranty Trust Company
"	Harriman National Bank
"	Importers & Traders National Bank
"	Irving National Bank
"	Liberty National Bank
"	Mechanics & Metals National Bank
"	Mercantile Bank of the Americas
"	*Mercantile Trust Company
"	Merchants National Bank
"	National Bank of Commerce
"	National City Bank
"	National Park Bank
"	New Netherlands Bank
"	Seaboard National Bank
"	Second National Bank
"	U. S. Mortgage & Trust Company
Utica	First National Bank
"	*Utica Trust & Deposit Company

NEW JERSEY

Newark	*National Newark & Essex Banking Co.
New Brunswick	National Bank of New Jersey
Paterson	*Hamilton Trust Company
"	*Paterson National Bank

CONNECTICUT

Bridgeport	*City National Bank
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*Permission given in 1919.

Reference to text, page 30.

Exhibit P
PERSONNEL OF THE BANK
 Distribution by Departments, etc., 1918-1919

	Men	Women	Total Dec. 31, 1919	1918
Officers.....	30	.....	30	23
Planning Committee.....	5	3	8	.....
Architectural.....	2	1	3	2
ACCOUNTS FUNCTION				
ACCOUNTING DEPARTMENT				
Bookkeeping Division.....	55	24	79	54
Accounts with other F. R. Bks. Section.....	26	2	28	12
Reserve Deficiency Section.....	4	3	7	5
Reference Files Section.....	1	16	17	20
Planning Department.....	5	3	8	.....
DISBURSING DEPARTMENT				
Purchasing Division.....	15	9	24	16
Expense Division.....	10	9	19	12
Insurance Division.....	.....	.....	.....	.....
ADMINISTRATION FUNCTION				
SERVICE DEPARTMENT				
Employment Division.....	4	13	17	11
Addressograph Section.....	0	7	7	.....
Correspondence Files Section.....	0	20	20	18
Secretaries and Stenographers Section.....	2	39	41	35
Post Office Section.....	26	5	31	13
Float Force Section.....	.....	.....	.....	1
Telegraph Section.....	4	2	6	4
Telephone Section.....	1	12	13	12
Photostat Section.....	.....	.....	.....	.....
Pages and Office Boys Section.....	11	.....	11	11
Protection Section.....	94	.....	94	36
Porters Section.....	56	.....	56	21
Time Clock and Locker Section.....	4	3	7	8
PERSONNEL DEPARTMENT				
Training Division.....	1	3	4	.....
Educational Division.....	.....	4	4	1
Medical Division.....	.....	8	8	5
Personnel Service Division.....	.....	30	30	32
CASH AND CUSTODY FUNCTION				
Authorities Division.....	3	1	4	1
Paying Division.....	8	.....	8	3
Shipping Division.....	13	.....	13	7
Codes and Tests Section.....	0	4	4	2
Wire Transfer Division.....	8	6	14	9
Incoming Registered Mail Section.....	11	2	13	.....
Receiving Division.....	7	2	9	5
Money Division.....	124	92	216	74
Coin and Bullion Section.....	4	.....	4	3
Fed. Res. Bk. Reserve Position Section.....	3	.....	3	3
CUSTODY DEPARTMENT				
Custody Division.....	49	2	51	55
Vault Division.....	4	.....	4	4

	Men	Women	Total Dec. 31, 1919	1918
COLLECTION FUNCTION				
CHECK DEPARTMENT				
Incoming Mail Division—Day.....	43	10	53	36
Incoming Mail Division—Night.....	33	.....	33	13
Transit Division—Day.....	36	281	317	340
Transit Division—5-12.....	8	56	64	73
Transit Division—12-8.....	34	0	34	32
Redemption and Return Items Division.....	17	28	45	28
Adjustment Division.....	20	4	24	19
COLLECTION DEPARTMENT				
Government Check Division.....	27	7	34	42
City Collection Division.....	89	2	91	35
Country Collection Division.....	36	95	131	48
Coupon Collection Division.....	19	23	42	24
LOAN FUNCTION				
LOAN DEPARTMENT				
Credit Division.....	28	8	36	33
Loan and Discount Division.....	47	23	70	83
FOREIGN EXCHANGE FUNCTION				
Foreign Department.....	5	2	7	7
FISCAL AGENCY FUNCTION				
Certificates of Indebtedness Department.....	23	12	85	41
Government Deposit Department.....	35	12	47	63
GOVERNMENT BOND DEPARTMENT				
Bond Division.....	121	123	244	220
Coupon Paying Division.....	11	65	76	23
GOVERNMENT LOAN ORGANIZATION				
Government Securities Sales Department.....	72	96	168	300
Liberty Loan Association Department.....	55	74	129	447
Administration Division.....	31	24	55	61
INVESTMENT FUNCTION				
Bill Department.....	14	7	21	.....
Securities Department.....	30	18	48	36
LAW FUNCTION				
Legal Department.....	4	2	6	3
FEDERAL RESERVE AGENT'S FUNCTION				
Member Bank Relations Department.....	3	1	4	.....
Note Issues Department.....	3	.....	3	5
Statistics Department.....	12	5	17	10
Bank Examination Department.....	3	1	4	.....
Press and Circular Division.....	2	1	3	2
Auditing Department.....	65	47	112	106
Capital Issues.....				5
Buffalo Branch.....	52	42	94	.....
Total.....	1,568	1,394	2,962	2,653

Reference to text, page 36.

Exhibit Q
CERTIFICATES OF INDEBTEDNESS
 Issues and Subscriptions, 1919

Series	Date of Issue	Maturity Date	Rate	Total Sale	Sale in Second District	Per Cent Sale in Second District to Total Sale	Paid for by Credit	Number of Days Before Final With- drawal of Deposits
5-C.....	Jan. 2, 1919	June 3, 1919	4½	\$751,684,500	\$300,977,500	.40	\$291,503,000	26
5-D.....	Jan. 16, 1919	June 17, 1919	4½	600,101,500	203,609,500	.34	193,809,000	30
5-E.....	Jan. 30, 1919	July 1, 1919	4½	687,381,500	265,844,500	.39	255,993,000	33
5-F.....	Feb. 13, 1919	July 15, 1919	4½	620,578,500	217,497,500	.35	210,759,000	39
5-G.....	Feb. 27, 1919	July 29, 1919	4½	532,381,500	174,501,500	.33	169,456,000	48
5-H.....	Mar. 13, 1919	Aug. 12, 1919	4½	542,197,000	183,111,500	.34	152,836,000	55
5-J.....	Apr. 10, 1919	Sept. 9, 1919	4½	646,025,000	275,355,000	.43	264,216,000	44
5-K.....	May 1, 1919	Oct. 7, 1919	4½	591,308,000	212,301,000	.36	196,104,000	40
T-2.....	Jan. 16, 1919	June 17, 1919	4½	392,381,000	165,622,000	.42	88,110,000	54
T-3.....	Mar. 15, 1919	June 16, 1919	4½	407,918,500	227,964,000	.56	55,083,000	54
T-4.....	June 3, 1919	Sept. 15, 1919	4½	526,139,500	212,337,000	.40	99,780,000	45
T-5.....	June 3, 1919	Dec. 15, 1919	4½	238,711,500	78,557,500	.33	56,612,000	43
T-6.....	July 1, 1919	Sept. 15, 1919	4½	326,468,000	129,254,000	.40	71,890,000	16
T-7.....	July 1, 1919	Dec. 15, 1919	4½	511,444,000	242,504,000	.47	153,094,000	30
T-8.....	July 15, 1919	Mar. 15, 1920	4½	323,074,500	116,450,500	.36	97,802,000	31
T-9.....	Sept. 15, 1919	Mar. 15, 1920	4¼	101,131,500	25,582,500	.25	22,839,000	85
T-10.....	Sept. 15, 1919	Sept. 15, 1920	4½	657,469,000	412,319,000	.63	385,350,000	85
TM-3.....	Dec. 1, 1919	Mar. 15, 1920	4¼	260,322,000	90,410,000	.35	75,440,000	32
A 1920.....	Aug. 1, 1919	Jan. 2, 1920	4½	533,801,500	192,326,000	.36	166,888,000	41
B 1920.....	Aug. 15, 1919	Jan. 15, 1920	4½	532,152,000	201,904,500	.38	193,100,000	36
C 1920.....	Sept. 2, 1919	Feb. 2, 1920	4½	573,841,500	252,679,000	.44	132,968,000	36
D 1920.....	Dec. 1, 1919	Feb. 16, 1920	4¼	162,178,500	43,165,000	.27	42,207,000	35
TJ 1920.....	Dec. 15, 1919	June 15, 1920	4½	728,130,000	281,882,500	.39	180,687,000	34
Total.....				\$11,246,820,500	\$4,506,155,500	.40	\$3,556,526,000	

Reference text, page 42.

Exhibit R
CERTIFICATES OF INDEBTEDNESS

Amounts Held by Banks as Compared with Total Amount
 Outstanding in Second District

Week Ended, 1919	Amount Outstanding	Amount Held by 112 Reporting Banks*
January — 3	\$1,468,000,000	\$635,300,000
10	1,464,000,000	637,900,000
17	1,672,000,000	730,900,000
24	1,671,000,000	719,800,000
31	1,743,000,000	727,800,000
February — 7	1,743,000,000	688,100,000
14	1,962,000,000	820,300,000
21	1,962,000,000	789,500,000
28	2,135,000,000	916,500,000
March — 7	2,135,000,000	904,500,000
14	2,281,000,000	1,011,000,000
21	2,112,000,000	905,200,000
28	2,067,000,000	848,500,000
April — 4	2,055,000,000	825,800,000
11	2,322,000,000	985,200,000
18	2,315,000,000	957,000,000
25	2,314,000,000	937,000,000
May — 2	2,513,000,000	1,061,800,000
9	2,411,000,000	1,036,000,000
16	2,409,000,000	1,014,400,000
23	2,011,000,000	772,900,000
29	2,008,000,000	746,900,000
June — 6	1,816,000,000	589,200,000
13	1,757,000,000	537,200,000
20	1,320,000,000	347,200,000
27	1,251,000,000	291,500,000
July — 3	1,356,000,000	365,100,000
11	1,337,000,000	365,800,000
18	1,338,000,000	339,600,000
25	1,337,000,000	314,900,000
August — 1	1,506,000,000	435,200,000
8	1,686,000,000	424,900,000
15	1,574,000,000	489,000,000
22	1,573,000,000	466,500,000
29	1,573,000,000	452,200,000
September — 5	1,698,000,000	531,800,000
12	1,549,000,000	460,200,000
19	1,549,000,000	569,900,000
26	1,549,000,000	525,800,000
October — 3	1,549,000,000	501,400,000
10	1,549,000,000	496,500,000
17	1,549,000,000	460,600,000
24	1,549,000,000	455,300,000
31	1,549,000,000	446,200,000
November — 7	1,549,000,000	399,700,000
14	1,549,000,000	395,600,000
21	1,549,000,000	388,900,000
28	1,549,000,000	381,000,000
December — 5	1,654,000,000	363,000,000
12	1,561,000,000	324,900,000
19	1,441,000,000	332,500,000
26	1,407,000,000	294,600,000

*These reporting banks represent approximately 77 per cent. of the total banking resources of the Second Federal Reserve District.

Reference to text, page 43

Exhibit S

REDEMPTION OF CERTIFICATES OF INDEBTEDNESS, 1919

	Series	Issue	Dates Maturity	Cash Redemption	Exchanges for Other Issues	Used in Payment of Taxes	Bond Payments	Used to Pay Withdrawals of War Loan Deposits	Total
Tax Issues	L	Jan. 2/18	June 25/18	\$5,000	.....	.....	.....	.....	\$5,000
	R	Mar. 15/18	June 25/18	1,000	.....	.....	.....	.....	1,000
	TA	Aug. 20/18	July 15/19	5,645,000	\$8,005,500	\$4,026,000	.....	.....	17,676,500
	T	Nov. 7/18	Mar. 15/19	282,005,000	10,094,500	50,753,500	.....	.....	342,853,000
	T-2	Jan. 16/19	June 17/19	67,054,000	93,143,000	3,745,500	.....	806,500	164,749,000
	T-3	Mar. 15/19	June 16/19	159,361,500	15,493,000	51,457,500	.....	776,500	227,088,500
	T-4	June 3/19	July 15/19	132,824,000	21,888,500	61,052,000	.....	.....	215,764,500
	T-5	June 3/19	Dec. 15/19	43,354,500	789,500	36,775,500	.....	.....	80,919,500
	T-6	July 1/19	Sept. 15/19	106,686,500	24,528,500	2,435,000	.....	.....	133,650,000
	T-7	July 1/19	Dec. 15/19	224,591,500	17,522,500	10,611,500	.....	.....	252,725,500
	T-8	July 15/19	Mar. 15/20	.....	2,150,500	.....	.....	.....	2,150,500
T-9	Sept. 15/19	Mar. 15/20	.....	3,291,000	.....	.....	.....	3,291,000	
T-10	Sept. 15/19	Sept. 15/20	.....	.....	.....	.....	.....	.....
TM-3	Dec. 1/19	Mar. 15/20	.....	45,309,000	.....	.....	.....	.....	45,309,000
		Total Tax.....		\$1,021,528,000	\$242,215,500	\$220,856,500	.....	\$1,583,000	\$1,486,183,000
Loan Series 3rd Loan	P	Feb. 27/18	May 28/18	\$11,000	.....	.....	.....	.....	\$11,000
		Total.....		\$11,000	.....	.....	.....	.....	\$11,000
4th Loan	4-A	June 25/18	Oct. 24/18	\$116,000	.....	.....	.....	.....	\$116,000
	4-B	July 9/18	Nov. 7/18	90,000	.....	.....	.....	.....	90,000
	4-C	July 23/18	Nov. 21/18	79,000	.....	.....	.....	.....	79,000
	4-D	Aug. 6/18	Dec. 5/18	43,000	.....	.....	.....	.....	43,000
	4-E	Sept. 3/18	Jan. 2/19	4,316,000	.....	.....	.....	.....	4,316,000
	4-F	Sept. 17/18	Jan. 16/19	148,314,500	\$1,969,500	.....	\$14,898,000	.....	165,182,000
	4-G	Oct. 1/18	Jan. 30/19	179,862,000	6,350,500	.....	15,944,500	.....	202,157,000
		Total.....		\$332,820,500	\$8,320,000	.....	\$30,842,500	.....	\$371,983,000

Exhibit S—Continued
REDEMPTION OF CERTIFICATES OF INDEBTEDNESS, 1919

	Series	Issue	Dates Maturity	Cash Redemption	Exchanges for Other Issues	Used in Payment of Taxes	Bond Payments	Used to Pay Withdrawals of War Loan Deposits	Total
5th Loan	5-A	Dec. 5/18	May 6/19	\$185,820,500	\$31,016,500	.....	\$931,000	\$1,877,500	\$219,645,500
	5-B	Dec. 19/18	May 20/19	128,517,000	.....	.....	74,969,500	.....	203,486,500
	5-C	Jan. 2/19	June 3/19	146,339,000	.....	218,000	157,699,500	.....	304,256,500
	5-D	Jan. 16/19	June 17/19	112,463,500	.....	621,000	87,652,000	2,480,000	203,216,500
	5-E	Jan. 30/19	July 1/19	128,026,000	.....	58,654,500	76,637,000	5,310,000	268,627,500
	5-F	Feb. 13/19	July 15/19	116,238,500	.....	31,477,500	71,502,500	1,021,000	220,239,500
	5-G	Feb. 27/19	July 29/19	85,552,000	.....	50,094,000	43,648,500	635,000	179,929,500
	5-H	Mar. 13/19	Aug. 12/19	129,116,000	.....	34,963,500	19,138,000	769,000	183,986,500
	5-J	Apr. 10/19	Sept. 9/19	121,749,000	.....	144,667,500	16,919,000	.....	283,335,500
	5-K	May 1/19	Oct. 7/19	172,366,000	.....	28,965,000	18,377,000	.....	219,708,000
		Total.....			\$1,326,187,500	\$380,677,500	\$567,474,000	\$12,092,500
Series of 1920	A-1920	Aug. 1/19	Jan. 2/20	\$88,763,000	\$4,058,500	.....	.....	.....	\$92,821,500
	B-1920	Aug. 15/19	Jan. 15/20	41,925,000	9,390,000	.....	.....	.....	51,315,000
	C-1920	Sept. 2/19	Feb. 2/20	35,883,500	1,370,000	.....	.....	.....	37,253,500
	D-1920	Dec. 1/19	Feb. 16/20	25,059,500	.....	.....	.....	.....	25,059,500
	Total.....			\$191,631,000	\$14,818,500	.....	.....	.....	\$206,449,500
Grand total	Tax and Loan.....			\$2,872,177,500	\$646,031,500	\$220,856,500	\$598,316,500	\$13,675,500	\$4,351,057,500

Reference to text, page 43.

Exhibit T
VICTORY LOAN
 Classification of Subscriptions by Amount

Class	Amount of Subscriptions	Number of Subscribers
\$50 to \$10,000.....	\$487,007,000	2,476,560
10,050 to 50,000.....	157,153,200	5,491
50,050 to 100,000.....	110,284,550	1,230
100,050 to 200,000.....	76,697,600	461
Over 200,000.....	931,485,250	790
Total.....	\$1,762,627,600	2,484,532

Reference to text, page 44.

Exhibit U
VICTORY LOAN
 Classification of Subscriptions by Banks

Class of Bank	Number in Second District	Number Subscribing	Amount of Subscriptions	Per cent. of Total Subscriptions
National Banks.....	625	623	\$792,064,150	45.0
State Banks.....	230	225	220,576,100	12.5
Trust Companies.....	204	202	675,388,700	38.3
Savings Banks.....	178	92	28,482,550	1.6
Individuals (including foreign and private bankers).....			46,116,100	2.6
Total.....			\$1,762,627,600	100.

Reference to text, page 44.

Exhibit V
VICTORY LOAN
 Subscriptions by Geographic Sub-Divisions

Division	Quota	Amount of Subscriptions	Number of Subscribers	Average Size	Sub. per Capita
Sub. District No. 1 (Buffalo & vicinity)	\$65,440,000	\$83,426,500	220,946	\$378.	\$81.95
Sub. District No. 2 (Rochester & vicinity).....	31,661,100	35,213,550	100,395	351.	59.32
Sub. District No. 3 (Utica, Syracuse & vicinity).....	43,607,700	49,043,800	104,309	470.	57.28
Sub. District No. 4 (Binghamton & vicinity).....	14,175,000	16,682,600	48,834	342.	42.22
Sub. District No. 5 (Albany, Troy & vicinity).....	52,036,600	60,984,700	150,569	405.	51.33
Sub. District No. 6 (Long Island).....	8,131,100	12,953,200	29,991	432.	58.57
Sub. District No. 7 (Northern N. J.)..	107,887,500	139,121,500	319,117	436.	63.15
Sub. District No. 8 (Westchester Co., N. Y., and Fairfield Co., Conn.)..	26,499,400	35,298,750	97,483	362.	57.49
Total outside Greater New York.....	\$349,438,400	\$432,724,600	1,071,644	\$404.	\$61.04
Manhattan.....	\$927,022,200	\$1,194,621,300	1,289,873	\$926.	\$470.92
Brooklyn.....	59,857,400	108,223,650	74,565	1,451.	60.17
Bronx.....	4,975,600	8,628,100	11,320	762.	14.01
Richmond*.....	1,630,400	4,813,000	4,602	1,046.	48.79
Queens*.....	7,076,000	13,616,950	32,528	419.	34.32
Total Greater New York.....	\$1,000,561,600	\$1,329,903,000	1,412,888	\$941.	\$244.18
Total for the District	\$1,350,000,000	\$1,762,627,600	2,484,532	\$709.	\$140.62

*Parts of, but not included in figures for sub-district No. 6.

Reference to text, page 44.

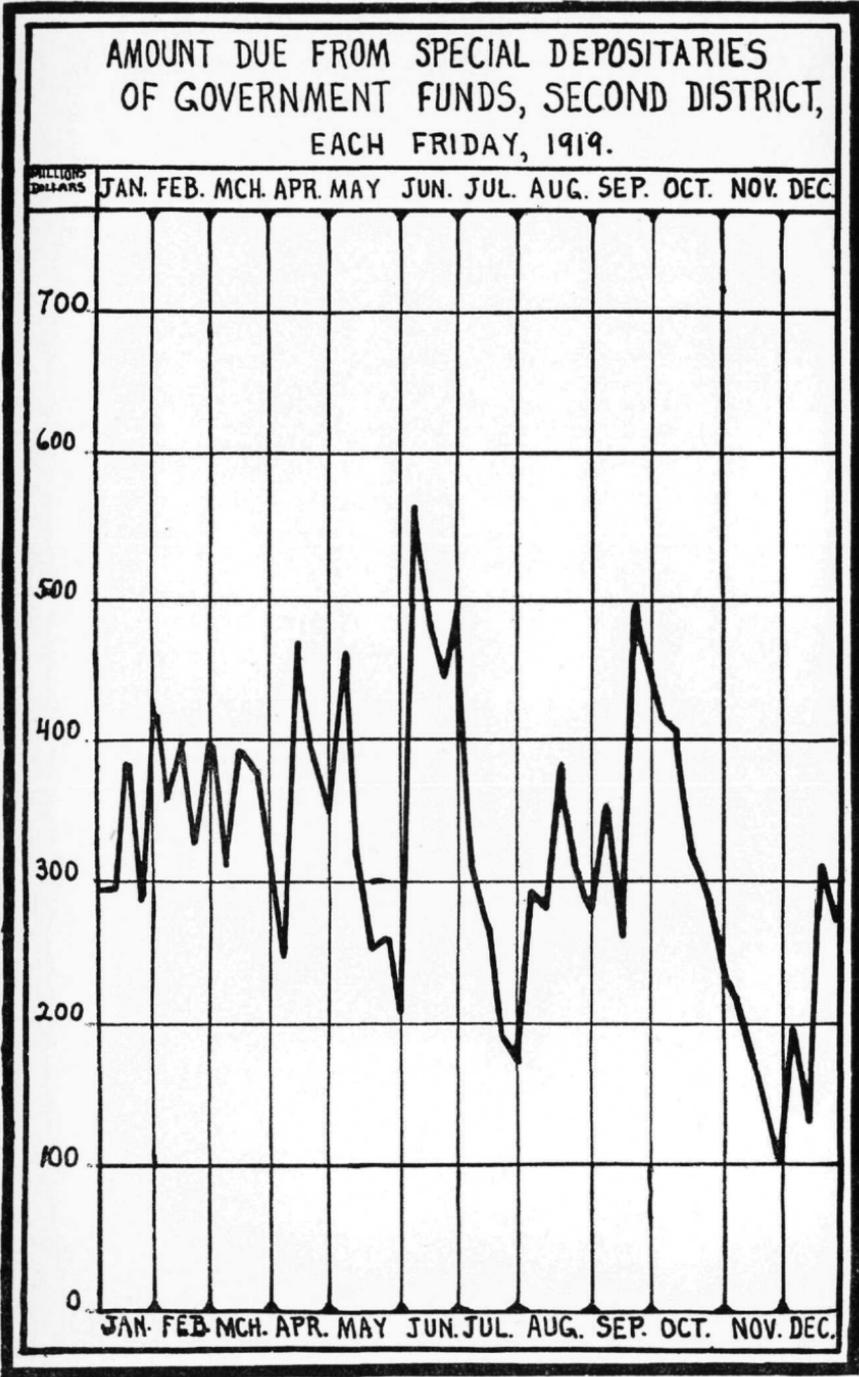
Exhibit W
GOVERNMENT LOAN EXPENSES
 Total of Obligations Incurred to December 31, 1919.

First Loan.....	\$393,672.10
Second Loan.....	720,390.19
Third Loan.....	2,496,722.29
Fourth Loan.....	2,733,467.97
Victory Loan.....	2,501,838.83
General Expense*.....	539,220.31
War Savings 1918.....	468,483.86
War Savings 1919.....	647,723.04
Certificates of Indebtedness Sales 1918.....	25,177.88
Certificates of Indebtedness Sales 1919.....	9,360.18

\$10,536,056.65

**General Expense" is a Treasury Department classification and in this table shows expenditures incurred for fiscal agency operations other than those specified above since July 1, 1919.

Chart No. 7



Reference to text, page 51.

Exhibit X
GOVERNMENT BOND TRANSACTIONS
 Summary of Deliveries, Conversions, Exchanges, Etc.

	No. of Pieces	Amount
Fourth loan bonds delivered	1,825,816	\$545,728,800.00
Victory notes delivered	3,262,593	1,317,491,700.00
3½% Interim certificates received	6,493	774,350.00
3½% bonds delivered in exchange for int. cfts.	5,706	774,350.00
Received for exchange of denomination	11,388,748	1,443,844,550.00
Delivered in exchange of denomination	2,294,152	1,443,844,550.00
Received for exchange, transfer and registration....	456,431	373,193,650.00
Delivered on exchange, transfer and registration...	161,194	308,360,950.00
Received for conversion	478,587	363,814,200.00
Delivered on conversion	317,839	359,460,600.00
War Savings Stamps, Thrift Stamps and Treasury Savings Certificates delivered	2,295,408	4,625,634.50
Filled thrift cards received and destroyed	1,294,063	5,176,252.00
Redeemed War Savings Stamps forwarded to Wash- ington	287,746	1,262,066.22
United States Government coupons paid	28,500,000	195,000,000.00
British Government coupons received for payment..	1,500	8,000.00
	52,576,276	\$6,363,359,652.72

Reference to text, page 52.

Exhibit Y
LIBERTY LOAN PAYMENTS
 Classification by Medium of Payment, Fourth Loan (1919)

Date	Certificates of Indebtedness	Credit	Cash	Total
Jan. 15, 1919...	\$14,898,000	\$85,796,935.37	\$14,862,196.39	\$115,557,131.76
Jan. 30, 1919...	15,944,500	46,851,411.51	15,243,619.76	78,039,531.27
	\$30,842,500	\$132,648,346.88	\$30,105,816.15	\$193,596,663.03

Classification by Medium of Payment, Victory Loan

Date	Certificates of Indebtedness	Credit	Cash	Total
May 20, 1919...	\$272,958,000	\$189,957,075.50	\$48,542,439.50	\$511,457,515.00
June 3, 1919...	290,181,000	286,485,482.91	60,136,431.68	636,802,914.59
July 15, 1919...	2,273,000	48,024,974.90	13,390,748.30	63,688,723.20
Aug. 12, 1919...	1,524,000	26,659,805.66	8,253,520.45	36,437,326.11
Sept. 9, 1919...	538,000	22,276,985.03	6,696,513.01	29,511,498.04
Oct. 7, 1919...	.....	19,125,276.70	9,229,129.73	28,354,406.43
Nov. 11, 1919...	.....	12,281,164.92	2,596,192.52	14,877,357.44
	\$567,474,000	\$604,810,765.62	\$148,844,975.19	\$1,321,129,740.81

Reference to text, page 52.

GENERAL FINANCIAL STATISTICS

Money Rates, Price Ranges, Bank Loans, Etc.

The following tables give in statistical form a record of general financial conditions in 1919, as reflected in Stock Exchange transactions, money rates in New York, the range of Liberty Bond prices, the loans and deposits of Clearing House banks and the loans of the banks in this Federal Reserve District which report weekly to the Federal Reserve Board.

Exhibit Z

SECURITY SALES AND ISSUES

Transactions on New York Stock Exchange and New Issues

Month	New York Stock Exchange Transactions			New Securities Issued
	Number of Shares of Stock Sold	United States Government Bonds (par value)	Total Bonds (par value)	
1919				
January.....	11,858,465	\$167,167,500	\$276,858,500	\$242,465,700
February.....	12,210,741	179,110,000	238,364,000	187,645,000
March.....	21,403,531	198,979,000	259,712,000	153,122,500
April.....	28,587,431	232,175,700	297,874,700	67,724,000
May.....	34,413,553	196,238,300	288,994,300	209,877,600
June.....	32,860,365	186,081,100	251,713,600	322,058,000
July.....	34,502,242	204,826,600	265,588,600	370,943,300
August.....	24,432,647	206,899,500	252,417,500	220,198,500
September.....	24,141,830	242,908,100	286,960,600	379,619,400
October.....	37,354,859	269,347,000	339,655,000	390,695,100
November.....	30,169,478	295,077,000	373,967,000	253,652,900
December.....	24,852,583	522,203,350	676,700,350	223,169,300
Total.....	316,787,725	\$2,901,013,150	\$3,808,806,150	\$3,021,171,300

Exhibit AA

MONEY IN NEW YORK, 1919

Range of Rates on Stock Exchange Loans and Commercial Paper

Week Ending 1919	Call Loans on Stock Exchange (mixed collateral)		Time Loans on Stock Exchange (Mixed collateral)		Commercial Paper	
	High	Low	60-90 Days	4-6 mos.	60-90 Days	4-6 mos.
January 3	6	5	5 1/4-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4
10	6	3 3/4	5 1/4-5 1/2	5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
17	5	4	5 -5 1/4	5 1/4	5 -5 1/4	5 -5 1/4
24	5	3 3/4	5	5 -5 1/4	5 -5 1/4	5 -5 1/4
31	5	3 3/4	5 -5 1/4	5 1/4-5 1/2	5 -5 1/4	5 -5 1/4
February 7	5	3 3/4	5 -5 1/4	5 1/4	5 -5 1/4	5 -5 1/4
14	6	4 1/2	5 -5 1/4	5 1/4	5 -5 1/4	5 -5 1/4
21	6	4 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 -5 1/4	5 -5 1/4
28	7	5	5 1/4-5 3/4	5 1/2-5 3/4	5 1/4-5 1/2	5 1/4-5 1/2
March 7	5	4 1/2	5 1/2	5 1/2-5 3/4	5 1/4-5 1/2	5 1/4-5 1/2
14	5	4 1/2	5 1/2	5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
21	6	3 3/4	5 1/2	5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
28	6	5	5 1/2	5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
April 4	6	4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/4-5 1/2	5 1/4-5 1/2
11	6	4	5 1/2-6	5 1/2-6	5 1/4-5 1/2	5 1/4-5 1/2
18	6	5 1/2	5 3/4-6	5 1/2-6	5 1/4-5 1/2	5 1/4-5 1/2
25	5 1/2	4 3/4	5 3/4-6	5 1/2-6	5 1/4-5 1/2	5 1/4-5 1/2
May 2	6	4 1/2	5 3/4-6	5 1/2-6	5 1/4-5 1/2	5 1/4-5 1/2
9	6	3 1/4	5 1/2	5 1/2-5 3/4	5 1/4-5 1/2	5 1/4-5 1/2
16	7 1/2	4 1/2	5 1/2	5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
23	7	3 1/2	5 1/2	5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
29	6	4 1/2	5 1/2	5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
June 6	10	5 1/2	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2	5 1/2
13	12	6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2	5 1/2
20	12	5	5 3/4-6	5 3/4-6	5 1/2	5 1/2
27	15	4 3/4	6	6	5 1/2-5 3/4	5 1/2-5 3/4
July 5	10	5	6	6	5 1/2-5 3/4	5 1/2-5 3/4
12	15-20*	5	6	6	5 1/4-5 1/2	5 1/4-5 1/2
19	7	5 1/2	6	6	5 1/4-5 1/2	5 1/4-5 1/2
26	6	5 1/2	6	6	5 1/4-5 1/2	5 1/4-5 1/2
August 2	18	5	6	6	5 1/4-5 1/2	5 1/4-5 1/2
9	6	3	6	6	5 1/4-5 1/2	5 1/4-5 1/2
16	6	3 1/2	6	6	5 1/4-5 1/2	5 1/4-5 1/2
23	8	3 1/2	5 3/4-6	6	5 1/4-5 1/2	5 1/4-5 1/2
30	6	5 1/2	5 3/4-6	6	5 1/4-5 1/2	5 1/4-5 1/2
September 5	6	4 1/2	5 3/4-6	5 3/4-6	5 1/4-5 1/2	5 1/4-5 1/2
12	8	5 1/2	5 3/4-6	5 3/4-6	5 1/4-5 1/2	5 1/4-5 1/2
19	6	4	5 3/4-6	5 3/4-6	5 1/4-5 1/2	5 1/4-5 1/2
26	9	5 1/2	5 3/4-6	5 3/4-6	5 1/4-5 1/2	5 1/4-5 1/2
October 3	12-15*	6	5 3/4-6	5 3/4-6	5 1/4-5 1/2	5 1/4-5 1/2
10	12	6	5 3/4-6	5 3/4-6	5 1/4-5 1/2	5 1/4-5 1/2
17	15	6	6 -6 1/2	6 -6 1/2	5 1/4-5 1/2	5 1/4-5 1/2
24	8	4	6 -7	6 -7	5 1/4-5 1/2	5 1/4-5 1/2
31	19-20*	4 1/2	6 -6 1/2	5 3/4-6 1/2	5 1/4-5 1/2	5 1/4-5 1/2
November 7	20	2	6 -7	6 -7	5 1/4-5 1/2	5 1/4-5 1/2
14	30	6	6 -7	6 -7	5 1/4-5 1/2	5 1/4-5 1/2
21	12	6	6 -7	6 -7	5 1/4-5 3/4	5 1/4-5 3/4
28	10	6	6 -7	6 -7	5 1/2-6	5 1/2-6
December 5	7	5 1/2	6 -7	6 -7	5 3/4-6	5 3/4-6
12	15	6	6 -7	6 -7	5 3/4-6	5 3/4-6
19	12	5 3/4	6 -7	6 -7	5 3/4-6	5 3/4-6
26	18	7	6 -7	6 -7	5 3/4-6	5 3/4-6

*The second figure is an unofficial rate after the close of the market.

Exhibit BB

LIBERTY BOND PRICES, 1919

Range of Quotations and Volume of Sales on New York
Stock Exchange

(\$1,000 Bonds)

1919	FIRST LIBERTY LOAN 3½'s, 15-30 year 1932-47			SECOND LIBERTY LOAN 4's, 10-25 year convertible 1942		
	Volume of Sales No. of Bonds	Range of Prices		Volume of Sales No. of Bonds	Range of Prices	
		High	Low		High	Low
January.....	15,032	99.80	98.50	7,528	94.10	92.10
February.....	11,663	99.60	98.20	8,377	93.46	92.40
March.....	16,812	99.74	98.42	15,400	93.84	93.10
April.....	15,538	99.40	98.44	11,689	93.80	93.10
May.....	15,147	99.68	98.60	11,679	95.10	93.80
June.....	12,652	99.70	99.20	7,141	94.80	93.30
July.....	13,832	99.66	99.20	5,526	93.96	93.18
August.....	9,934	99.98	99.50	7,743	93.66	92.68
September.....	10,544	100.14	99.96	11,537	94.46	92.62
October.....	13,070	101.00	100.00	6,541	94.28	93.00
November.....	14,413	101.00	99.86	6,818	93.30	91.06
December.....	16,494	100.50	99.60	9,746	92.30	91.16
Total for Year.....	165,131	101.00	98.20	109,725	95.10	91.06

1919	SECOND LIBERTY LOAN 4's, Convertible 1932-47			THIRD LIBERTY LOAN 4¼'s of 1928		
	Volume of Sales No. of Bonds	Range of Prices		Volume of Sales No. of Bonds	Range of Prices	
		High	Low		High	Low
January.....	1,290	94.18	92.50	48,071	96.50	95.30
February.....	1,567	93.80	92.74	25,843	96.00	94.90
March.....	2,321	94.68	93.50	52,481	95.45	94.90
April.....	3,222	96.00	94.56	73,419	95.98	95.02
May.....	1,357	95.94	95.40	52,566	96.08	95.06
June.....	1,321	95.60	94.60	34,807	96.00	95.02
July.....	1,424	95.00	93.76	27,683	95.20	94.82
August.....	1,415	94.30	93.80	36,264	95.12	94.70
September.....	1,490	95.40	94.20	47,198	96.60	94.80
October.....	1,321	95.47	95.00	47,388	96.26	95.06
November.....	1,347	95.10	93.90	54,577	95.24	93.58
December.....	1,712	94.10	92.50	104,402	94.94	93.26
Total for Year.....	19,787	96.00	92.50	624,699	96.60	93.26

Exhibit BB—Continued

LIBERTY BOND PRICES, 1919
 Range of Quotations and Volume of Sales on New York
 Stock Exchange
 (\$1,000 Bonds)

1919	THIRD LIBERTY LOAN 4¼'s, of 1st L.L. Conv. 1932-47			THIRD LIBERTY LOAN 4¼'s, of 2nd L.L. Conv. 1927-42		
	Volume of Sales No. of Bonds	Range of Prices		Volume of Sales No. of Bonds	Range of Prices	
		High	Low		High	Low
January.....	1,326	96.60	95.50	27,855	95.32	94.36
February.....	1,457	95.60	94.60	24,472	94.60	93.74
March.....	1,683	95.12	94.20	24,177	94.16	93.44
April.....	3,255	96.10	93.68	19,515	93.98	93.20
May.....	2,746	96.10	95.50	25,058	95.36	93.90
June.....	1,825	96.00	94.90	15,067	95.00	93.90
July.....	2,113	95.40	94.70	19,666	94.34	93.60
August.....	1,564	94.60	93.70	27,939	93.90	92.78
September.....	5,856	95.70	94.36	32,287	94.60	92.84
October.....	2,166	95.80	95.00	25,968	94.44	93.00
November.....	1,775	95.30	94.10	36,035	93.38	91.40
December.....	3,603	94.50	92.80	99,119	92.90	91.20
Total for Year.....	29,369	96.60	92.80	377,158	95.36	91.20

1919	FOURTH LIBERTY LOAN 4¼'s of 1933-1938			FOURTH LIBERTY LOAN 4¼'s 1st L.L. 2nd Conv. 1932-47		
	Volume of Sales No. of Bonds	Range of Prices		Volume of Sales No. of Bonds	Range of Prices	
		High	Low		High	Low
January.....	65,726	95.72	94.30	.....	.....	.....
February.....	88,537	94.62	93.76	.....	.....	.....
March.....	83,280	94.12	93.50	13	95.84	95.42
April.....	108,794	94.00	93.12	3	96.02	93.38
May.....	85,763	95.56	93.94	67	99.74	96.02
June.....	58,025	95.40	94.00	1	99.76	99.76
July.....	71,258	94.38	93.22	47	100.50	100.10
August.....	73,015	94.04	93.00	21	100.60	100.50
September.....	81,232	94.80	93.18	9	100.90	100.60
October.....	98,032	94.42	93.12	55	102.06	100.91
November.....	87,582	93.50	91.36	10	101.00	100.96
December.....	184,249	93.74	91.00	121	101.00	100.96
Total for Year.....	1,085,493	95.72	91.00	347	102.06	93.38

Exhibit BB—Continued

LIBERTY BOND PRICES, 1919

Range of Quotations and Volume of Sales on New York
Stock Exchange

(\$1,000 Bonds)

1919	VICTORY LIBERTY LOAN 4¾'s Conv. Gold Notes 1922-23			VICTORY LIBERTY LOAN 3¾'s Conv. Gold Notes 1922-23		
	Volume of Sales No. of Bonds	Range of Prices		Volume of Sales No. of Bonds	Range of Prices	
		High	Low		High	Low
May.....	5,611	100.00	99.88	.....	.....	.....
June.....	22,519	100.08	99.80	27,151	100.48	99.98
July.....	39,096	100.02	99.80	16,482	100.14	99.84
August.....	34,411	99.92	99.46	16,242	99.96	99.50
September.....	37,827	100.00	99.88	16,745	100.00	99.46
October.....	40,799	99.94	99.46	19,504	99.96	99.52
November.....	55,616	99.54	99.00	26,572	99.52	99.00
December.....	59,281	99.00	98.80	44,013	99.60	98.80
Total for Year.....	295,160	100.08	98.80	166,709	100.48	98.80

Exhibit CC
LOANS AND DEPOSITS, 1919
New York Clearing House Banks
 (000 Omitted)

Date	Loans, Discounts, Investments, etc.	Net Demand Deposits
January 3	\$4,775,863	\$3,970,567
10	4,760,327	3,952,299
17	4,805,045	3,960,733
24	4,773,704	3,916,797
31	4,766,899	3,873,062
February 7	4,713,812	3,795,231
14	4,803,649	3,795,729
21	4,786,565	3,831,656
28	4,857,594	3,875,556
March 7	4,810,034	3,866,192
14	4,923,043	3,976,668
21	4,864,957	3,940,779
28	4,817,438	3,934,275
April 4	4,777,987	4,020,729
11	4,945,997	3,932,593
18	4,915,502	4,011,096
25	4,903,203	4,014,523
May 2	5,020,633	4,040,391
9	5,020,762	4,121,927
16	5,012,730	4,118,964
23	4,879,621	4,100,168
30	4,908,960	4,133,578
June 6	5,114,362	4,093,895
13	5,135,419	4,136,929
20	4,929,813	4,008,333
27	4,910,566	4,020,071
July 3	5,011,433	4,042,535
11	5,036,825	4,063,560
18	4,958,117	4,113,809
25	4,861,063	4,007,455
August 1	4,988,089	4,092,403
8	4,966,173	4,051,199
15	5,011,836	4,059,292
22	4,976,925	4,008,609
29	4,990,270	4,037,160
September 5	5,095,870	4,087,217
12	5,085,678	4,257,000
17	5,328,662	4,210,677
26	5,297,474	4,127,505
October 3	5,391,817	4,209,054
10	5,433,003	4,193,391
17	5,372,457	4,212,273
24	5,332,277	4,214,729
31	5,364,812	4,264,819
November 7	5,326,144	4,213,567
14	5,260,297	4,203,020
21	5,195,672	4,185,680
28	5,187,479	4,180,621
December 5	5,105,303	4,076,498
12	5,143,208	4,123,980
19	5,189,509	4,121,492
26	5,197,484	4,057,164

Exhibit DD

LOANS AND INVESTMENTS, REPORTING BANKS

Classification of Earning Assets, 112 Banks,
Second Federal Reserve District

(000 Omitted)

Date	U. S. Bonds and Victory Notes	U. S. Certificates of Indebtedness	Total U. S. Securities	Loans Secured by U. S. Bonds, etc.	Loans Secured by Stocks and Bonds	All Other Loans and Investments*	Total
Jan. 3	\$380,105	\$635,343	\$1,015,448	\$664,934		\$4,014,172	\$5,694,554
10	364,588	637,921	1,002,509	640,981		3,987,569	5,631,059
17	356,998	730,901	1,087,899	665,264		3,992,612	5,745,775
24	350,394	719,832	1,070,226	656,169		3,970,774	5,697,169
31	338,277	727,789	1,066,066	641,654		3,991,812	5,699,532
Feb. 7	336,419	688,070	1,024,489	653,367		3,944,615	5,622,471
14	334,375	820,317	1,154,692	624,873		3,962,778	5,742,343
21	334,880	789,453	1,124,333	610,442		3,890,435	5,625,210
28	341,292	916,493	1,257,785	625,345		3,951,808	5,834,938
Mar. 7	330,739	904,528	1,235,267	584,489		3,961,566	5,781,322
14	338,083	1,011,000	1,349,083	563,976		3,998,556	5,911,615
21	329,169	905,205	1,234,374	564,675		4,018,054	5,817,103
28	330,485	848,462	1,178,947	564,843		4,019,748	5,763,538
April 4	329,570	825,844	1,155,414	549,743		4,009,529	5,714,686
11	334,611	985,191	1,319,802	550,865		4,039,017	5,909,684
18	337,952	957,000	1,294,952	544,536		4,021,758	5,861,246
25	347,514	937,002	1,284,516	542,169		4,021,840	5,848,525
May 2	353,761	1,061,810	1,415,571	535,315		4,064,907	6,015,793
9	351,357	1,036,036	1,387,393	528,570		4,111,671	6,027,634
16	350,441	1,014,446	1,364,887	523,367		4,134,789	6,023,043
23	396,328	772,903	1,169,231	564,583		4,176,382	5,910,196
29	392,384	746,939	1,139,323	576,749		4,189,578	5,905,650
June 6	538,349	589,230	1,127,579	778,099		4,219,075	6,124,753
13	533,637	537,216	1,070,853	771,033		4,307,682	6,149,568
20	521,539	347,222	868,761	784,247		4,258,186	5,911,194
27	511,653	291,528	803,181	757,373		4,311,848	5,872,402
July 3	506,405	365,148	871,553	752,948		4,370,698	5,995,199
11	506,995	365,773	872,768	767,582		4,381,592	6,021,942
18	502,538	339,638	842,176	757,413		4,326,934	5,926,523
25	491,286	314,862	806,148	750,443		4,274,558	5,831,149
Aug. 1	486,141	435,233	921,374	744,639		4,318,299	5,984,312
8	478,845	424,922	903,767	717,317		4,305,692	5,926,776
15	476,130	488,980	965,110	725,156	\$1,402,420	2,977,945	6,070,631
22	475,515	466,532	942,047	711,724	1,417,420	3,020,756	6,091,947
29	476,513	452,208	928,721	709,187	1,392,246	2,997,957	6,028,111
Sept. 5	475,971	531,784	1,007,755	705,596	1,386,550	3,059,889	6,159,790
12	466,641	460,232	926,873	704,296	1,417,503	3,095,933	6,144,605
19	465,504	569,887	1,035,391	747,451	1,438,445	3,140,630	6,361,917
26	455,224	525,768	980,992	739,089	1,458,325	3,168,876	6,347,282
Oct. 3	452,248	501,443	953,691	728,753	1,552,764	3,171,617	6,406,825
10	450,467	496,488	946,955	724,510	1,521,215	3,259,011	6,451,691
17	454,934	460,600	915,534	709,841	1,547,906	3,220,913	6,394,194
24	457,349	455,344	912,693	687,845	1,542,953	3,214,233	6,357,724
31	458,213	446,205	904,418	686,104	1,589,603	3,216,646	6,396,771
Nov. 7	454,563	399,738	854,301	601,834	1,559,933	3,280,654	6,296,722
14	452,258	395,552	847,810	557,124	1,488,037	3,288,514	6,181,485
21	450,414	388,873	839,287	553,628	1,427,816	3,276,725	6,097,456
28	434,626	381,015	815,641	543,188	1,430,583	3,288,524	6,077,936
Dec. 5	430,820	362,972	793,792	528,072	1,398,127	3,267,192	5,987,183
12	427,459	324,934	752,393	528,199	1,430,330	3,282,980	5,993,902
19	415,437	332,503	747,940	522,164	1,462,037	3,342,708	6,074,849
26	413,345	294,646	707,991	517,533	1,483,103	3,352,240	6,060,867

*Prior to August 15 "Loans secured by stocks and bonds" were included in this account.

Chart No. 8

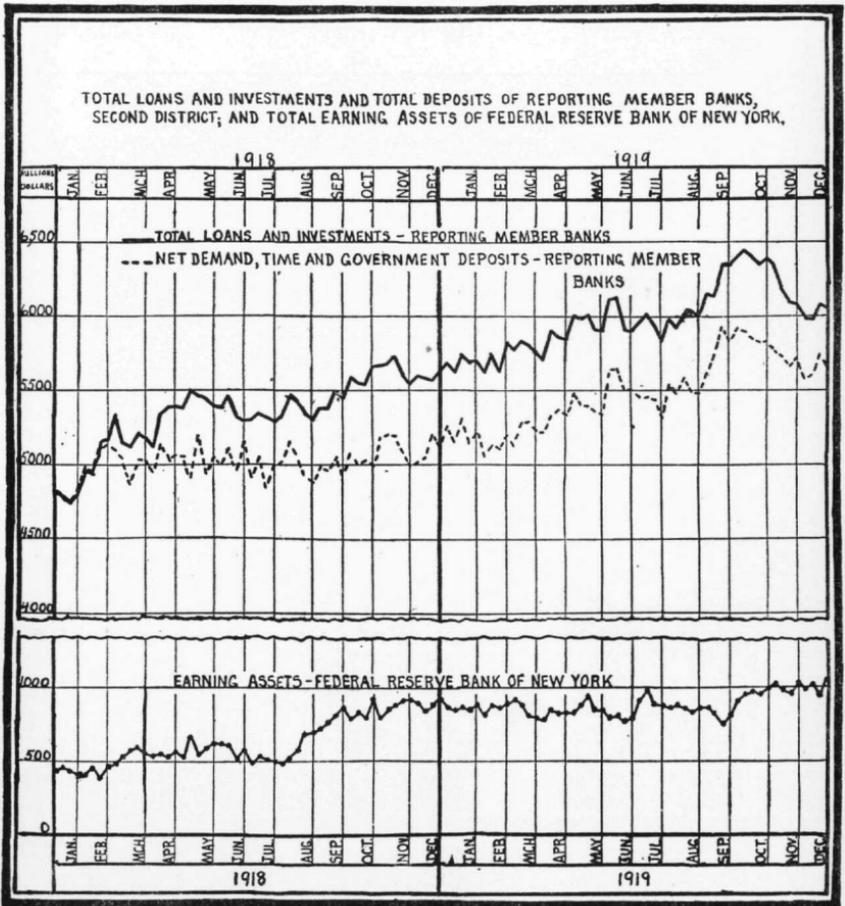


Exhibit EE

ON MR. TREMAN'S RETIREMENT

Minute adopted by Board of Directors, October 15, 1919

With great reluctance and at Mr. Treman's insistent request, his resignation as deputy governor of the Federal Reserve Bank of New York was accepted by the Board of Directors on October 15, to take effect on November 1. At the same time the Board of Directors adopted the following minute:

"When, in June, 1916, the health of Governor Strong necessitated his taking a long rest, the directors of the bank unanimously requested and urged one of their number, Mr. Robert H. Treman, President of the Tompkins County National Bank of Ithaca, New York, and a resident of that city, to serve also as the deputy governor of the bank during the absence of Governor Strong. To this call to service Mr. Treman responded loyally, at much personal inconvenience and sacrifice, and on July 1, 1916, entered upon his duties as the senior executive officer of the bank, devoting his entire time to the discharge of the duties of that office.

"When America entered the war against Germany, although Governor Strong's health then permitted him to return to the bank, its business had increased so rapidly and to such great volume that he and the directors urgently requested Mr. Treman to continue for the war period his active service as an executive officer. Again putting aside personal convenience and desire, Mr. Treman consented, and has now, for more than three years, discharged the duties of the office of senior deputy governor, with marked fidelity and distinction. In addition to the general duties of his office he has from the outset and during the entire period of war financing, directed the distribution of United States Certificates of Indebtedness in the Second Federal Reserve District, which led all others, both in volume subscribed and in the wide distribution obtained among member and nonmember banks alike. His written and other contributions to the development of the more general use of trade acceptances, also have been notable.

"During these years of active service, his character, his qualities of fairness and patience, his good judgment and great ability in dealing with the many important and complex questions which have arisen, have gained for him the complete confidence and high esteem of the bankers of this district, and have been largely instrumental in developing the better understanding that now prevails among member banks of their relation to this bank, and of its policies and operations.

"The directors of the Federal Reserve Bank wish to express their affection and profound respect for him, sentiments which have grown and developed in these years of close association with him, and to record their acknowledgement and grateful appreciation of the distinguished, unselfish and patriotic service which he has rendered to the bank and to the country."