

**THIRD ANNUAL REPORT**  
**OF THE**  
**FEDERAL RESERVE BANK**  
**OF PHILADELPHIA**

**FOR THE YEAR ENDED DECEMBER 31, 1917**



**WASHINGTON**  
**GOVERNMENT PRINTING OFFICE**  
**1918**

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FEDERAL RESERVE BANK  
ST. LOUIS, MISSOURI



LETTER OF TRANSMITTAL.

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FEDERAL RESERVE BANK,  
*Philadelphia, Pa., January 15, 1918.*

SIR: I have the honor to submit herewith the third annual report of the Federal Reserve Bank of Philadelphia, covering the period from January 1, 1917, to December 31, 1917.

Respectfully, yours,

RICHARD L. AUSTIN,  
*Chairman and Federal Reserve Agent.*

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

INSTITUTIONAL INVESTORS

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THE FEDERAL RESERVE BANK OF ST. LOUIS  
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# THIRD ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF PHILADELPHIA.

## I. INTRODUCTION.

The period covered by this report has been probably the most momentous in the life of the Nation since the days of the Civil War. The resources of the banks have been called upon to meet the abnormal demands growing out of the vast increase in business incident to the war, and on account of the floating of the Liberty loans. The Federal Reserve Banks have enabled them to meet these demands.

## II. RESULTS OF OPERATION.

*Comparative statement of condition of the Federal Reserve Bank of Philadelphia.*

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
<b>RESOURCES.</b>			
Collateral notes—members.....	\$4,008,400.00	\$900,000.00	.....
Bills discounted—members.....	31,903,836.94	663,076.79	\$168,274.06
Bills bought in open market.....	18,390,067.91	13,656,430.08	2,542,975.84
United States bonds and notes.....	9,649,950.00	2,825,000.00	1,993,750.00
Municipal warrants.....	10,000.00	465,112.22	1,484,147.13
<b>Earning assets.....</b>	<b>63,962,254.85</b>	<b>18,509,619.09</b>	<b>6,189,147.13</b>
Interest accrued on United States bonds and notes.....	58,906.44	17,057.93	10,142.15
Cost of unissued Federal Reserve notes.....	511.99	27,708.01	43,172.04
Expenses paid in advance.....	2,055.51	2,445.83	1,684.23
Transit department expenses.....	.....	1,367.18	.....
Furniture and equipment—general.....	.....	.....	18,491.31
Furniture and equipment—transit department.....	25,580.56	15,409.87	.....
Organization expense.....	.....	.....	31,517.06
Due from Federal Reserve banks—net.....	12,370,908.10	5,382,501.30	3,025,971.02
Due from banks and bankers.....	1,517,804.61	609,389.97	.....
Exchanges for clearing house, cash items, etc.....	7,378,564.69	3,864,733.22	1,046,543.43
Due from member banks—overdrafts.....	12,804.81	.....	33,959.73
Federal Reserve notes on hand.....	4,348,590.00	171,140.00	380,267.50
National and Federal Reserve notes of other banks.....	1,353,500.00	463,476.00	215,885.00
Nickels and cents.....	209.09	121.89	100.83
Mutilated currency forwarded for redemption.....	56,027.50	132,500.00	.....
Miscellaneous assets.....	110,032.85	.....	.....
Gold settlement fund.....	32,101,000.00	8,042,000.00	9,695,000.00
Gold redemption fund <sup>1</sup> .....	65,445,755.00	100,000.00	.....
Gold coin and certificates.....	19,064,667.50	16,988,892.50	7,445,485.00
Bank of England sterling gold account.....	3,675,000.00	.....	.....
Other lawful money.....	1,189,996.10	466,154.30	3,358,145.30
<b>Reserve.....</b>	<b>121,476,418.60</b>	<b>25,597,046.80</b>	<b>20,498,630.30</b>
<b>Total resources.....</b>	<b>212,674,169.60</b>	<b>54,794,517.09</b>	<b>31,495,511.73</b>
<b>LIABILITIES.</b>			
Capital.....	6,142,150.00	5,228,100.00	5,269,600.00
Profit and loss.....	220,238.27	89,966.68	.....
Unearned discount and unearned interest.....	160,902.51	39,559.33	14,099.28
Government deposits.....	5,387,488.53	3,145,549.05	787,178.45
Due to member banks.....	103,000,930.13	44,965,072.26	25,424,376.56
Cashier's checks outstanding.....	435,026.66	26,015.72	107.63
Federal Reserve notes <sup>1</sup> .....	97,325,755.00	1,300,000.00	.....
Miscellaneous liabilities.....	1,678.50	254.05	239.81
<b>Total liabilities.....</b>	<b>212,674,169.60</b>	<b>54,794,517.09</b>	<b>31,495,511.73</b>

<sup>1</sup> In June, 1917, the statement was changed so as to include gold with Federal Reserve Agent under "Gold redemption fund," and "Federal Reserve notes" now represent gross liability for Federal Reserve notes, instead of only the net liability.

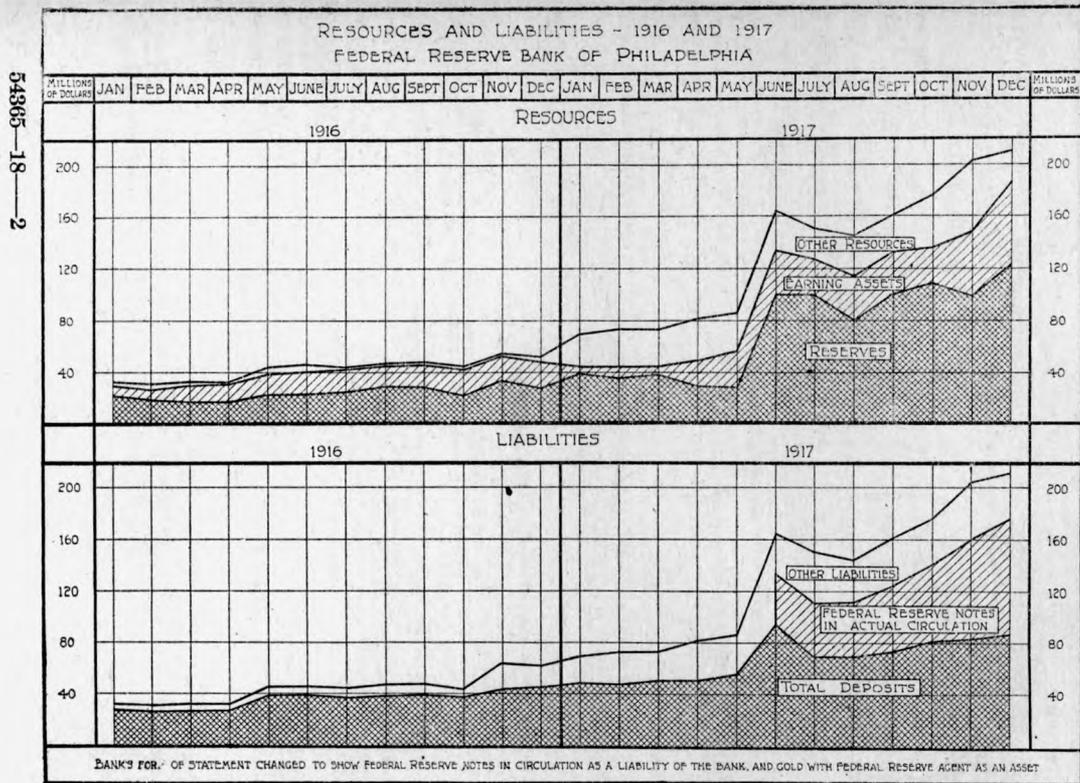
The large increase in the bank's figures is due to the increase in reserve deposits of member banks, resulting from the amendment to the act affecting the reserves, to the admittance to membership of a number of large trust companies, the increase in the amount of Federal Reserve notes outstanding, and the operation of the transit department.

Federal Reserve notes in circulation at the close of the year amounted to \$92,977,165, and exceeded the net amount of member bank deposits by \$226,104. Every effort has been made to accumulate gold through the issue of Federal Reserve notes, and on December 31, the amount of gold deposited against notes was \$65,445,755. The accumulation of this fund has largely increased the bank's loaning power, and from time to time transfers have been made from it to maintain the bank's reserve.

Due to the admission of new members and the increase in the capital and surplus of member banks, the paid-in capital of the bank increased \$914,050 during the year, and at the end of the year amounted to \$6,142,150.

The following table shows the results of the operation of the bank for the year 1917:

Earnings for 1917.....	\$1, 015, 959
Expense of operation of bank proper.....	\$165, 843
Cost of Federal Reserve currency issued (including ex- pressage, insurance, etc.).....	70, 340
Miscellaneous charges account note issues.....	
Depreciation on furniture and equipment.....	3, 782
Transit department disbursements in excess of net service charges received.....	22, 120
<b>Total</b> .....	<b>262, 085</b>
Net earnings for year.....	753, 874
Profit and loss, Jan. 1, 1917.....	89, 966
<b>Total</b> .....	<b>843, 840</b>
Dividends paid:	
Date paid, June 30, 1917; period covered, July 1, 1915, to Dec. 31, 1915; amount.....	155, 320
Date paid, Dec. 31, 1917; period covered, Jan. 1, 1916, to June 30, 1917; amount.....	466, 830
Interest paid on stock surrendered.....	1, 452
<b>Total</b> .....	<b>623, 602</b>
Profit and loss, Jan. 1, 1918.....	220, 238



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CHART No. 1.

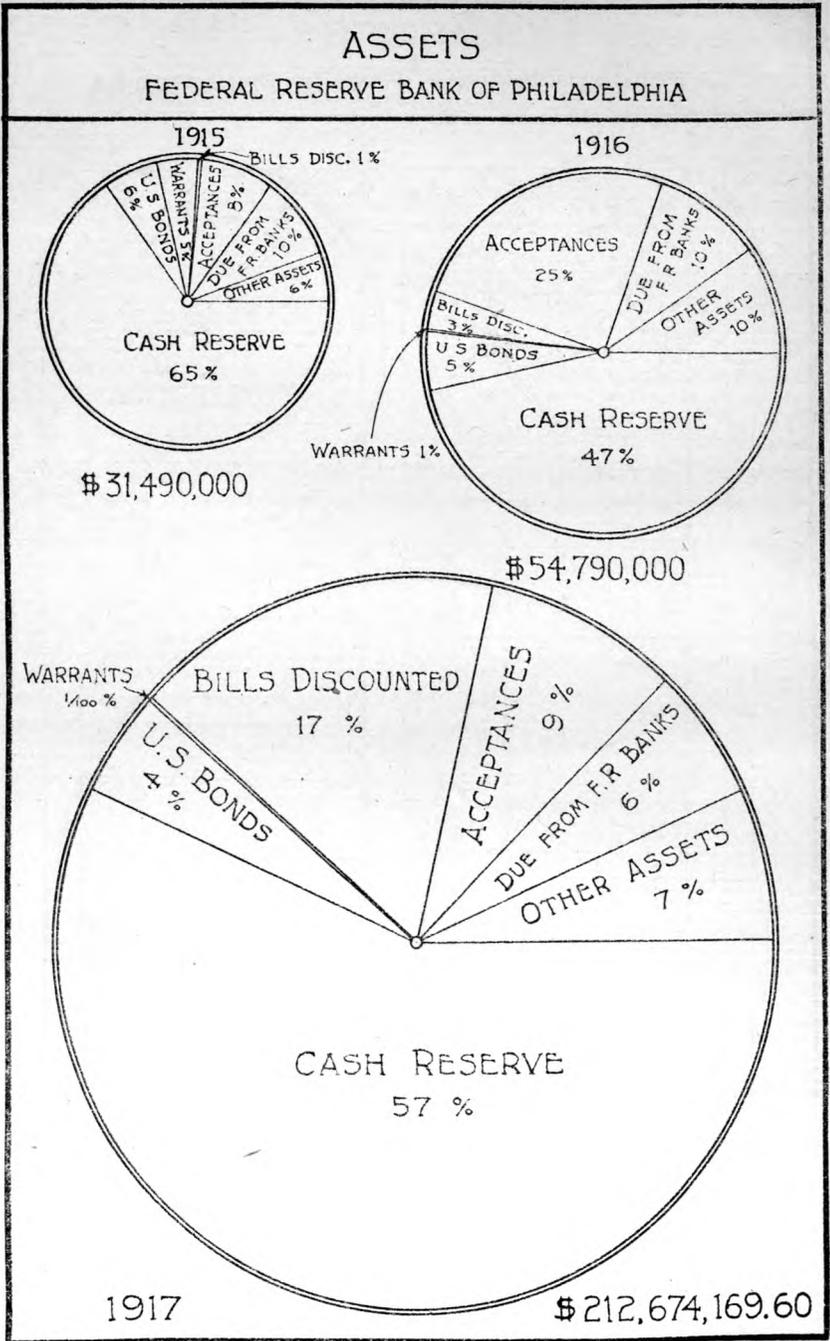


CHART No. 2.

# LIABILITIES

## FEDERAL RESERVE BANK OF PHILADELPHIA

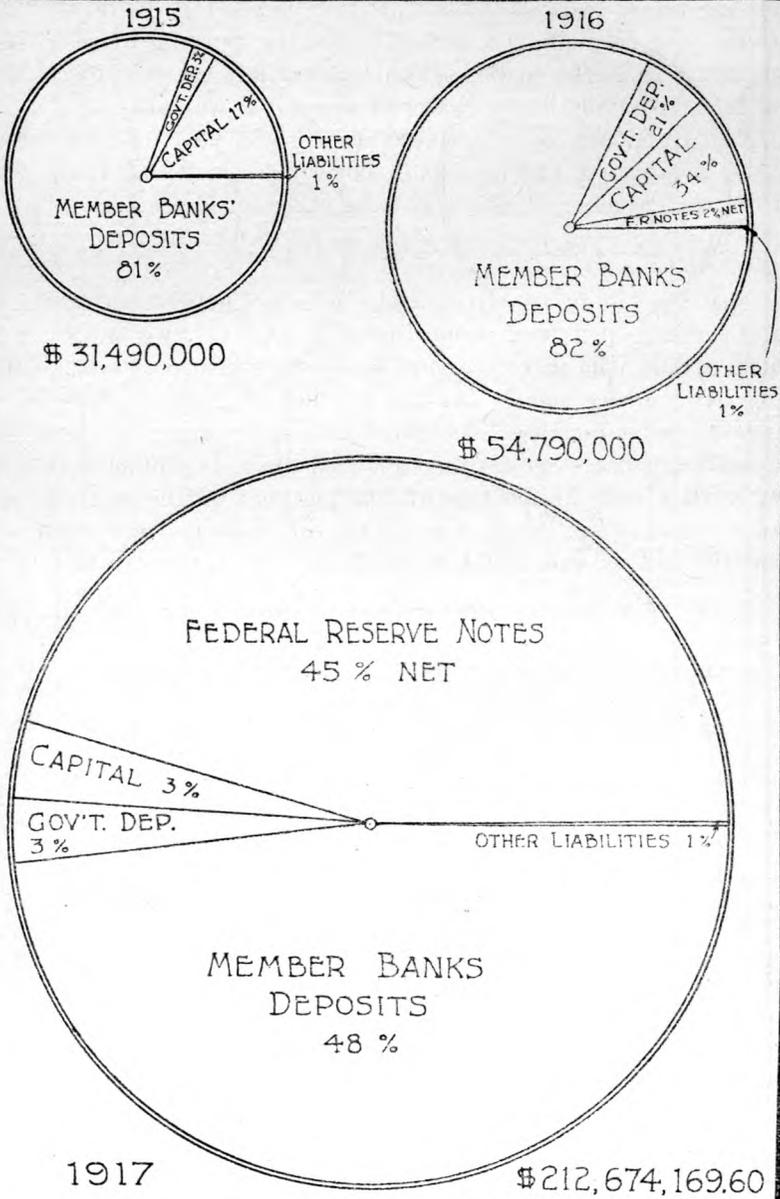


CHART No. 3.

## EARNINGS AND EXPENSES.

During the early part of the year, the greater portion of the earnings was obtained from the purchase of bankers' bills, but with the placing of the Government loans, the member banks began borrowing freely and the amount of their borrowings increased rapidly as the war financing progressed. For the purpose of reserving its funds for discount purposes, the bank early in the year discontinued, as far as possible, its purchases of municipal warrants.

Two dividends were declared during the year, one on June 30, 1917, amounting to \$155,320.31, covering the period from July 1, 1915, to December 31, 1915, and the other on December 12, amounting to \$466,829.62, covering a period of 18 months from January 1, 1916, to June 30, 1917.

The invested funds of the bank increased largely during the year, and earnings increased proportionately. Current expenses remained quite steady, the increase, considering the additional work done by the bank, being small. As the number of Federal Reserve notes issued greatly increased, their cost became a correspondingly greater item of expense. Net earnings reached their maximum in December, when they were at the rate of 30.2 per cent on the paid-in capital. In the following charts are shown the earnings and expenses by months and the rate of net earnings on the paid-in capital.

*Earnings and expenses.*

	Earnings.				Expenses.						
	From investments.	Profits from sale of United States securities.	Sundry profits.	Total earnings.	Expenses of operation.	Note issues.	Depreciation charges.	Transit department expense in excess of net service charges.	Total expense.	Net available for dividends.	Annual rate of net earnings.
January.....	\$36,836	\$11,388	\$170	\$48,394	\$11,354	.....	.....	<sup>1</sup> \$1,804	\$13,158	\$25,236	8.4
February.....	42,145	2,380	565	45,091	11,228	\$4,320	.....	131	15,679	29,411	7.3
March.....	43,664	.....	1,130	44,794	11,580	3,760	.....	309	15,649	29,145	6.5
April.....	46,938	.....	874	47,812	11,303	4,400	.....	<sup>2</sup> 260	15,443	32,369	7.5
May.....	69,525	.....	2,521	72,046	12,251	2,880	\$13	144	15,288	56,758	12.7
June.....	76,934	.....	1,770	78,704	12,373	6,840	13	817	20,043	58,661	13.5
July.....	85,997	.....	1,026	87,023	12,753	760	17	976	14,506	72,517	16.3
August.....	89,911	.....	403	90,314	15,036	3,040	23	1,755	19,854	70,461	15.7
September.....	94,804	.....	1,048	95,853	14,991	8,600	27	4,133	27,751	68,102	15.7
October.....	84,170	.....	1,248	85,419	16,019	12,160	61	2,386	30,626	54,792	12.2
November.....	121,412	.....	1,521	122,933	14,323	11,060	74	4,153	29,610	93,323	20.0
December.....	194,717	.....	2,856	197,573	20,300	12,520	12	5,769	38,601	158,972	30.2
Total, 1917.....	987,057	13,768	15,132	1,015,959	163,510	70,340	240	<sup>1</sup> 22,120	256,210	759,749	12.2
Total, 1916.....	376,898	11,170	20,137	<sup>3</sup> 417,939	164,983	17,603	15,653	38,241	167,998	249,941	4.78

<sup>1</sup> Includes \$1,367.18, balance carried over from 1916.<sup>2</sup> Net service charges in excess of disbursements.<sup>3</sup> Includes \$9,734 realized by conversion of United States bonds.

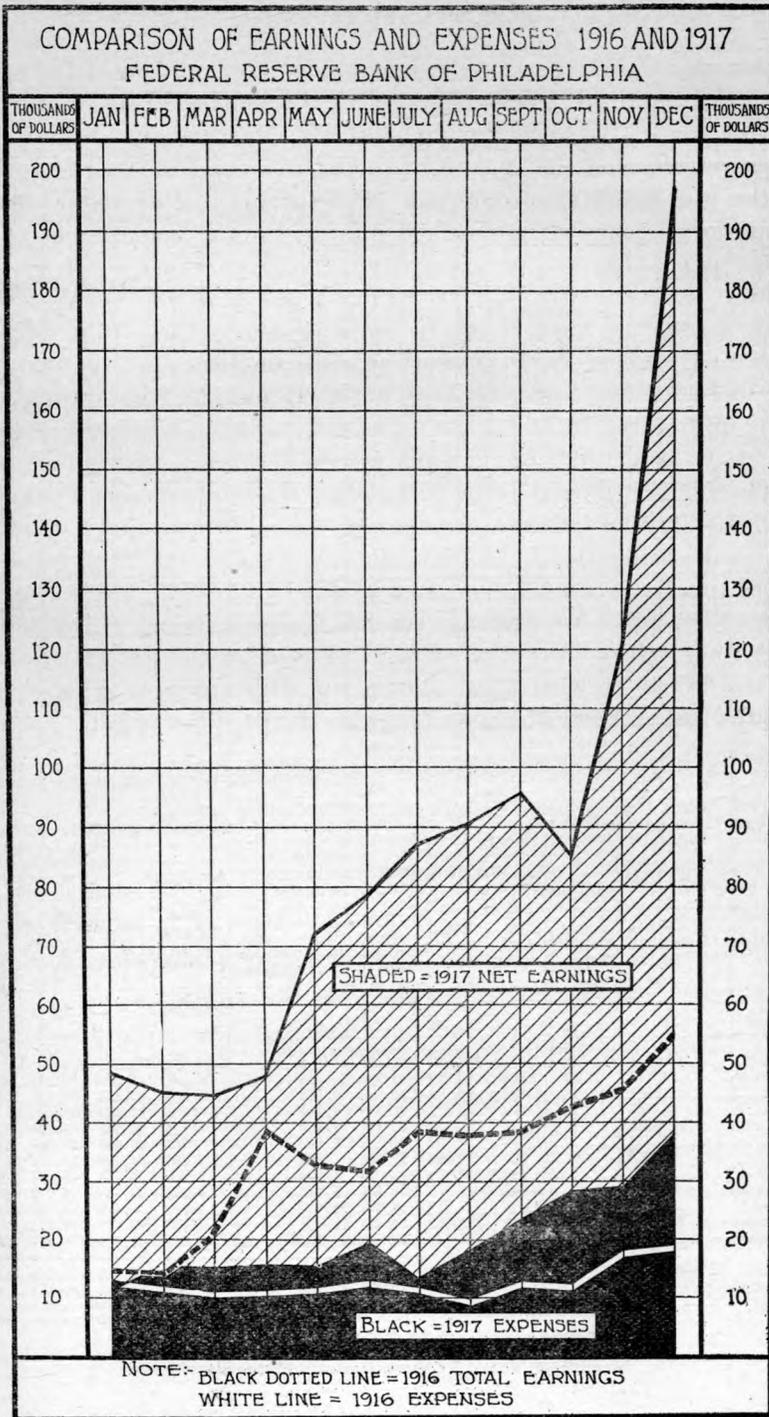


CHART No. 4.

*Earnings and expenses.*

	1917	1916
<b>EARNINGS.</b>		
Bills discounted—members.....	\$370,359	\$28,391
Bills bought in open market.....	474,653	198,243
Investments:		
United States bonds and notes.....	123,875	81,081
Warrants.....	18,170	69,183
Profits realized on United States securities.....	13,768	36,634
Sundry profits.....	15,132	5,407
<b>Total earnings.....</b>	<b>1,015,959</b>	<b>417,939</b>
<b>CURRENT EXPENSES.</b>		
Expenses of operation:		
Assessment account expenses, Federal Reserve Board.....	22,057	18,362
Federal Advisory Council (fees and traveling expenses).....	350	306
Governors' conferences (including traveling expenses).....	174	749
Federal Reserve Agents' conferences (including traveling expenses).....		280
Salaries:		
Bank officers.....	46,206	39,100
Clerical staff.....	42,615	52,398
Special officers and watchmen.....	8,311	6,012
Directors' fees.....	3,590	3,220
Directors' per diem allowance.....	1,080	820
Directors' traveling expenses.....	1,361	895
Officers' and clerks' traveling expenses.....	163	558
Legal fees.....	1,700	2,000
Rent.....	9,070	9,250
Telephone.....	2,803	1,231
Telegraph.....	326	12
Postage and expressage.....	1,284	11,552
Insurance and premiums on fidelity bonds.....	4,700	3,415
Light, heat, and power.....	1,426	1,147
Printing and stationery.....	7,311	6,648
Repairs and alterations.....	233	987
All other expenses, not specified.....	8,702	6,041
<b>Total expenses of operation.....</b>	<b>163,510</b>	<b>164,983</b>
Cost of Federal reserve notes issued, including expressage.....	70,340	16,600
Miscellaneous charges account Federal reserve note issues.....		1,003
Depreciation of furniture and equipment.....	240	15,653
Disbursements of transit department in excess of net service charges received.....	22,120	4,000
<b>Total current expenses, exclusive of amortization charges, account organization expenses.....</b>	<b>256,210</b>	<b>202,239</b>
<b>Less disbursements of transit department.....</b>		<b>34,241</b>
<b>Current expenses of bank proper, exclusive of amortization charges, account organization expenses.....</b>	<b>256,210</b>	<b>167,998</b>
<b>Net earnings for year.....</b>	<b>759,749</b>	<b>249,941</b>
<b>Per cent of average paid-in capital.....</b>	<b>12.5</b>	<b>4.7</b>

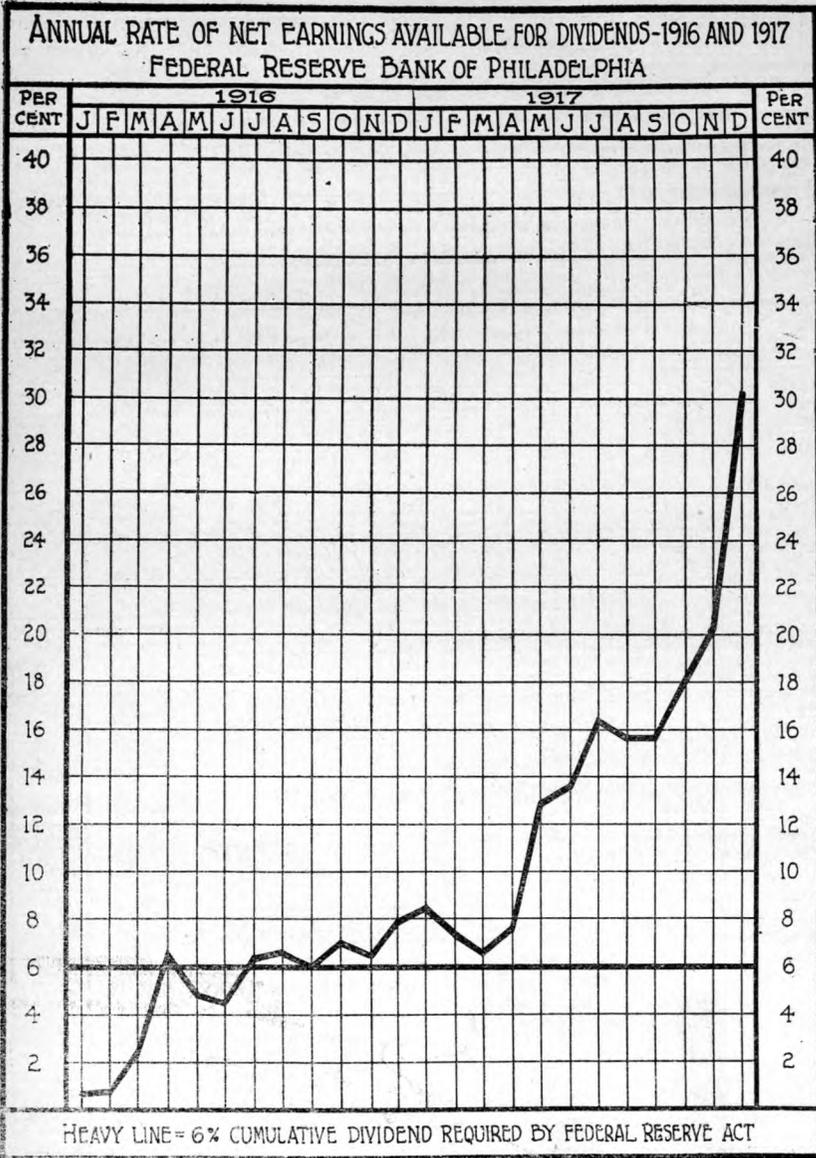


CHART No. 5.

III. RESERVE POSITION OF THE BANK.

The reserve position of the bank on the last Friday of each month is shown below. The bank wishes to express its appreciation of the cooperation of the member banks and State institutions for their services in strengthening its gold reserve. Upon the request of the bank, they deposited their gold and accepted in exchange Federal Reserve notes, and thereby increased the loaning power of the bank.

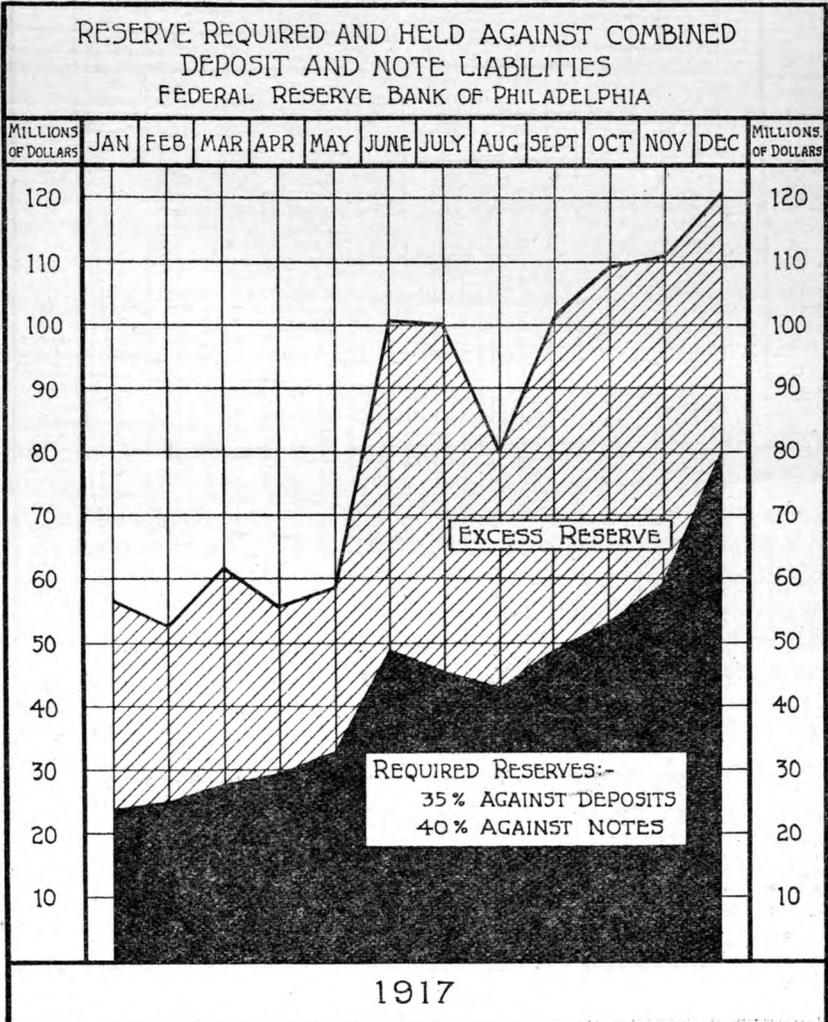


CHART No. 6.

Reserve position on last Friday of each month during 1917.

[000's omitted.]

	Liabilities (net).			Reserves.			Reserve percentage.			
	Deposit.	Note.	Total liability.	Total gold and gold certificates.	Lawful money, silver, and silver certificates.	Total reserves.	Against net deposit liabilities.		Gold against Federal Reserve notes in actual circulation.	Against combined note and deposit liabilities.
							Gold.	Gold and lawful money.		
							<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
January.....	\$49,588	\$15,537	\$65,125	\$55,654	\$922	\$56,576	78.1	80.0	108.6	86.9
February.....	47,648	20,161	67,809	52,100	233	52,333	73.5	74.0	84.5	77.1
March.....	50,607	24,181	74,788	61,110	198	61,308	76.0	76.5	92.6	81.8
April.....	50,034	29,068	79,102	54,983	556	55,539	57.3	58.5	90.5	70.3
May.....	56,568	32,686	89,254	57,804	445	58,249	48.2	49.0	93.2	65.3
June.....	94,361	39,703	134,064	98,993	1,285	100,278	69.2	70.8	81.6	74.5
July.....	82,256	41,257	123,783	98,577	1,480	100,057	80.0	81.5	79.5	80.9
August.....	72,214	43,502	115,716	78,945	1,061	80,006	64.8	65.0	73.7	69.1
September.....	79,143	51,026	130,169	100,365	1,103	101,468	75.7	76.5	79.0	77.5
October.....	81,946	59,612	141,558	108,510	759	109,269	73.5	74.5	80.9	77.3
November.....	66,103	78,414	144,517	98,106	940	99,046	67.4	68.8	68.9	68.5
December.....	94,363	93,642	188,005	119,544	1,148	120,693	64.8	66.0	62.3	64.1

Total gold reserve includes gold in the hands of the Federal Reserve Agent on the last Friday of each month.

## IV. DISCOUNT RATES.

The discount rates remained unchanged from September 21, 1916, to May 10, 1917, when the 15-day rate for commercial paper and member bank collateral notes was reduced to 3 per cent. In order that member banks might extend the necessary accommodation to their customers in making payment for Liberty loan bonds, a special rate of  $3\frac{1}{2}$  per cent was established for the discount of paper and member bank collateral notes having a maturity of not over 90 days and secured by Liberty loan bonds or United States Treasury certificates of indebtedness.

The second Liberty loan having been issued at 4 per cent, a general readjustment of the discount rates seemed advisable, and on November 26 the bank's rates for discount were advanced. The changes are given herewith:

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*Changes in discount rates during calendar year 1917.*

	Rate in effect—								
	Jan. 1, 1917.	May 10, 1917.	June 1, 1917.	June 11, 1917.	Nov. 2, 1917.	Nov. 26, 1917.	Nov. 30, 1917.	Dec. 7, 1917.	Jan. 1, 1918.
Discounts maturing within 15 days, including member banks' collateral notes.	3½	3	.....	3½	.....	4	.....	.....	4
Paper including member banks' collateral notes secured by United States certificates of indebtedness or Liberty loan bonds maturing within 15 days	.....	.....	3	3½	.....	.....	.....	.....	3½
Paper maturing within 16 to 60 days.....	4	.....	.....	.....	.....	4½	.....	.....	4½
Paper maturing within 61 to 90 days.....	4	.....	.....	.....	.....	4½	.....	.....	4½
Paper secured by United States certificates of indebtedness or Liberty loan bonds maturing from 16 to 90 days.....	.....	.....	3½	.....	.....	4	.....	.....	4
Agricultural and live-stock paper maturing after 90 days.....	4½	.....	.....	.....	.....	.....	5	.....	5
Trade acceptances maturing from 1 to 60 days.....	3½	.....	.....	.....	.....	.....	.....	1 4	4
Trade acceptances maturing from 60 to 90 days.....	3½	.....	.....	.....	.....	4	.....	.....	4
Commodity paper maturing within 90 days.....	3½	.....	.....	.....	(2)	.....	.....	.....	.....

<sup>1</sup> Rate of 4 per cent for paper maturing 16 to 60 days effective Nov. 26.

<sup>2</sup> Rates for commodity paper merged with those for commercial paper of corresponding maturities.

Bankers' acceptances purchased at the market rate, subject to agreement.

## V. INVESTMENTS.

## ANALYSIS OF EARNING ASSETS.

Operations during the early part of the year were on a relatively small scale. The total loans and investments made during January were only \$3,940,771. In the month of May, when the war financing began, there was a large increase in the amount of loans to member banks and the total loans and investments for the month reached \$25,878,818. This amount was almost doubled in June. Operations connected with the second Liberty loan again stimulated borrowings during the latter months of the year, loans made in December amounting to \$45,025,375.

Bills discounted for members during 1917 comprised 67.8 per cent of the total operations, compared with 26 in 1916; bills bought comprised 26 per cent in 1917, compared with 62 per cent the previous year.

*Loans and investments made by months.*

Month.	Bills discounted— members.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	\$565, 122	\$2, 107, 327	.....	\$1, 268, 322	\$3, 940, 771	\$3, 012, 800
February.....	1, 682, 222	10, 058, 886	.....	25, 203	11, 766, 311	1, 948, 800
March.....	3, 009, 293	4, 610, 296	\$4, 598, 260	2, 575	12, 220, 424	6, 542, 700
April.....	2, 385, 421	5, 268, 807	40	126, 667	7, 780, 935	5, 296, 500
May.....	20, 445, 040	5, 404, 559	.....	29, 219	25, 878, 818	6, 562, 000
June.....	42, 724, 903	3, 441, 475	.....	.....	46, 166, 378	7, 329, 200
July.....	22, 175, 858	11, 472, 425	.....	.....	33, 648, 283	7, 318, 400
August.....	18, 170, 441	7, 450, 793	317, 700	125, 938	26, 064, 872	4, 476, 100
September.....	18, 934, 001	6, 056, 282	10, 200	.....	25, 000, 483	7, 571, 500
October.....	16, 819, 730	4, 565, 180	.....	10, 000	21, 394, 910	7, 469, 300
November.....	31, 478, 602	19, 479, 626	.....	33, 500	50, 991, 728	9, 462, 600
December.....	45, 025, 375	5, 998, 140	13, 866, 050	.....	64, 889, 565	18, 781, 700
Total, 1917.....	223, 416, 008	85, 913, 796	18, 792, 250	1, 621, 424	329, 743, 478	85, 771, 600
Per cent of total.....	67.8	26.0	5.7	0.5	100.0	.....
Total, 1916.....	\$22, 328, 600	\$53, 122, 000	\$2, 500, 000	\$7, 823, 000	\$85, 771, 600	.....
Per cent increase or de- crease, 1917 over 1916..	+900	+61	+650	-80	+284	.....

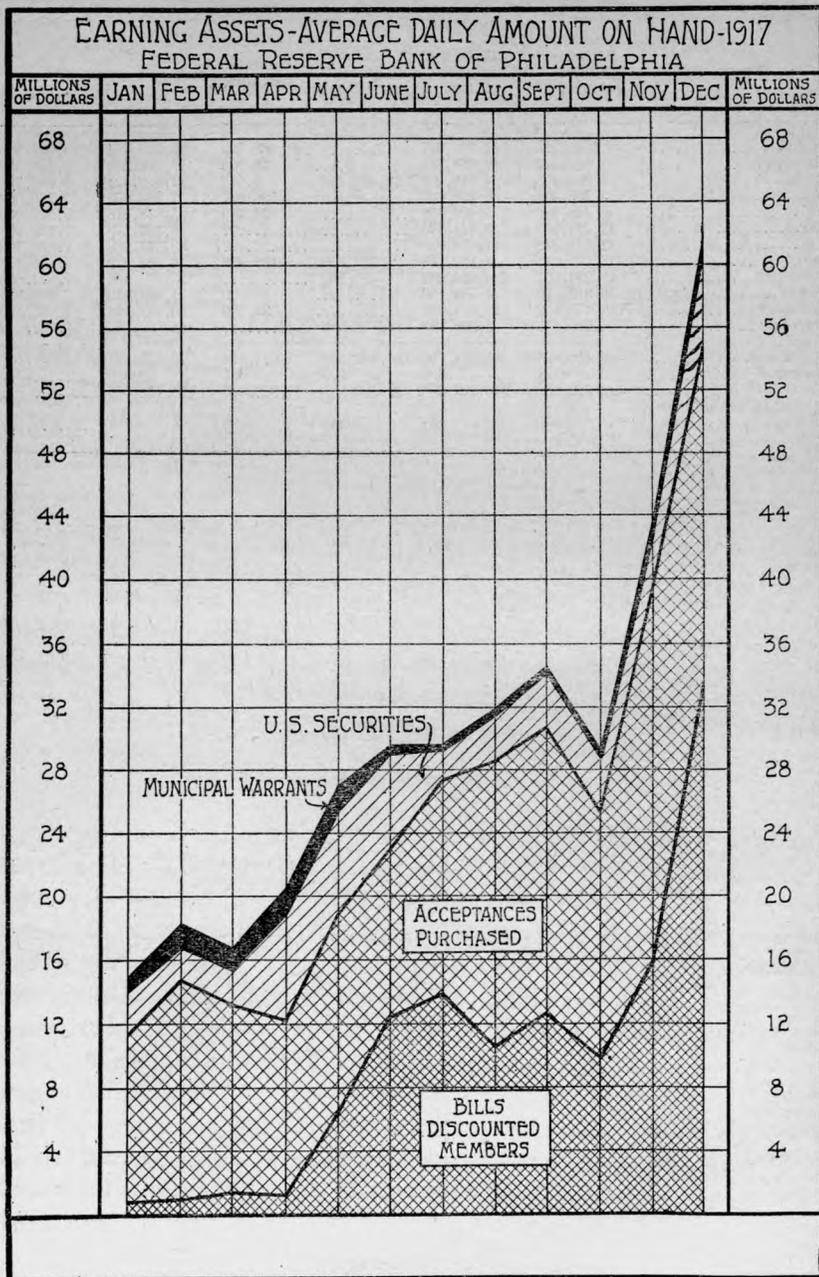


CHART No. 7.

## Average daily holdings of the several classes of earning assets for each month and calendar year 1917.

Month.	Bills discounted—members.	Bills bought.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	\$766,946	\$10,501,049	\$2,735,129	\$928,012	\$14,931,136	\$7,722,182
February.....	902,672	13,884,435	2,016,107	1,432,016	18,235,230	8,140,448
March.....	1,413,082	11,757,278	2,147,330	1,400,076	16,717,766	11,140,662
April.....	1,212,746	11,018,096	6,597,280	1,497,731	20,325,853	13,950,526
May.....	6,285,864	12,491,969	6,597,300	1,421,461	26,796,594	16,719,120
June.....	12,394,010	10,405,492	6,363,966	377,967	29,541,435	17,120,064
July.....	13,852,692	12,401,444	3,097,300	158,363	29,509,799	18,119,076
August.....	10,540,930	18,014,284	3,107,558	124,946	31,787,718	17,357,542
September.....	12,656,277	18,019,258	3,666,040	125,937	34,467,512	17,728,745
October.....	9,958,904	15,298,910	3,740,400	7,419	29,005,633	18,881,183
November.....	15,756,446	23,909,654	3,495,700	25,633	43,187,433	17,972,828
December.....	33,346,433	21,297,307	7,654,381	39,177	62,337,298	22,239,398
Average for year.....	9,923,917	14,916,598	4,268,208	628,228	29,736,951	15,590,981
Per cent.....	33.3	50.2	14.5	2.0	100.0	.....
Average for 1916.....	\$1,005,376	\$8,585,000	\$3,325,005	\$2,675,600	\$15,590,981	.....
Per cent increase or decrease, 1917 over 1916.....	+890	+74	+27	-76	+91	.....

## EARNINGS FROM INVESTMENTS.

The total earnings during January amounted to \$36,836; these were doubled in June, and in December amounted to \$194,717. The month of May marked a sudden increase in earnings from bills discounted and loans to members, and in the month of June they exceeded, for the first time, the earnings from bills bought.

## Earnings from loans and investments for the calendar year 1917.

Month.	Bills discounted, members.	Bills bought.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	\$3,549	\$24,499	\$6,981	\$1,807	\$36,836	\$14,512
February.....	2,700	31,613	4,693	3,139	42,145	14,113
March.....	4,477	30,441	5,359	3,387	43,664	20,464
April.....	3,551	26,874	13,028	3,485	46,938	25,619
May.....	17,705	33,769	14,391	3,660	69,525	31,969
June.....	36,112	26,927	12,862	1,033	76,934	31,464
July.....	43,877	33,766	7,828	526	85,997	36,418
August.....	33,022	48,597	7,858	434	89,911	35,596
September.....	38,178	46,982	9,225	419	94,804	36,107
October.....	31,328	43,065	9,738	39	84,170	40,531
November.....	47,258	65,373	8,696	85	121,412	37,362
December.....	108,602	62,746	23,216	153	194,717	52,743
Total, 1917.....	370,359	474,653	123,875	18,170	987,057	376,898
Per cent of total.....	37.7	48.0	12.5	1.8	100.0	.....
Total, 1916.....	28,394	198,243	81,130	69,183	376,898	.....

## RATES OF EARNINGS FROM INVESTMENTS.

The annual rate of earnings on invested funds as a whole stood at 2.90 per cent at the beginning of the year. With the exception of a recession in the months of April and May, this rate has been

steadily increasing until the rate stood at 4.61 per cent in December. Reference to the following table shows that the largest rate of return has been from bills discounted for members:

*Calculated annual rates of earnings from loans and investments.*

Month.	Bills discounted, members.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	
					1917	1916
January.....	0.0398	0.0279	0.0299	0.0313	0.0290	0.0221
February.....	.0301	.0296	.0303	.0285	.0301	.0218
March.....	.0373	.0304	.0293	.0284	.0307	.0216
April.....	.0376	.0396	.0248	.0292	.0290	.0224
May.....	.0328	.0396	.0248	.0293	.0298	.0225
June.....	.0354	.0314	.0245	.0332	.0316	.0224
July.....	.0372	.0320	.0297	.0391	.0343	.0237
August.....	.0368	.0317	.0297	.0409	.0333	.0242
September.....	.0367	.0317	.0306	.0405	.0334	.0248
October.....	.0370	.0331	.0306	.0406	.0341	.0253
November.....	.0364	.0332	.0302	.0405	.0342	.0253
December.....	.0383	.0346	.0357	.0461	.0461	.0280
Average for 1917.....	.0373	.0318	.0290	.0289	.0332	.0242
Average for 1916.....	.0370	.0231	.0256	.0258	.0242	.....

#### DISTRIBUTION BY MATURITIES OF BILLS DISCOUNTED, ACCEPTANCES, AND WARRANTS.

The following table shows the total amount of bills, notes, and warrants discounted and purchased by the bank during the year, distributed by maturities. Borrowings incident to the placing of war loans were largely accomplished by obligations having a maturity of 15 days and less. The liquidity of the bank is indicated by the large proportion of maturities within 15 days it has carried.

*Bills discounted, acceptances, and warrants distributed by maturities and months for the calendar year 1917.*

	1-15 days.	16-30 days.	31-60 days.	61-90 days.	Over 90 days.	Total.
January.....	\$247,937	\$226,503	\$850,008	\$1,086,242	\$1,530,081	\$3,940,771
February.....	1,307,784	2,027,128	3,329,446	5,047,077	54,876	11,766,311
March.....	2,667,902	1,061,570	1,055,263	2,616,577	220,852	7,622,164
April.....	2,208,142	874,599	911,719	3,656,296	130,139	7,780,895
May.....	18,545,006	2,785,098	1,480,976	2,776,111	291,627	25,878,818
June.....	39,039,795	1,839,122	1,785,845	3,475,321	26,295	46,166,378
July.....	19,000,985	1,429,165	1,819,689	8,729,150	2,669,294	33,648,283
August.....	24,596,145	914,557	1,983,641	7,926,631	325,898	35,747,172
September.....	17,175,492	1,205,851	1,637,175	4,826,189	145,576	24,990,283
October.....	11,962,123	1,684,876	1,257,125	6,068,941	421,845	21,394,910
November.....	17,859,511	3,375,295	9,067,163	20,575,808	113,951	50,991,728
December.....	32,125,650	6,448,283	3,886,982	8,562,600	.....	51,023,515
Total, 1917.....	186,736,472	23,872,047	29,065,032	75,347,243	5,930,434	320,951,228

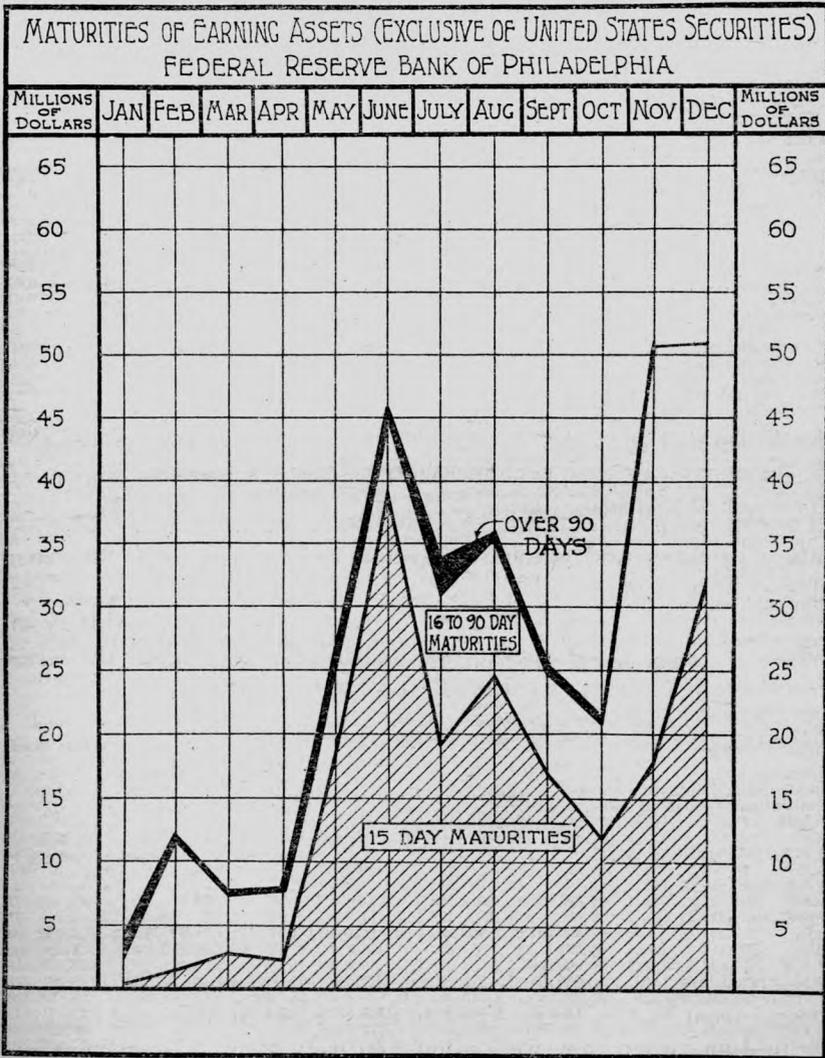


CHART No. 8.

The maturities of the bank's earning assets on the last Friday of the year are shown in the following table:

*Distribution by maturities of paper and short-term investments held by the Federal Reserve Bank and the Federal Reserve Agent at close of business Dec. 28, 1917.*

	Maturities—				Total.
	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	
1. Bills discounted—members:					
Commodity paper .....		\$26,950	\$11,000	\$10,000	\$47,950
Trade acceptances .....	\$74,658	1,715	48,782	17,329	142,484
Member banks' collateral notes .....	5,845,996				5,845,996
All other .....	14,956,692	2,848,048	13,073,441	2,606,095	33,484,275
Total .....	20,877,346	2,876,713	13,133,223	2,633,424	39,520,705
2. Acceptances bought:					
Bankers' acceptances—					
Foreign .....	1,392,467	4,847,303	3,428,027	3,822,999	13,490,796
Domestic .....	730,598	1,702,205	1,384,917	617,100	4,434,820
Dollar exchange bills (sec. 13, amended) .....					
Trade acceptances—					
Foreign .....	12,189	273,899	205,559		491,547
Domestic .....					
Total .....	2,135,154	6,823,407	5,018,503	4,440,099	18,417,163
3. Rediscounts for other Federal reserve banks .....					
4. Short-term investments .....	10,000				10,000
Grand total .....	23,022,500	9,706,120	18,151,726	7,073,523	57,947,868

*Amounts of the several classes of discounted paper held by the Federal Reserve Bank and the Federal Reserve Agent on above date.*

	Secured.	Unsecured.	Total.
Agricultural paper .....		\$187,639	\$187,639
Commercial and industrial paper .....	\$16,514,814	16,972,257	33,487,071
Member banks' collateral notes .....	5,845,996		5,845,996
All other, n. s. ....			
Total bills discounted .....	22,360,810	17,159,896	39,520,706

#### COLLATERAL NOTES AND BILLS DISCOUNTED—MEMBERS.

Borrowings by member banks, in the form of collateral notes, increased from \$1,307,700 in April to \$15,229,000 in May and \$35,690,499 in June, when they were almost entirely secured by bills receivable. Each month from May showed an increase in the amount of notes secured by United States bonds or Treasury certificates of indebtedness. In December they amounted to \$9,550,501 and notes secured by bills receivable amounted to \$1,657,250. Discounts of bills receivable increased from \$5,216,040 in May to \$7,034,954 in June, reaching the large total of \$33,817,624 in December. The notes rediscounted

ranged in size from a few dollars to \$250,000. During 1916, earnings from bills discounted and collateral notes were only 9 per cent of the total, whereas in 1917 they were 38 per cent.

*Bills discounted during each month by classes of paper; earnings from discounts and average rates of monthly and annual earnings for the calendar year 1917.*

	Members-collateral notes.		Trade acceptances.	Commodity paper.	All other discounts.	Total.	Average for balance month.	Earnings.	
	Secured by United States securities.	Otherwise secured.						Amount.	Average
January.....		\$230,000	\$15,164		\$319,958	\$565,122	\$766,946	\$3,549	0.0398
February.....		475,000	21,721		1,185,501	1,682,222	902,672	2,700	.0301
March.....		1,605,000	29,730		1,374,563	3,009,293	1,413,082	4,477	.0373
April.....		1,307,700	24,199		1,053,522	2,385,421	1,212,746	3,551	.0376
May.....	\$880,000	14,349,000	25,758		5,190,282	20,445,040	6,285,864	17,705	.0328
June.....		35,009,849	78,343		6,956,061	42,724,903	12,394,010	36,112	.0354
July.....	1,691,650	16,515,320	36,874	\$25,000	3,907,014	22,175,858	13,852,692	43,877	.0372
August.....	2,110,000	10,192,990	94,159	26,200	5,747,092	18,170,441	10,540,930	33,022	.0368
September.....	5,532,500	10,082,190	16,289		3,303,022	18,934,001	12,656,277	38,178	.0367
October.....	3,002,500	8,714,811	184,701	25,000	4,892,718	16,819,730	9,958,904	31,328	.0370
November.....	9,209,425	7,755,505	100,139	29,000	14,384,533	31,478,602	15,756,446	47,258	.0364
December.....	9,696,501	1,511,250	99,001	22,950	33,695,673	45,025,375	33,346,433	108,602	.0383
Total, 1917..	32,803,226	107,748,615	726,078	128,150	82,019,939	223,416,008	9,923,917	370,359	.0373
Total, 1916..		13,644,268	71,800		8,609,532	22,328,600	1,005,376	28,394	.0370

*Amount of paper (exclusive of bankers' acceptances) discounted for member banks, distributed by maturities as of date of discount; also number of banks in district and banks accommodated during each month in the calendar year 1917.*

	Member banks in district.	Member banks accommodated.	15 days or less.	16-30 days.	31-60 days.	61-90 days.	Over 90 days.	Total.	
								1917	1916
January.....	631	14	\$247,937	\$120,203	\$184,102	\$12,080	\$800	\$565,122	\$242,773
February.....	632	18	1,149,757	205,267	234,028	88,294	4,876	1,682,222	109,247
March.....	632	17	2,667,902	74,442	234,570	30,769	1,610	3,009,293	212,010
April.....	631	16	2,164,269	137,441	53,762	26,477	3,472	2,385,421	922,680
May.....	630	43	18,545,006	1,283,516	338,565	268,424	9,529	20,445,040	1,590,123
June.....	628	79	38,818,843	1,674,570	1,640,491	559,704	1,295	42,724,903	945,730
July.....	628	64	18,862,985	403,791	940,462	1,966,750	1,870	22,175,858	1,380,125
August.....	628	67	14,596,145	394,123	256,472	2,923,701		18,170,441	739,515
September.....	627	76	17,174,648	568,323	717,629	469,187	4,214	18,934,001	546,346
October.....	627	79	11,962,123	509,485	716,249	3,029,448	2,425	16,819,730	307,303
November.....	630	116	17,462,072	708,987	1,575,537	11,731,106	900	31,478,602	3,415,021
December.....	636	139	32,125,650	6,206,425	2,897,808	3,795,492		45,025,375	11,917,727
Total.....			175,777,337	12,286,573	9,789,675	25,531,432	30,991	223,416,008	22,328,600
Per cent of total.....			78.7	5.5	4.3	11.4	.1	100.0	

ACCEPTANCES BOUGHT IN THE OPEN MARKET.

The total amount of bills bought in the open market amounted to \$85,913,796, compared with \$53,122,000 the previous year. The

average rate of return for the year was 3.18 per cent compared with 2.31 per cent in 1916.

*Acceptances bought in the open market.*

	Bankers' acceptances.	Trade acceptances.	Total.	Average balance for month.	Earnings.	
					Amount.	Average rate.
January.....	\$2,095,200	\$12,127	\$2,107,327	\$10,501,049	\$24,499	0.0279
February.....	9,974,000	84,886	10,058,886	13,884,435	31,613	.0296
March.....	4,610,296	.....	4,610,296	11,757,278	30,441	.0304
April.....	5,268,809	.....	5,268,807	11,018,096	26,874	.0306
May.....	5,355,600	48,959	5,404,559	12,491,969	33,769	.0396
June.....	3,208,600	232,875	3,441,475	10,405,492	26,927	.0314
July.....	11,208,800	263,625	11,472,425	12,401,444	33,766	.0320
August.....	7,007,900	442,893	7,450,793	18,014,284	48,597	.0317
September.....	5,950,470	105,812	6,056,282	18,019,258	46,982	.0317
October.....	4,565,180	.....	4,565,180	15,298,910	43,065	.0331
November.....	18,786,857	692,769	19,479,626	23,909,654	65,373	.0332
December.....	5,944,691	53,449	5,998,140	21,297,307	62,746	.0346
Total, 1917.....	83,976,401	1,937,395	85,913,796	14,916,598	474,653	.0318
Total, 1916.....	51,769,000	1,353,000	53,122,000	8,585,000	198,243	.0231

*Bills bought, distributed by maturities.*

	15 days or less.	16-30 days.	31-60 days.	61-90 days.	Over 90 days.	Total.	
						1917	1916
January.....	.....	\$106,300	\$665,906	\$1,074,162	\$260,959	\$2,107,327	\$194,000
February.....	\$158,027	1,821,861	3,095,418	4,933,580	50,000	10,058,886	709,000
March.....	.....	987,128	820,693	2,585,808	216,667	4,610,296	4,759,000
April.....	43,873	737,158	857,957	3,629,819	.....	5,268,807	3,990,000
May.....	.....	1,501,582	1,142,411	2,507,687	252,879	5,404,559	4,109,000
June.....	220,952	164,552	145,354	2,885,617	25,000	3,441,475	5,766,000
July.....	138,000	1,025,374	879,227	6,762,400	2,667,424	11,472,425	5,049,000
August.....	.....	520,434	1,601,231	5,003,230	325,898	7,450,793	3,661,000
September.....	844	637,528	919,546	4,357,002	141,362	6,056,282	6,591,000
October.....	.....	1,175,391	540,876	2,429,493	419,420	4,565,180	5,962,000
November.....	397,439	2,666,308	7,458,126	8,844,702	113,051	19,479,626	5,670,000
December.....	.....	241,858	989,174	4,767,108	.....	5,998,140	6,662,000
Total, 1917.....	959,135	11,585,474	19,115,919	49,780,608	4,472,660	85,913,796	53,122,000
Per cent.....	1.1	13.5	22.2	58.0	5.2	100.0	.....
Total, 1916.....	.....	10,322,000	11,566,000	31,324,000	.....	53,122,000	.....

<sup>1</sup> Within 30 days.

<sup>2</sup> Sixty days and over.

UNITED STATES SECURITIES.

Early in the year the Federal Reserve Board announced that Federal Reserve Banks would not be required to purchase during the year more than \$15,000,000 United States 2 per cent bonds from member banks, and such bonds would have to be offered to the Treasury Department on or before March 21. The aggregate of bonds offered amounted to \$10,877,500, of which amount \$1,098,200 was allotted to the Federal Reserve Bank and paid for on April 1. Sub-

sequently \$549,200 was converted into United States 3 per cent bonds, and \$549,000 into one-year 3 per cent notes.

In connection with the Government financing, the bank has from time to time taken over blocks of bonds and certificates of indebtedness, which were disposed of later. Income from this class of investment amounted to \$123,875. The average rate of return was 2.90 per cent. Profits realized from the sale of United States securities amounted to \$13,768. The following tables show the holdings of United States securities:

*United States securities.*

	Amount purchased.	Average balance.	Income.	
			Amount.	Rate.
January.....		\$2,735,129	\$6,981	0.0299
February.....		2,016,107	4,693	.0303
March.....	\$4,598,260	2,147,330	5,359	.0293
April.....	40	6,597,280	13,028	.0248
May.....		6,597,300	14,391	.0248
June.....		6,363,966	12,862	.0245
July.....		3,097,300	7,828	.0297
August.....	317,700	3,107,558	7,858	.0297
September.....	10,200	3,666,040	9,225	.0306
October.....		3,740,400	9,738	.0306
November.....		3,495,700	8,696	.0302
December.....	13,866,050	7,654,381	23,216	.0357
Total 1917.....	18,792,250	4,268,208	123,875	.0290
Total 1916.....	2,500,000	3,574,000	81,130	.0256

*United States securities held on last day of each month.*

	United States bonds with circulation privilege.		United States bonds without circulation privilege.					Total, 1917.
	2 per cent consolidated of 1930.	2 per cent Panama, 1936-1938.	United States Treasury certificates of indebtedness.		3 per cent conversion bonds, 1946-47.	3 per cent one-year notes.	Liberty loan.	
			2 per cent.	3-4 per cent.				
January.....					\$137,000	\$1,999,000		\$2,135,000
February.....						1,999,000		1,999,000
March.....	\$1,092,000	\$6,260	\$3,500,000			1,999,000		6,597,260
April.....		100	3,500,000		549,200	2,548,000		6,597,300
May.....		100	3,500,000		549,200	2,548,000		6,597,300
June.....		100			549,200	2,548,000		3,097,300
July.....		100			549,200	2,548,000		3,097,300
August.....		100			549,200	2,548,000	\$317,700	3,415,000
September.....		100		\$658,000	549,200	2,548,000	632,500	4,387,800
October.....		100		577,000	549,200	2,548,000	1,100	3,675,400
November.....		100		205,000	549,200	2,548,000	1,100	3,303,400
December.....		100			549,200	2,548,000	6,552,650	9,649,950

## MUNICIPAL WARRANTS.

Investments in municipal warrants have been very much less than during the previous year. It became apparent early in the year that there would be abundant investment for the bank's funds in rediscounting and open-market operations, and the purchase of municipal warrants was discouraged.

*Municipal warrants.*

	City warrants.	Other warrants.	Total.	Average balance.	Earnings.	
					Amount.	Rate.
January.....	\$1,268,322	.....	\$1,268,322	\$928,012	\$1,807	0.0313
February.....	25,203	.....	25,203	1,432,016	3,139	.0285
March.....	2,575	.....	2,575	1,400,076	3,387	.0284
April.....	126,667	.....	126,667	1,497,731	3,485	.0292
May.....	25,219	\$4,000	29,219	1,421,461	3,660	.0293
June.....	.....	.....	.....	377,967	1,033	.0332
July.....	.....	.....	.....	158,363	526	.0391
August.....	125,938	.....	125,938	124,946	434	.0409
September.....	.....	.....	.....	125,937	419	.0405
October.....	.....	10,000	10,000	7,419	39	.0406
November.....	.....	33,500	33,500	25,633	85	.0405
December.....	.....	.....	.....	39,177	153	.0461
Totals 1917.....	1,573,924	47,500	1,621,424	628,228	18,170	.0289
Totals 1916.....	.....	.....	7,823,000	2,675,600	69,183	.0258

*Warrants purchased during 1917, distributed by maturities.*

	60 days.	90 days.	Over 90 days.	Total.	
				1917	1916
January.....	.....	.....	\$1,268,322	\$1,268,322	\$1,576,000
February.....	.....	\$25,203	.....	25,203	630,600
March.....	.....	2,575	.....	2,575	855,700
April.....	.....	.....	126,667	126,667	100,000
May.....	.....	.....	29,219	29,219	862,800
June.....	.....	.....	.....	.....	617,600
July.....	.....	.....	.....	.....	889,800
August.....	\$125,938	.....	.....	125,900	75,600
September.....	.....	.....	.....	.....	434,200
October.....	.....	10,000	.....	10,000	1,200,300
November.....	.....	33,500	.....	33,500	378,200
December.....	.....	.....	.....	.....	202,200
Total.....	159,438	37,778	1,424,208	1,621,424	7,823,000

## VI. FEDERAL RESERVE NOTE ISSUES.

The comparative statement of condition of the Federal Reserve agent's accounts follows:

*Comparative statement of the Federal Reserve Agent's accounts.*

	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
<b>RESOURCES.</b>			
Federal Reserve notes on hand .....	\$10,160,000	\$7,260,000	\$2,680,000
Federal Reserve notes outstanding .....	97,325,755	17,069,590	9,160,000
Federal Reserve notes sent to Comptroller of Currency for destruction .....	17,994,245	6,150,410	640,000
Bills to secure Federal Reserve notes .....	34,855,506	1,300,000	.....
<b>Funds to redeem Federal Reserve notes:</b>			
Gold coin and certificates on hand .....	4,220,000	3,730,000	4,160,000
Lawful money on hand .....	4,966,755	859,590	.....
Gold redemption fund .....	54,759,000	11,180,000	5,000,000
<b>Total</b> .....	<b>63,945,755</b>	<b>15,769,590</b>	<b>9,160,000</b>
<b>Total resources</b> .....	<b>224,281,261</b>	<b>47,549,500</b>	<b>21,640,000</b>
<b>LIABILITIES.</b>			
Federal Reserve notes received from Comptroller of Currency (gross amount) .....	125,480,000	30,480,000	12,480,000
Collateral received from Federal Reserve Bank .....	34,855,506	1,300,000	.....
Provision for redemption of Federal Reserve notes .....	63,945,755	15,769,590	9,160,000
<b>Total liabilities</b> .....	<b>224,281,261</b>	<b>47,549,500</b>	<b>21,640,000</b>

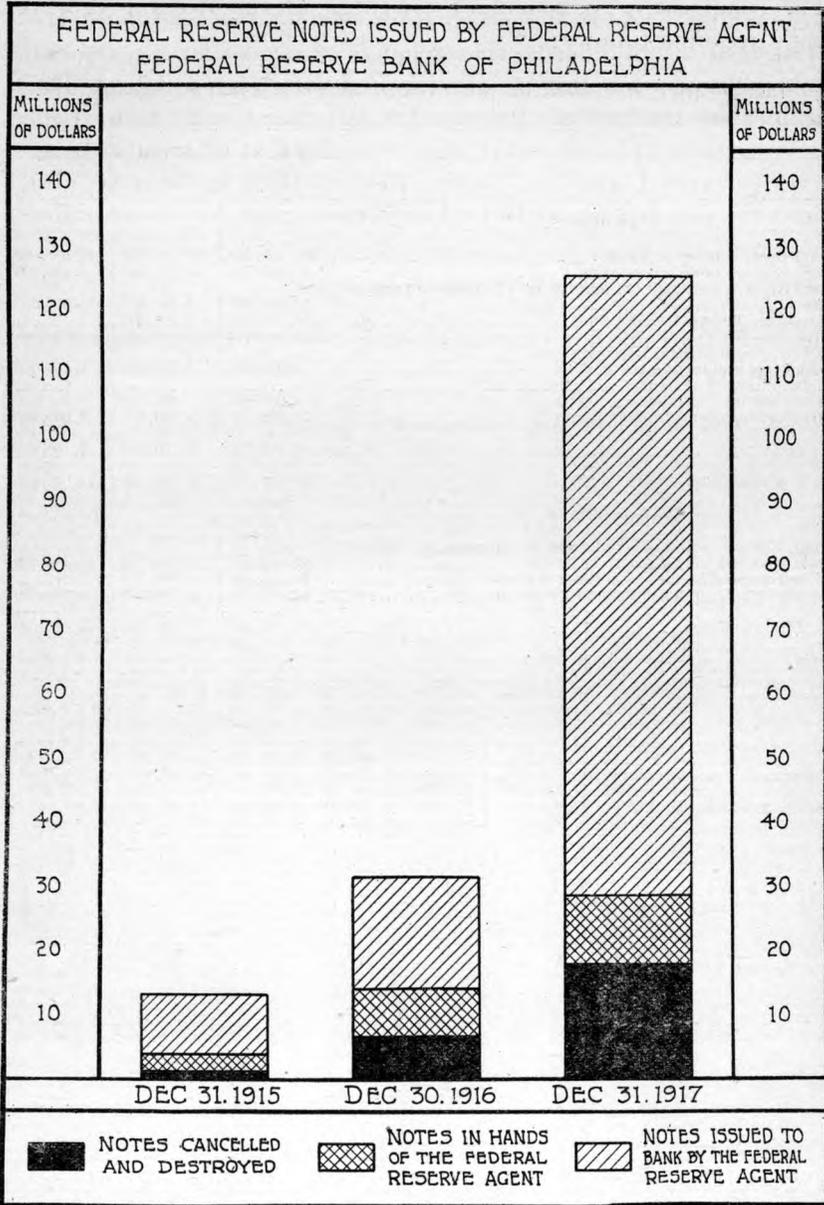


CHART No. 9.

The demand for currency has been heavy, due to the abnormal activity in all lines of business. The act of the Pennsylvania Legislature, making Federal Reserve notes a part of the lawful reserve of State institutions, effected the exchange of a considerable amount of gold held by such institutions for Federal Reserve notes. The amendment to the Federal Reserve Act, depriving vault cash of its former character of bank reserve, and requiring that all member bank reserves be carried with the Federal Reserve Bank exclusively, also induced the member banks to exchange their gold for Federal Reserve notes.

## ISSUE OF NOTES BY MONTHS.

The amount of notes in circulation increased steadily, as shown by the following table:

*Federal reserve notes issued and in actual circulation.*

	Outstand- at begin- ing of month.	Issued during month.	Re- deemed.	Outstand- ing at end of month.	Held by Federal Reserve Bank at end of month.	In actual circulation at end of month.	
						1917	1916
January.....	\$17,069,590	.....	\$240,900	\$16,828,690	\$741,595	\$16,087,095	\$8,098,555
February.....	16,828,690	\$6,060,000	785,220	22,103,470	1,253,975	20,849,495	7,485,050
March.....	22,103,470	4,040,000	433,200	25,710,270	1,372,835	24,337,435	7,062,455
April.....	25,710,270	5,280,000	557,700	30,432,570	1,335,445	29,097,125	6,655,055
May.....	30,432,570	4,400,000	529,500	34,303,070	1,123,155	33,179,915	6,156,380
June.....	34,303,070	8,400,000	797,400	41,905,670	2,116,850	39,888,820	6,679,130
July.....	41,905,670	1,000,000	701,710	42,203,960	846,920	41,351,040	7,322,000
August.....	42,203,960	4,100,000	831,900	45,472,060	2,269,400	43,202,660	6,920,010
September.....	45,472,060	10,700,000	1,353,925	53,318,135	2,291,625	51,026,510	7,134,080
October.....	53,318,135	14,700,000	1,698,250	65,528,385	4,415,280	61,113,105	8,047,290
November.....	65,528,385	17,000,000	1,173,720	81,354,665	2,930,265	78,424,400	12,601,630
December.....	81,354,665	17,920,000	1,948,910	97,325,755	4,348,590	92,977,165	16,898,450

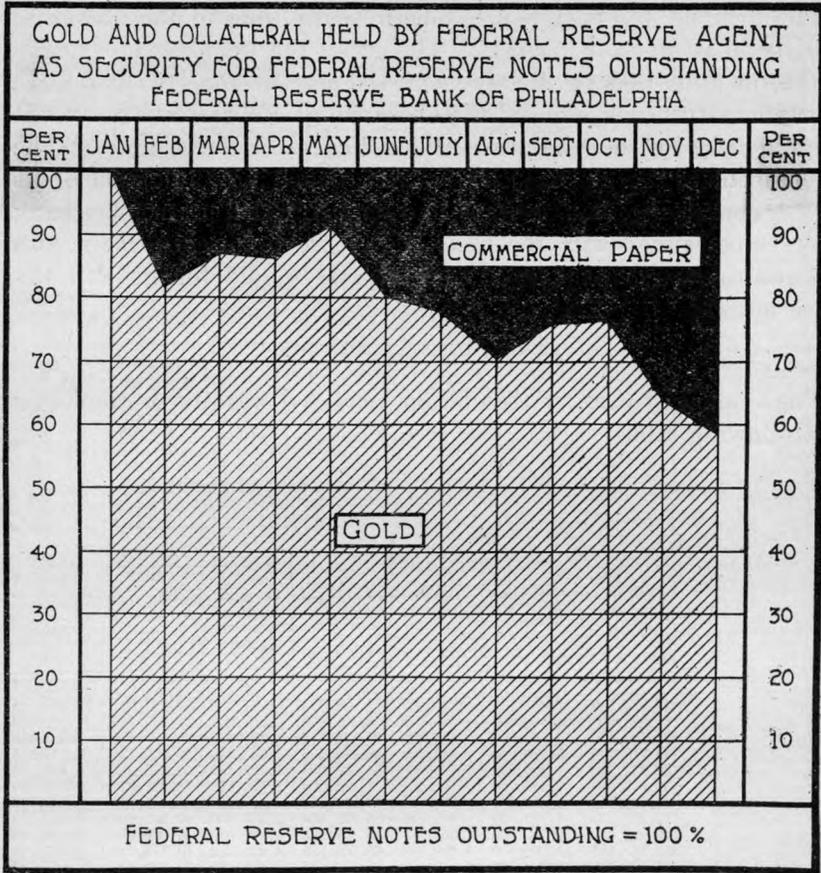


CHART No. 10.

DENOMINATIONS.

Notes of the denominations of \$10 and \$20 were especially in demand and were issued in large quantities, the following table showing the amount of each denomination issued:

*Denominations of Federal Reserve notes issued during 1917.*

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.	
						1917	1916
January.....							
February.....	\$100,000	\$2,280,000	\$3,680,000			\$6,060,000	\$325,000
March.....	360,000	2,400,000	1,280,000			4,040,000	
April.....	480,000	2,080,000	2,720,000			5,280,000	
May.....	200,000	1,080,000	2,720,000		\$400,000	4,400,000	
June.....	1,160,000	2,680,000	3,360,000	\$400,000	800,000	8,400,000	1,472,700
July.....		520,000	480,000			1,000,000	900,000
August.....	420,000	1,160,000	1,920,000	200,000	400,000	4,100,000	
September.....	1,720,000	4,140,000	3,600,000	890,000	350,000	10,700,000	680,000
October.....	2,300,000	4,680,000	4,720,000	1,800,000	1,200,000	14,700,000	1,360,000
November.....	1,200,000	4,800,000	6,800,000	1,000,000	3,200,000	17,000,000	6,080,000
December.....	3,160,000	4,920,000	7,040,000	1,600,000	1,200,000	17,920,000	3,340,000
Total, 1917.....	11,100,000	30,794,000	38,320,000	5,890,000	7,550,000	93,600,000	
Per cent of total.....	11.9	32.8	40.9	6.3	8.1	100	
Total, 1916.....	5,752,700	3,974,800	4,430,200				14,157,700

INTERDISTRICT MOVEMENT OF NOTES.

In the following table are shown the amounts of the bank's own Federal Reserve notes received back from other Federal Reserve Banks, also amounts of notes of other Federal Reserve Banks returned to the latter by this bank during 1917:

INTERDISTRICT MOVEMENT OF NOTES.

	Received from—	Returned to—
Boston.....	\$634,700	\$368,000
New York.....	5,876,300	11,553,902
Cleveland.....	258,495	883,000
Richmond.....	323,920	798,000
Atlanta.....	150,650	311,000
Chicago.....	357,500	419,000
St. Louis.....	90,600	113,000
Minneapolis.....	17,000	122,000
Kansas City.....	11,600	129,000
Dallas.....	314,450	101,000
San Francisco.....	31,575	163,000
Total, 1917.....	8,066,790	14,960,902
Total, 1916.....	2,110,175	4,411,975

VII. INTERNAL MANAGEMENT OF THE BANK.

*Directors of the Federal Reserve Bank of Philadelphia.*

Richard L. Austin, chairman and Federal Reserve agent. H. B. Thompson, deputy chairman. Charles J. Rhoads, governor.]

Class.	Name.	Residence.	Term expires.	
A	Group 1.....	Charles J. Rhoads.....	Philadelphia, Pa.....	Dec. 31, 1917
	Group 2.....	William H. Peck.....	Scranton, Pa.....	Dec. 31, 1918
	Group 3.....	M. J. Murphy.....	Clarke Green, Pa.....	Dec. 31, 1919
B	Group 1.....	A. B. Johnson.....	Philadelphia, Pa.....	Do.
	Group 2.....	E. S. Stuart.....	do.....	Dec. 31, 1917
	Group 3.....	G. W. F. Gaunt.....	Mullica Hill, N. J.....	Dec. 31, 1918
C	.....	(Richard L. Austin.....	Philadelphia, Pa.....	Dec. 31, 1917
	.....	H. B. Thompson.....	Wilmington, Del.....	Dec. 31, 1919
	.....	J. Davis Brodhead <sup>1</sup> .....	Bethlehem, Pa.....	Dec. 31, 1918

<sup>1</sup> Resigned Dec. 12, 1917.

DIRECTORS AND OFFICERS.

Mr. Levi L. Rue, president of the Philadelphia National Bank, was reelected as a member of the Federal Advisory Council to represent the Third Federal Reserve District.

In accordance with the amendment to the Federal Reserve Act approved June 21, Mr. H. B. Thompson became deputy chairman instead of deputy chairman and deputy Federal Reserve Agent. The office of assistant Federal Reserve Agent having been created, Mr. Arthur E. Post, who had acted as assistant to the Federal Reserve Agent, was appointed to that position. On August 1 Mr. Frank M. Hardt, cashier, was elected deputy governor and cashier, and on July 3 Mr. C. A. McIlhenny, then an officer of the Bank of

North America, was elected an assistant cashier, and on December 19 Mr. W. J. Davis was also elected an assistant cashier. These additions to the officers' staff were made necessary by the great increase in the business of this institution.

The board of directors continued without change during the year until December 12, when the Hon. J. Davis Brodhead felt compelled to resign because of having accepted a position with the Custodian of Alien Property.

The regular elections for a class A and a class B director were held from November 20 to December 4. Mr. Charles J. Rhoads, governor of the bank, though eligible for reelection as a class A director, declined to be a candidate, as he believed it to be for the best interests of the bank to have elected as class A directors men who are actively connected with member banks and are thus in a position to represent the stockholders. As the result of the election, Joseph Wayne, jr., was elected a class A director by group 1 banks and Hon. Edwin S. Stuart was reelected a class B director by group 2 banks. The votes cast were as follows:

## GROUP 1, CLASS A.

Candidates.	First choice.	Second choice.	Third choice.
William Bromer, vice president National Bank of Schwenksville, Schwenksville, Pa.....		14	128
Allen P. Perley, president West Branch National Bank, Williamsport, Pa.....		128	14
Joseph Wayne, jr., president Girard National Bank, Philadelphia.....	142		

## GROUP 2, CLASS B.

Robert Brown, manufacturer, Stroudsburg, Pa.....		21	52
John C. Ogden, general superintendent Cambria Steel Co., Johnstown, Pa....	3	51	19
Edwin S. Stuart, merchant, Philadelphia, Pa.....	70	1	2

At the close of the year the bank had 6 officers and 186 clerks, a total of 192, as compared with 4 officers and 85 clerks at the end of the previous year.

Of this increase in the clerical force, the greatest number has been added to the transit department. The work of the teller's department has become heavy, due to the large amount of cash handled daily, and it was necessary to add 15 note counters to the force there.

The issues of Liberty bonds have added greatly to the work of the fiscal agent's department. Its force was increased in order to handle the work incident to the payment of interest on Government bonds, the payment of Government checks, the handling of war-savings stamps, etc. The force of clerks in this department will probably have to be further increased.

The war has thrown much work on the Federal reserve bank, which it had neither the clerical force nor the equipment to properly

handle. The quarters of the bank are inadequate and the work was conducted under the greatest handicaps. Notwithstanding these difficulties the officers and clerks have labored without complaint, being on duty long hours, frequently working well into the night—one department working 40 hours at one stretch—in order to complete in time the figures in connection with the bond issues.

It is with great pleasure and due appreciation of these services that this acknowledgment is made of the faithful, efficient, and self-sacrificing work of the officers and clerks of this bank during the year.

#### TRANSIT DEPARTMENT.

The check-collection system inaugurated in May, 1916, has been expanded and improved and is becoming of daily increasing service to member banks. The average number of checks handled in the month of January was 9,104, and their value was \$7,038,420. The average number handled in December was 15,762, and the value \$18,037,952, an increase of 73 per cent in the number and of 156 per cent in the value of items handled during the last and first months of the year.

Of the 427 nonmember banks in the district, 310 are now taking items for remittance at par, a gain for the year of 78, and we have hopes that before long all nonmember banks will be included in our list.

There are 65 clerks in the transit department, an increase for the year of 25. The cost of the department, including charges on the shipments of money, was \$101,701. Of this amount \$79,582 was reimbursed through the service charge of 1½ cents per item, leaving a balance of \$22,120 of the cost of the department to be borne by the bank.

#### *Transit department operations.*

	Expenses of operation.	Depreciation charges.	Total expense.	Service charges.	Disbursements in excess of service charges.
January.....	\$6,372	\$308	\$6,680	\$6,243	\$437
February.....	5,440	385	5,825	5,694	131
March.....	6,361	392	6,753	6,444	309
April.....	5,890	393	6,283	6,543	1,260
May.....	5,836	370	6,206	6,062	144
June.....	6,825	395	7,220	6,403	817
July.....	7,261	398	7,659	6,683	976
August.....	8,917	408	9,325	7,570	1,755
September.....	9,284	409	9,693	5,560	4,133
October.....	9,836	425	10,261	7,875	2,386
November.....	10,244	426	10,670	6,518	4,152
December.....	13,249	507	13,756	7,987	5,769
Total, 1917.....	95,515	6,185	101,701	79,582	22,120
Total, 1916.....	34,241	5,000	39,241	.....	4,000

<sup>1</sup> Service charges in excess of disbursements.

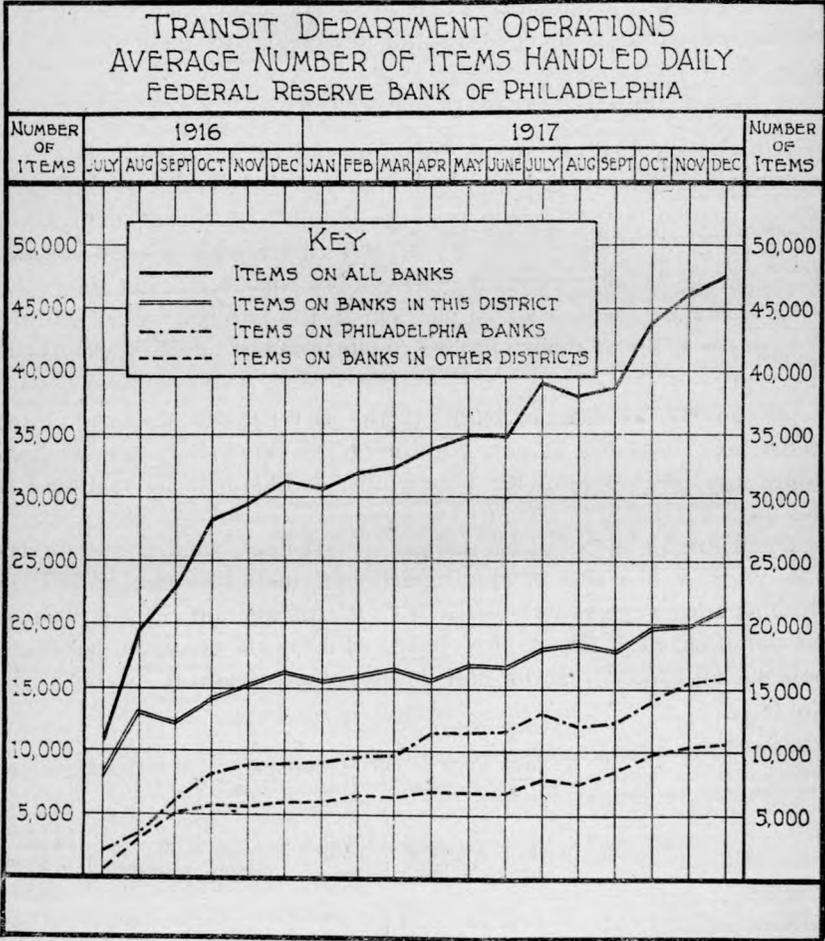


CHART No. 11.

Total number and amount of checks handled monthly and during the calendar year 1917.

	On Philadelphia banks.		On country banks in this district.	
	Number.	Amount.	Number.	Amount.
1917.				
January.....	236,705	\$182,998,925	404,966	\$52,170,483
February.....	209,967	199,859,376	349,088	46,345,061
March.....	258,170	246,290,587	445,015	54,268,671
April.....	271,590	255,466,069	375,565	56,344,330
May.....	294,068	292,196,057	435,497	62,575,631
June.....	297,818	344,434,393	429,996	63,741,041
July.....	325,518	302,315,872	453,704	67,128,277
August.....	328,261	327,342,255	497,679	68,456,648
September.....	293,780	284,939,590	431,250	68,090,876
October.....	367,892	397,418,838	514,031	80,355,151
November.....	370,357	419,819,276	476,590	76,022,606
December.....	394,055	450,948,801	526,329	83,281,933
Total, 1917.....	3,648,181	3,704,029,949	5,339,710	778,780,708
Total, 1916.....	1,121,179	1,301,401,864	2,679,110	312,245,482

	On banks in other reserve cities.		Total.	
	Number.	Amount.	Number.	Amount.
1917.				
January.....	157,938	\$153,902,963	799,609	\$389,072,371
February.....	143,180	140,741,052	702,235	386,945,489
March.....	167,366	178,894,749	870,551	479,454,007
April.....	163,116	186,862,433	810,271	498,672,832
May.....	178,405	221,114,500	907,970	575,886,188
June.....	178,243	244,368,130	906,057	652,543,564
July.....	199,866	207,465,530	979,088	576,909,679
August.....	203,435	223,313,333	1,029,375	619,112,236
September.....	203,538	239,951,955	928,568	592,982,339
October.....	257,420	289,379,806	1,139,343	767,153,787
November.....	249,609	278,349,990	1,096,556	774,191,872
December.....	262,265	299,336,668	1,182,649	833,567,422
Total, 1917.....	2,364,381	2,663,681,129	11,352,272	7,146,491,786
Total, 1916.....	670,454	999,204,762	4,470,743	2,612,852,108

Average number of items handled daily.

	On Philadelphia banks.		On country banks in this district.		On banks in other reserve cities.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1917.								
January.....	9,104	\$7,038,420	15,576	\$2,006,557	6,074	\$5,919,345	30,754	\$14,964,322
February.....	9,544	9,084,517	15,868	2,106,594	6,508	6,397,320	31,920	17,588,431
March.....	9,562	9,121,874	16,482	2,009,951	6,199	6,625,731	32,243	17,757,556
April.....	11,316	10,644,420	15,649	2,347,680	6,796	7,785,935	33,761	20,778,035
May.....	11,310	11,238,310	16,750	2,406,755	6,862	8,504,404	34,922	22,149,469
June.....	11,454	13,247,477	16,538	2,451,578	6,856	9,398,774	34,848	25,097,829
July.....	13,021	12,092,635	18,148	2,685,131	7,995	8,298,621	39,164	23,076,387
August.....	12,157	12,123,787	18,433	2,535,431	7,535	8,270,864	38,125	22,930,082
September.....	12,241	11,872,479	17,969	2,837,120	8,480	9,997,998	38,690	24,707,597
October.....	14,150	15,285,340	19,770	3,090,582	9,901	11,129,993	43,821	29,505,915
November.....	15,432	17,492,470	19,858	3,167,609	10,400	11,597,916	45,690	32,257,995
December.....	15,762	18,037,952	21,053	3,331,277	10,491	11,973,467	47,306	33,342,696
Total, 1917.....	12,087	12,273,306	17,674	2,581,355	7,481	8,825,030	37,603	23,679,692

GOLD SETTLEMENT FUND.

The gold settlement fund has been of great use in settling balances between Federal Reserve Banks and large amounts were cleared

weekly. The following table shows the summary of operations and the net gains and losses:

*Gold settlement operations.*

(000's omitted.)

Period covered.	Balance last statement.	Gold.		Transfer.		Total of weekly statements for period.				Balance after close of business for period.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Dec. 22, 1916, to Jan. 25, 1917.....	15, 105	11, 300	.....	1, 885	3, 044	3, 962	185, 411	195, 564	14, 115	15, 117
Jan. 26 to Feb. 23, 1917.....	15, 117	1, 000	550	.....	.....	10, 523	158, 109	154, 297	6, 711	10, 855
Feb. 24 to Mar. 22, 1917.....	10, 855	4, 300	1, 690	.....	.....	.....	159, 994	169, 190	9, 196	17, 441
Mar. 23 to Apr. 19, 1917.....	17, 441	6, 699	300	552	.....	1, 586	177, 742	184, 147	9, 167	18, 071
Apr. 20 to May 17, 1917.....	18, 071	4, 120	4, 500	26, 300	.....	2, 919	199, 413	212, 116	15, 622	4, 854
May 18 to June 21, 1917.....	4, 854	3, 200	550	32, 000	.....	.....	257, 653	310, 882	53, 229	23, 433
June 22 to July 19, 1917.....	23, 433	1, 520	140	19, 000	.....	9, 147	207, 104	220, 023	22, 066	15, 972
July 20 to Aug. 23, 1917.....	15, 972	2, 250	20, 761	43, 000	.....	4, 751	278, 639	314, 023	40, 135	26, 867
Aug. 24 to Sept. 19, 1917.....	26, 867	2, 150	27, 386	38, 131	.....	11, 025	234, 807	248, 211	24, 429	27, 376
Sept. 20 to Oct. 18, 1917.....	27, 376	32, 800	30, 740	7, 000	13, 000	1, 698	253, 398	264, 029	12, 329	41, 947
Oct. 19 to Nov. 21, 1917.....	41, 947	59, 950	44, 965	79, 000	.....	.....	357, 168	442, 717	85, 549	33, 511
Nov. 22 to Dec. 20, 1917.....	33, 511	69, 570	73, 015	45, 000	1, 000	9, 590	317, 400	337, 281	29, 471	12, 837

COLLECTION DEPARTMENT.

On September 1, 1917, a collection department was established. Items received for the first four months were as follows:

	Number of items handled.	Amount.	Number paid.	Amount.	Number returned.	Amount.
September.....	80	\$89, 239	74	\$79, 553	7	\$3, 836
October.....	154	367, 246	146	363, 907	8	3, 339
November.....	186	664, 065	174	661, 604	12	2, 461
December.....	242	1, 143, 353	219	1, 119, 912	23	23, 440

The greater proportion of this business comes through other Federal Reserve Banks and consists of drafts with bills of lading attached, coupons, notes, and checks on which special advice of payment is requested.

The only charges made have been our service charge of 10 cents per item, none of the remitting or crediting banks having made any charge for exchange during the period mentioned in the above table.

GOVERNMENT DEPOSITS.

The work in connection with the Government department has grown considerably. During the year 375,276 Government checks, amounting to \$216,604,043 were handled, 5 clerks being regularly assigned to this work.

VIII. GENERAL BANKING CONDITIONS IN THE DISTRICT AND RELATIONS WITH MEMBER BANKS.

On January 1, 1917, there were 631 member banks in the district. During the year 4 national banks were organized; 6 went out of existence, and 7 State institutions joined the system, making a total membership of 636.

We give below a table showing the relation of the Third Federal Reserve District compared with the districts of the other banks. It is interesting to note that while the area of the district is only 1.2 per cent of the entire area of the country, the population is 6.4 per cent and the resources of the member national banks 8.1 per cent.

Federal Reserve district.	Population.	Per cent.	Square miles.	Per cent.	Total resources of member banks (000 omitted).	Per cent.	Number of member national banks.	Per cent.
Boston.....	6,963,987	6.7	61,345	2.0	\$1,144,154	6.9	388	5.1
New York.....	13,111,816	12.7	51,890	1.8	4,478,494	27.1	624	8.2
Philadelphia.....	6,632,611	6.4	36,844	1.2	1,338,811	8.1	627	8.3
Cleveland.....	9,314,762	9.0	73,310	2.5	1,719,441	10.4	751	9.8
Richmond.....	9,278,461	9.0	152,314	5.1	825,670	5.0	514	6.7
Atlanta.....	10,055,640	9.7	247,209	8.3	539,923	3.3	376	4.8
Chicago.....	14,154,175	13.7	190,513	6.4	2,131,874	12.9	1,036	13.5
St. Louis.....	9,291,698	9.0	194,767	6.5	633,725	3.8	466	6.1
Minneapolis.....	5,164,426	4.9	414,074	13.8	784,745	4.7	747	9.7
Kansas City.....	7,404,443	7.1	473,611	15.8	1,161,353	7.0	949	12.7
Dallas.....	5,637,290	5.4	394,161	13.6	601,160	3.7	622	8.1
San Francisco.....	6,631,164	6.4	683,852	23.0	1,177,578	7.1	534	7.0
Total.....	103,640,473	100.0	2,973,890	100.0	16,536,928	100.0	7,634	100.0

BANKING POWER OF DISTRICT.

The total banking resources of the district reached a new record in 1917. The following figures include national banks (as of Sept. 11), State banks, and trust companies:

Banking institutions—District No. 3.

[000's omitted.]

	Capital.	Surplus.	Undivided profits.	Individual deposits.	Bank deposits.	Total resources.
<b>Pennsylvania:</b>						
National banks (535).....	\$68,877	\$90,385	\$25,053	\$789,138	\$163,938	\$1,209,999
State institutions (301 reporting).....	73,691	96,609	45,781	604,473	70,767	981,010
Total (836).....	142,568	186,994	70,834	1,393,611	234,705	2,191,009
<b>New Jersey:</b>						
National banks (72).....	6,242	7,035	3,017	82,649	1,525	109,515
State institutions (40).....	5,336	5,038	2,007	56,197	959	71,563
Total (112).....	11,578	12,073	6,024	138,846	2,484	181,078
<b>Delaware:</b>						
National banks (22).....	1,589	1,617	696	13,269	812	19,297
State institutions (27).....	3,687	3,933	1,962	44,100	874	56,091
Total (49).....	5,276	5,550	2,658	57,369	1,686	75,338
<b>Totals:</b>						
National banks (629).....	76,708	99,037	28,766	885,056	166,175	1,338,811
State institutions (368).....	82,714	105,580	49,750	704,770	72,600	1,108,664
Total (997).....	159,422	204,617	78,516	1,589,826	238,775	2,447,474

## COMBINED STATEMENT OF CONDITION OF MEMBER BANKS.

A comparative statement of condition of member banks is given in the following table:

	Date of comptroller's call.			
	Sept. 12, 1914. <sup>1</sup>	Sept. 2, 1915.	Sept. 12, 1916.	Sept. 11, 1917.
<b>RESOURCES.</b>				
Loans and discounts.....	\$518,774,000	\$527,799,000	\$597,371,000	\$647,542,000
United States bonds.....	60,843,000	61,438,000	58,812,000	91,707,000
Other bonds, securities, etc.....	156,673,000	198,582,000	244,462,000	283,356,000
All other resources.....	267,188,000	267,289,000	295,338,000	317,256,000
Total.....	1,003,478,000	1,055,108,000	1,195,983,000	1,338,811,000
<b>LIABILITIES.</b>				
Capital stock.....	76,875,000	77,248,000	76,814,000	76,708,000
Surplus.....	98,761,000	98,150,000	97,304,000	99,037,000
Undivided profits.....	20,759,000	21,100,000	24,400,000	28,766,000
National-bank notes outstanding.....	64,197,000	58,278,000	56,291,000	55,596,000
Individual deposits.....	570,342,000	640,860,000	739,894,000	877,549,000
Bank deposits.....	159,796,000	149,604,000	166,926,000	166,175,000
All other liabilities.....	12,748,000	9,868,000	14,294,000	34,980,000
Total.....	1,003,478,000	1,055,108,000	1,195,983,000	1,338,811,000

<sup>1</sup> The figures for 1914 include only those banks now in this district.

## RESERVE CONDITION OF MEMBER BANKS.

The banks have maintained strong reserve positions as shown by the following table. On September 12, 1914, two months prior to the inauguration of the new banking system, the banks held excess reserves of only \$22,000,000 above the then required reserve of \$175,000,000. When the Federal Reserve Act went into operation, \$50,000,000 of reserves were released.

*Reserve condition of member national banks.*

[000's omitted.]

Date of comptroller's call.	In vault.		With Federal Reserve Bank.		With approved reserve agents.		Total.		Excess.
	Held.	Re-quired.	Held.	Re-quired.	Held.	Re-quired.	Held.	Re-quired.	
	<b>1914.</b>								
Dec. 31.....	\$59,727	\$39,612	\$18,512	\$17,467	\$81,328	\$39,612	\$159,567	\$96,691	\$62,876
<b>1915.</b>									
Mar. 4.....	59,946	41,731	20,603	18,507	101,359	41,731	181,908	101,970	79,939
May 1.....	54,066	42,349	20,459	18,818	106,072	42,349	180,598	103,516	77,082
June 23.....	60,453	43,189	21,248	19,236	111,402	43,189	193,104	105,613	87,497
Sept. 2.....	48,299	36,516	19,443	16,625	98,752	36,516	166,493	89,657	76,836
Nov. 10.....	50,420	38,428	20,238	17,550	94,407	38,428	165,065	94,406	70,659
Dec. 31.....	50,886	37,822	27,267	24,092	75,215	30,957	153,368	92,872	60,496
<b>1916.</b>									
Mar. 7.....	55,568	40,663	28,899	25,954	93,868	33,309	178,835	99,926	78,409
May 1.....	51,157	40,898	26,712	26,106	87,232	33,501	165,101	100,505	64,596
June 30.....	46,863	40,324	34,108	33,013	73,487	25,704	154,458	99,041	55,417
Sept. 12.....	55,485	42,591	41,294	34,856	80,821	27,120	177,600	104,567	73,033
Nov. 17.....	51,633	44,308	47,443	44,308	78,036	20,222	177,112	108,838	68,274
Dec. 27.....	53,492	44,038	62,114	44,038	66,690	20,032	182,296	108,108	74,188
<b>1917.</b>									
Mar. 5.....	54,418	46,224	59,877	46,224	85,007	21,067	199,302	113,515	85,787
May 1.....	52,661	46,579	63,578	46,579	77,645	21,234	193,884	114,392	79,492
June 20.....	50,663	44,580	64,553	44,580	64,996	20,238	180,212	109,398	70,814
Sept. 11.....	.....	.....	68,347	70,310	.....	.....	68,347	70,310	1,903
Nov. 20.....	.....	.....	74,277	68,066	.....	.....	74,277	68,066	6,221

## DEPOSITS, LOANS, AND BORROWINGS OF MEMBER BANKS.

Borrowings by member banks are shown in the following table. The average ratio between loans and deposits for the past three years has been 79.3 per cent.

The banks in the district are generally not heavy borrowers, but they have become accustomed to relying on the Federal Reserve Bank for assistance. On December 31, 1915, of the total borrowings from all sources by banks in the district, only 5.5 per cent was from this institution. On November 20, 1917, this figure was 78.4 per cent.

*Member banks—District No. 3.*

Date	Deposits.	Loans and discounts.	Rate.	Borrowings from Federal Reserve Bank.	Borrowings from sources other than Federal Reserve Bank.	Total borrowings.	Per cent borrowed from Federal Reserve Bank.
			<i>Per ct.</i>				<i>Per cent.</i>
1914.							
Dec. 31.....	\$757,895,000	\$629,971,000	83.0	\$786,000	\$6,678,000	\$7,464,000	10.5
1915.							
Mar. 4.....	766,350,000	630,516,000	82.3	608,000	3,245,000	3,853,000	18.0
May 1.....	774,550,000	642,200,000	82.9	627,000	4,654,000	5,281,000	11.9
June 23.....	794,940,000	638,372,000	80.3	599,000	4,773,000	5,372,000	11.1
Sept. 2.....	640,859,000	527,798,000	82.3	646,000	2,880,000	3,526,000	18.3
Nov. 10.....	670,195,000	553,856,000	82.5	127,000	2,049,000	2,176,000	5.8
Dec. 31.....	680,957,000	553,338,000	81.2	168,000	2,887,000	3,055,000	5.5
1916.							
Mar. 7.....	705,576,000	567,036,000	80.4	189,000	2,041,000	2,230,000	8.5
May 1.....	728,365,000	587,185,000	80.6	502,000	2,380,000	2,882,000	17.4
June 30.....	723,071,000	590,604,000	81.6	530,000	2,108,000	2,638,000	20.1
Sept. 12.....	759,894,000	597,371,000	78.6	263,000	2,323,000	2,586,000	10.1
Nov. 17.....	800,209,000	621,491,000	77.7	563,000	4,151,000	4,714,000	11.9
Dec. 27.....	803,279,000	612,720,000	76.2	1,563,000	8,538,000	10,101,000	15.5
1917.							
Mar. 5.....	819,658,000	626,192,000	76.4	1,080,000	5,132,000	6,212,000	17.7
May 1.....	856,440,000	637,270,000	73.7	1,261,000	5,843,000	7,104,000	17.7
June 20.....	834,139,000	727,275,000	75.2	17,108,000	9,738,000	26,846,000	63.6
Sept. 11.....	877,549,000	647,542,000	73.8	14,080,000	6,771,000	20,851,000	67.5
Nov. 20.....	1,137,208,000	664,215,000	58.5	23,101,000	6,427,000	29,528,000	78.4

## RELATION OF LOANS AND DEPOSITS OF PHILADELPHIA CLEARING-HOUSE MEMBERS.

The following figures, concerning members of the Philadelphia Clearing House Association, are given as a matter of interest, as the Philadelphia member banks contribute 42 per cent of the capital of the Federal Reserve Bank and carry balances with it amounting to 56 per cent of the total member bank deposits with the Federal Reserve Bank.

*Philadelphia clearing-house members, 1917.*

[000's omitted.]

	Capital, stock.	Loans, dis- counts, and invest- ments.	Deposits.			Ratio of loans to de- posits.
			Bank.	Indi- vidual.	Total.	
January.....	\$30, 370	\$532, 200	\$178, 360	\$478, 480	\$656, 840	81. 0
February.....	30, 370	545, 740	185, 050	482, 790	667, 840	81. 8
March.....	30, 370	550, 740	188, 240	474, 620	662, 860	83. 1
April.....	30, 370	552, 330	187, 020	490, 130	677, 150	81. 5
May.....	30, 470	561, 230	171, 670	486, 140	657, 810	85. 3
June.....	30, 470	552, 810	169, 310	470, 230	639, 540	86. 5
July.....	31, 470	554, 910	164, 680	469, 600	634, 280	87. 5
August.....	31, 470	550, 890	163, 180	466, 260	629, 440	87. 6
September.....	31, 470	561, 790	164, 720	476, 310	641, 030	87. 5
October.....	31, 470	573, 160	174, 340	495, 050	669, 390	85. 6
November.....	31, 470	600, 980	173, 720	492, 400	666, 120	90. 2
December.....	31, 470	592, 550	169, 110	472, 070	641, 180	92. 5

## ACCEPTANCES UP TO 100 PER CENT.

The following banks, all located in Philadelphia, have been given authority to accept up to 100 per cent of their capital and surplus, as provided by the Federal Reserve Act: Fourth Street National Bank, Girard National Bank, Philadelphia National Bank, Tradesmen's National Bank, Market Street National Bank.

There was approved on June 7, 1917, an act of the State legislature empowering State banks and trust companies to accept drafts and issue letters of credit, and it is expected that the acceptance business of the banks in the district will become an increasing item.

*Acceptance liabilities of member banks.*

Date of comptroller's call—	Amount
Dec. 31, 1915.....	\$2, 809, 000
Mar. 7, 1916.....	5, 751, 000
May 1, 1916.....	6, 219, 000
June 30, 1916.....	5, 234, 000
Sept. 12, 1916.....	5, 084, 000
Nov. 17, 1916.....	8, 640, 000
Dec. 27, 1916.....	8, 309, 000
Mar. 5, 1917.....	8, 852, 000
May 1, 1917.....	6, 154, 000
June 20, 1917.....	8, 513, 000
Sept. 11, 1917.....	9, 732, 000
Nov. 20, 1917.....	7, 522, 000

## BANKS GRANTED FIDUCIARY POWERS.

This bank has received many applications from members for permission to act as trustee, executor, etc. There is a conflict of opinion

as to whether or not national banks in the States comprising this district can legally act in fiduciary capacities without enabling legislation, and we do not know which of the following institutions, whose applications have been approved, have actually undertaken to act in a fiduciary capacity.

*Banks of the district which have been granted special powers.*

Location.	Name of bank.	Powers granted.
Delaware:		
Frederica .....	First National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Seaford .....	.....do.....	Do.
Laurel .....	Peoples National Bank .....	Do.
New Jersey:		
Atlantic City ..	Atlantic City National Bank .....	Do.
Do .....	Union National Bank .....	Trustee, executor, and administrator.
Cape May .....	Merchants National Bank .....	Registrar of stocks and bonds.
Princeton .....	First National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Trenton .....	.....do.....	Do.
Do .....	Broad Street National Bank .....	Do.
Pennsylvania:		
Annville .....	Annville National Bank .....	Do.
Belleville .....	Belleville National Bank .....	Trustee, executor, and administrator.
Blossburg .....	Miners National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Dubois .....	Deposit National Bank .....	Do.
Do .....	DuBois National Bank .....	Do.
Ephrata .....	Farmers National Bank .....	Trustee, executor, and administrator.
Harrisburg .....	Merchants National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Hazleton .....	Hazleton National Bank .....	Do.
Huntingdon .....	First National Bank .....	Do.
Jenkintown .....	Jenkintown National Bank .....	Trustee, executor, administrator.
Johnstown .....	First National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Lansdale .....	.....do.....	Do.
Lititz .....	Farmers National Bank .....	Do.
Marietta .....	Exchange National Bank .....	Do.
Maytown .....	Maytown National Bank .....	Do.
Mountville .....	Mountville National Bank .....	Do.
Myerstown .....	Myerstown National Bank .....	Do.
Nanticoke .....	First National Bank .....	Do.
Nazareth .....	Nazareth National Bank .....	Do.
Newville .....	First National Bank .....	Do.
Patton .....	.....do.....	Do.
Pen Argyl .....	.....do.....	Do.
Philadelphia ..	Fourth Street National Bank .....	Registrar of stocks and bonds.
Do .....	Eighth National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Do .....	Philadelphia National Bank .....	Registrar of stocks and bonds.
Do .....	Quaker City National Bank .....	Do.
Do .....	Southwark National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Reading .....	Penn National Bank .....	Do.
Scranton .....	Third National Bank .....	Registrar of stocks and bonds.
Stroudsburg ..	First National Bank .....	Trustee, executor, administrator, and registrar of stocks and bonds.
Tioga .....	Grange National Bank .....	Do.
Topton .....	National Bank of Topton .....	Trustee, executor, and administrator.
West Chester ..	National Bank of Chester County .....	Trustee, executor, administrator, and registrar of stocks and bonds.
West Grove .....	National Bank of West Grove .....	Do.
Wilkes-Barre ..	Second National Bank .....	Do.
Williamsport ..	West Branch National Bank .....	Do.
York .....	Industrial National Bank of West York .....	Do.

## IX. STATE BANK MEMBERSHIP.

The Legislature of Pennsylvania passed an act, approved July 17, 1917, authorizing any bank or trust company incorporated under the laws of the State to become a member of a Federal Reserve Bank, and in such event to be subject to all the provisions of the act of Congress known as the Federal Reserve Act, allowing any such bank or trust company to comply with the reserve requirements of such act in lieu of those established by the laws of the State, and permitting the commissioner of banking to accept the examinations and audits made pursuant to such act in lieu of those required by the laws of the State.

The movement of State banking institutions into the Federal Reserve system began in August when the directors of the Miners' Deposit Bank of Lykens, Pa., resolved to apply for admission. On October 16 the Girard Trust Co. of Philadelphia filed its application, which was approved by the Federal Reserve Board on November 5, and on that date the company became a member. Since then the following trust companies have been admitted: Philadelphia Trust Co., Philadelphia; Commercial Trust Co., Philadelphia; Pennsylvania Co., Philadelphia; Camden Safe Deposit & Trust Co., Camden, N. J.; Wilmington Trust Co., Wilmington, Del. This makes the number of State member banks 7. The banking institutions that have been admitted have resources of \$168,683,000. They have added \$831,300 to the capital of this bank and \$12,576,000 to its deposits.

There are 285 banks and trust companies eligible for membership. Signs of interest in the matter of membership have been manifested throughout the district, and we believe it will not be very long before most of the State institutions have made application for admission. Membership in the Federal Reserve system is looked upon as evidence of the strength of a banking institution, and ultimately we have every confidence that all institutions will be member banks.

As shown by the reports of the loan and transit operations there has been a marked increase in the use of the facilities of the Federal Reserve Bank by the member banks, and we hear on all sides expressions of deepest satisfaction with the system. The Liberty loan transactions brought the bank into direct contact with all the State institutions of the district and have done much to establish cordial relations with them.

## X. FISCAL AGENCY OF THE UNITED STATES.

The most important function performed by the bank during the year was its part in the placing of the Liberty loans and United States certificates of indebtedness.

Promptly following the receipt on May 3 of word from the Secretary of the Treasury that he had decided to use the Federal Reserve Banks as the central agencies in their districts in organizing the campaign for placing the bonds and certificates of indebtedness, receiving subscriptions, handling payments, delivering bonds, etc., and that he had communicated with all banks in the United States asking them to cooperate with the Federal Reserve Banks, a conference was held with the representatives of all the banking interests and the owners or managers of the newspapers of Philadelphia to consider plans for conducting the work. As a result of this conference, the governor of the Federal Reserve Bank was asked to appoint a general committee to have charge of the campaign, which committee was duly organized. Other committees were formed to conduct particular branches of the work. Committees of bankers and those connected with other lines of business were organized in nearly every local community, and the work of placing the bonds was undertaken with the utmost vigor. Depositors of banks were communicated with—the public interest was developed and stimulated through addresses at public meetings, at the theaters and other places of amusement, at meetings of employees in shops and stores. Scholars and teachers in the schools were organized for the work, newspaper advertising and posters were freely used. Facilities were furnished by the banks which made it possible to meet subscriptions by weekly payments, for the safe keeping of the bonds without charge, and for making loans on bonds at the same rate of interest as that borne by the bonds.

In both campaigns practically the same organization was used, it being, however, more developed and enlarged and made more comprehensive for the second campaign.

The conduct of the campaigns was actively supervised by committees, upon the chairmen of which fell the greater burden of the work.

These men and their associates on these committees were untiring in their work, all their time was placed at the disposal of the committees, and in the successful conducting of the campaigns they rendered services which could not have been bought and which were of inestimable value to their country.

Especial acknowledgment should be made of the services of the investment bankers, who practically suspended their private business to undertake the sale of the Liberty loans. They placed at the service of the committee a large and efficient force of bond salesmen whose training and experience did much toward the success of the campaign.

The report of the Liberty loan campaign committee gives the names of over 4,000 persons serving as chairmen of the various general and local committees, cooperating with whom were more than 25,000 people. It is a matter of deep regret that there is not sufficient space in this report to permit the publication of all their names.

Many banking institutions throughout the district availed themselves of the opportunity to become depositaries of the proceeds of Liberty bonds, 32 banks, 82 trust companies, and 200 national banks being appointed such depositaries. To pass upon and care for the securities for these deposits, securities committees composed of three bank officers were appointed in 15 cities and banking institutions were appointed as custodians of securities. In Philadelphia committees of bank officers nominated by the Philadelphia Clearing House Association acted as the securities committees and custodians of securities. The securities sent to the Philadelphia custodians were deposited with the clearing house. Securities to the value of nearly \$200,000,000 were handled by these committees and custodians. This service was all voluntary, without compensation, and involved a considerable sacrifice of time, but it was of inestimable value in facilitating the settlements for Liberty loan bonds.

The amount of Liberty bonds subscribed for and allotted in this district and the number of subscribers were as follows:

	Amount sub- scribed.	Amount allotted.	Number of subscribers.
First Liberty loan.....	\$232,309,250	\$165,147,600	476,000
Second Liberty loan.....	380,350,250	280,184,100	623,000

Of the second Liberty loan \$8,167,600 was subscribed for by the scholars and teachers of the public and parochial schools of Philadelphia.

The allotments of issues of Treasury certificates of indebtedness to this bank were practically all taken by the banking institutions of the district. At the close of subscription, the bank sometimes had left a moderate amount of certificates, but in all but one instance they were finally absorbed by belated subscriptions. The subscriptions for the certificates made through this bank were as follows:

## United States certificates of indebtedness.

	Amount allotted to subscribers.	Number of subscribers in each group.	Total amounts allotted to each group.
Issued Apr. 25, due June 30; 3 per cent.	\$25,000 and less .....	43	\$530,000
	Over \$25,000 to \$50,000 .....	30	760,000
	Over \$50,000 to \$100,000 .....	24	1,250,000
	Over \$100,000 to \$250,000 .....	16	1,760,000
	Over \$250,000 to \$500,000 .....	9	2,700,000
	Over \$500,000 to \$1,000,000 .....	8	5,000,000
		130	12,000,000
Issued Apr. 27, due June 30; 3 per cent.	\$25,000 and less .....	37	345,000
	Over \$25,000 to \$50,000 .....	12	305,000
	Over \$50,000 to \$100,000 .....	5	250,000
	Over \$100,000 to \$250,000 .....	1	100,000
	Over \$250,000 to \$500,000 .....		
	Over \$500,000 to \$1,000,000 .....		
		55	1,000,000
Issued May 4, due June 30; 3 per cent.	\$25,000 and less .....	24	195,000
	Over \$25,000 to \$50,000 .....	4	105,000
	Over \$50,000 to \$100,000 .....	2	100,000
	Over \$100,000 to \$250,000 .....	5	600,000
	Over \$250,000 to \$500,000 .....		
	Over \$500,000 to \$1,000,000 .....		
		35	1,000,000
Issued May 10, due July 17; 3½ per cent.	\$25,000 and less .....	94	682,000
	Over \$25,000 to \$50,000 .....	35	825,000
	Over \$50,000 to \$100,000 .....	28	1,491,000
	Over \$100,000 to \$250,000 .....	14	1,452,000
	Over \$250,000 to \$500,000 .....	8	2,050,000
	Over \$500,000 to \$1,000,000 .....	5	3,500,000
		184	10,000,000
Issued May 25, due July 30; 3½ per cent.	\$25,000 and less .....	125	888,000
	Over \$25,000 to \$50,000 .....	24	610,000
	Over \$50,000 to \$100,000 .....	29	1,486,000
	Over \$100,000 to \$250,000 .....	19	2,595,000
	Over \$250,000 to \$500,000 .....	7	1,921,000
	Over \$500,000 to \$1,000,000 .....	3	1,500,000
		207	9,000,000
Issued June 8, due July 30; 3½ per cent.	\$25,000 and less .....	91	767,000
	Over \$25,000 to \$50,000 .....	35	939,000
	Over \$50,000 to \$100,000 .....	28	1,492,000
	Over \$100,000 to \$250,000 .....	18	2,315,000
	Over \$250,000 to \$500,000 .....	10	2,741,000
	Over \$500,000 to \$1,000,000 .....	3	2,146,000
		185	10,400,000
Issued Aug. 9, due Nov. 15; 3½ per cent.	\$25,000 and less .....	82	687,000
	Over \$25,000 to \$50,000 .....	29	735,000
	Over \$50,000 to \$100,000 .....	25	1,336,000
	Over \$100,000 to \$250,000 .....	31	3,993,000
	Over \$250,000 to \$500,000 .....	8	2,155,000
	Over \$500,000 to \$1,000,000 .....	6	3,900,000
		181	12,800,000
Issued Aug. 28, due Nov. 30; 3½ per cent.	\$25,000 and less .....	76	703,000
	Over \$25,000 to \$50,000 .....	37	975,000
	Over \$50,000 to \$100,000 .....	33	1,976,000
	Over \$100,000 to \$250,000 .....	14	1,777,000
	Over \$250,000 to \$500,000 .....	8	2,655,000
	Over \$500,000 to \$1,000,000 .....	2	1,802,000
		170	9,882,000

## United States certificates of indebtedness—Continued.

	Amount allotted to subscribers.	Number of subscribers in each group.	Total amounts allotted to each group.
Issued Sept. 17, due Dec. 15; 3½ per cent.	\$25,000 and less.....	71	\$606,000
	Over \$25,000 to \$50,000.....	22	555,000
	Over \$50,000 to \$100,000.....	20	1,012,000
	Over \$100,000 to \$250,000.....	10	1,350,000
	Over \$250,000 to \$500,000.....	6	1,700,000
	Over \$500,000 to \$1,000,000.....	5	3,000,000
		134	8,217,000
	Subscribed to by Federal Reserve Bank.....		633,000
		134	8,850,000
	Issued Sept. 26, due Dec. 15; 4 per cent.	\$25,000 and less.....	129
Over \$25,000 to \$50,000.....		50	1,271,000
Over \$50,000 to \$100,000.....		29	1,534,000
Over \$100,000 to \$250,000.....		30	3,841,000
Over \$250,000 to \$500,000.....		6	1,850,000
Over \$500,000 to \$1,000,000.....		11	10,295,000
		255	20,000,000
Issued Oct. 18, due Nov. 22; 4 per cent.	\$25,000 and less.....	181	1,806,000
	Over \$25,000 to \$50,000.....	75	2,047,000
	Over \$50,000 to \$100,000.....	45	2,355,000
	Over \$100,000 to \$250,000.....	28	3,410,000
	Over \$250,000 to \$500,000.....	6	1,550,000
	Over \$500,000 to \$1,000,000.....	14	12,832,000
		349	24,000,000
Issued Oct. 24, due Dec. 15; 4 per cent.	\$25,000 and less.....	31	361,000
	Over \$25,000 to \$50,000.....	21	628,000
	Over \$50,000 to \$100,000.....	13	660,000
	Over \$100,000 to \$250,000.....	11	1,310,000
	Over \$250,000 to \$500,000.....	7	1,800,000
	Over \$500,000 to \$1,000,000.....	8	8,841,000
		91	13,600,000
Issued Nov. 30, due June 25, 1918, 4 per cent.	\$25,000 and less.....	24	216,000
	Over \$25,000 to \$50,000.....	2	87,000
	Over \$50,000 to \$100,000.....	8	420,000
	Over \$100,000 to \$250,000.....	11	1,488,000
	Over \$250,000 to \$500,000.....	1	400,000
	Over \$500,000 to \$1,000,000.....	7	8,881,000
		53	11,492,000

## XI. RÉSUMÉ OF BUSINESS CONDITIONS.

*January.*—The year commenced with an excellent undertone to general business conditions. However, the possibility of peace resulting from the exchange of notes caused hesitation in all lines of business, and developed a spirit of caution on the part of buyers in contracting for goods in excess of immediate wants. Commercial failures during 1916 were fewer than the preceding year and the liabilities of the companies involved were less in amount. Of the concerns failing 94 per cent were conducting business with less than \$5,000 capital. The year 1916 was one of comparatively low crop production, but the prices obtained for most of the crops were extraordinarily high. The value of the products of farms in the district shows a gain of about 44 per cent for 1916 over 1915. Rates for money were easier than the preceding month. Call money declined from 5 per cent to 3½ per cent.

*February.*—The difficulties of the railroads and steamship companies in moving goods promptly, the scarcity and inefficiency of labor, and the increased cost and inadequate supply of coal and other materials curtailed production somewhat. Activity continued in practically all industrial and other lines of business, and no difficulty was experienced in disposing of products. In some localities there was much conservatism in the placing of new orders. Quite a number of important industrial concerns enlarged their plants. Collections were generally satisfactory. There was a general feeling of confidence and optimism as to the future, but on account of the extraordinary conditions and the uncertainty of the foreign situation, business was conducted in a cautious and conservative way. Locomotive business was reported as unprecedentedly favorable. Money rates remained easy. The announcement of Germany's new submarine policy resulted in violent declines in the prices of securities.

*March.*—While less active than the preceding months, the volume of business transacted in most lines continued on a large scale. Stimulated by the United States Government's inquiries and orders, prices of many articles were further advanced. Because of the uncertain foreign situation, however, commitments were undertaken with caution. In response to a questionnaire to which 362 business concerns replied, 67 per cent reported business "excellent or good," 13 per cent "fair," and 20 per cent "uncertain or bad." Two hundred and thirty-seven concerns reported the outlook to be "excellent or good," and 118 "fair, uncertain, or bad." An average increase during the past year of 26 per cent in wages and 49 per cent in cost of materials was reported. Money rates were easy.

*April.*—The entrance of the United States into the war caused advances in prices, greater demand for goods, and greater scarcity in materials in many lines of trade. Manufacturing plants throughout the district were running as fully as the supply of labor and materials would permit. The problem of deliveries in many cases was very annoying because of the limitation of output and troublesome transportation conditions. The labor situation became very acute. The condition of the winter wheat crop was reported 15 per cent below normal. There arose a patriotic desire on the part of the people in agricultural sections to do their full duty toward producing the maximum amount of foodstuffs, but on account of the high prices and scarcity of fertilizer, the high price of seed, and the scarcity and high wages of labor, it appeared that the acreage planted in food crops could not be increased materially. The attempt was made to have people put forth extra efforts in planting vegetable gardens for their own account. Retail trade during March was reported as the largest in history, but after Easter trade fell off very

much. It was felt that this was largely due to the practicing of economy on the part of the public which was so earnestly recommended. The prospect of large Government borrowings caused hesitation in the investment of funds. Sales of securities fell off and prices declined.

*May.*—Manufacturing plants operated as near capacity as possible. A slowing up became noticeable, however, in retail trade and among the jobbers of wearing apparel of all kinds, due to extremely high prices, unseasonable weather, the economy campaign, and the fact that most consumers were pretty well supplied. Some of the department stores were compelled to reduce their staffs of employees because of curtailed sales. The potato acreage in Pennsylvania was estimated at 108 per cent in comparison with last year. Manufacturers of goods not essential to war, such as carpets, lace curtains, and tapestries, did not have enough orders to warrant more than 50 per cent operation. Surplus reserves of the Philadelphia banks decreased \$20,000,000. Money rates stiffened considerably, call money advancing from  $3\frac{1}{2}$  to 4 per cent. The prevailing rate for paper was 5 per cent.

*June.*—There was a noticeable improvement in business conditions in those lines which are especially dependent upon weather conditions, higher temperatures having stimulated demand for many summer specialties and business in seasonable merchandise was well up to normal in volume. The Philadelphia department stores reported considerable improvement and expected business to continue good. The automobile pleasure car business was reported as not very good. Cotton and wool prices were very high. A further decrease in the surplus reserves of the Philadelphia banks to the lowest point since December, 1916, forced up call money to 5 per cent. Commercial paper ruled at  $5\frac{1}{2}$  per cent. The rediscount feature of the Federal Reserve Bank was availed of to a very considerable extent. Financial institutions were occupied with the flotation of the Liberty Loan.

*July.*—There was no change, generally speaking, in the great business activity prevailing in this section. In nearly every line, the manufacturer, jobber and retailer report the volume of business large and results satisfactory, although there was no cessation of complaints of the difficulty in obtaining workers, the scarcity of fuel, and unsatisfactory transportation conditions. Uncertainty due to possible legislation as to price control adversely affected some lines. Rates for money continued firm, call money and paper being quoted at 5 per cent. Due to the high cost of materials and high wages, very much more money was required to conduct business than formerly, and customers borrowed freely from their banks and lines of credit were used to the full.

*August.*—There was no important development in the business situation. A strong tendency toward cautiousness existed on the part of buyers, owing to the uncertainty of future prices and the high cost and scarcity of many kinds of goods. There was a steady readjustment to war conditions, but business men generally expected an active fall and winter business. Great difficulty was reported in all lines in securing sufficient skilled and unskilled labor and office help, which, in some cases, forced production below normal. The high cost of building materials and labor resulted in the cessation of building for investment. Manufacturing druggists and chemists were taxed to the limit taking care of emergency orders required by the European countries, the United States Government and the Red Cross. Member banks continued to avail themselves quite freely of the rediscount feature of the Federal Reserve Bank. Financial institutions were well loaned up, and the money market remained on a firm 5 per cent business. There was a good commercial demand for funds. Public interest in the security markets was at a low ebb.

*September.*—Plants throughout the district continued busy and manufacturers generally expected a very large volume of business owing to the tremendous quantities of business needed by the Government for carrying on the war. Retail distribution of fall merchandise showed a very satisfactory increase in activity, demand being stimulated by cool weather and the return of many people to the city, but there was some complaint that the high prices were restricting the movement in certain lines. Wholesale orders were placed in considerable amounts, especially for staples in dry goods, furnishings, notions, underwear, etc. All lines were prevented from working to capacity by the uncertain deliveries, scarcity of raw materials, and the shortage of labor. Money rates advanced, best names selling at  $5\frac{1}{2}$  per cent.

*October.*—The outstanding feature of financial and business conditions was the concerted effort of practically all the financial institutions and a great many industrial concerns to make the second Liberty loan an unqualified success. General business conditions continued to be prosperous, and retail trade retained its activity. The predominating influence of the war was felt in nearly all lines of industry, and Government orders took precedence over private business. As a result, the normal demand was somewhat obscured, and a marked conservation in placing orders for deliveries next spring was noticeable. The scarcity of cars resulted in very unsatisfactory deliveries of coal. Government orders for coal produced a shortage in the supply available for the customary needs of domestic and commercial consumers. The production of iron and steel mills was seriously curtailed by the scarcity of fuel. The sugar shortage, caused by the fact that much of the Cuban crop was purchased by the

allied Governments, was reported to be purely temporary. Another cause of the scarcity was that consumers were buying far ahead of their needs, thereby reducing the already small supply in the hands of the dealers, but relief was in sight from the new Louisiana and Hawaiian crops, also western beet sugar. Bank clearings reached a high record figure—\$1,678,000,000 for the district. Rates for commercial paper were firm at  $5\frac{1}{2}$  to 6 per cent. A continuation of liquidation of high-grade investment securities resulted in a further decline in prices.

*November.*—Manufacturing industries were running at high pressure, but were somewhat restrained by the very considerable difficulties encountered in securing supplies and sufficient labor. The large ball-bearing plants in the district were seriously affected by the falling off in the production of automobiles, for which the largest part of the output of ball bearings was used. Cotton prices reached a level hitherto unattained for a long period of years. Retail trade conditions generally appeared to be stationary. Collections were good, except in the case of a few industries which were affected adversely by war conditions and the working out of the new Government policies. Building operations were curtailed owing to the high cost and difficulty in obtaining labor and materials and the difficulty experienced by builders in securing advances of money from financial institutions. Exports from the port of Philadelphia reached \$62,724,000, a new record, the increase being largely due to heavy shipments of powder. Opinion throughout the district was unanimous in agreeing that the railroads should receive an advance in freight rates. Rates for paper continued firm at  $5\frac{1}{2}$  to 6 per cent. There was an average demand for loans in most quarters, but in some parts of the district borrowers used full lines of credit.

*December.*—The industries engaged in producing supplies for war purposes were running at as near capacity as possible. Other industries, however, felt to a considerable extent the circumstances which tended to cut down their output; the demand for their product decreased, and they were unable to meet the wages which the munition factories offered. Christmas trade was rather disappointing and not up to normal. Many merchants did not carry as large stocks as was their custom in previous years, owing to their unwillingness to put in large stocks of goods at the prevailing high prices and because of their inability in many instances to secure goods from the manufacturers. The coal situation was considerably aggravated by the appearance of cold weather earlier than usual. Some manufacturing plants were forced to operate on a margin of not more than one or two days' supply of coal. Building operations practically ceased, except where absolutely necessary. The total of the Christmas sav-

ings funds carried by the banks in the district amounted to upward of \$10,000,000, which was about \$500,000 ahead of 1916. The number of depositors was approximately 350,000. Payments on account of Liberty loan subscriptions caused a shrinkage in loanable funds, and money rates were firm. The call-money rate was advanced to 6 per cent and the rate for paper to 5 $\frac{3}{4}$  per cent.

## BANK CLEARINGS.

The growth of business in the district during the year is shown in the following table of bank clearings, which are the largest on record. Of course the high prices of goods constituted a prominent cause for the big increase.

*Clearings in the Third District.*

1917.	Philadelphia.	District outside of Philadelphia.	Total for district.	Per cent increase compared with 1916.
January .....	\$1,397,691,175	\$97,000,832	\$1,494,692,007	36
February .....	1,251,517,407	83,891,961	1,335,409,368	29
March .....	1,467,016,516	97,276,863	1,564,293,379	43
April .....	1,410,313,000	101,560,000	1,511,873,000	38
May .....	1,477,700,000	99,545,000	1,577,245,000	41
June .....	1,503,806,000	99,932,000	1,603,738,000	40
July .....	1,331,836,519	99,272,488	1,431,109,007	29
August .....	1,368,485,000	92,576,000	1,461,061,000	36
September .....	1,337,772,768	91,846,400	1,429,619,168	23
October .....	1,569,400,000	109,360,000	1,678,760,000	25
November .....	1,532,682,000	99,532,000	1,632,214,000	20
December .....	1,549,512,824	102,350,996	1,651,863,820	14
Total for year .....	17,197,733,209	1,174,144,540	18,371,877,749	26

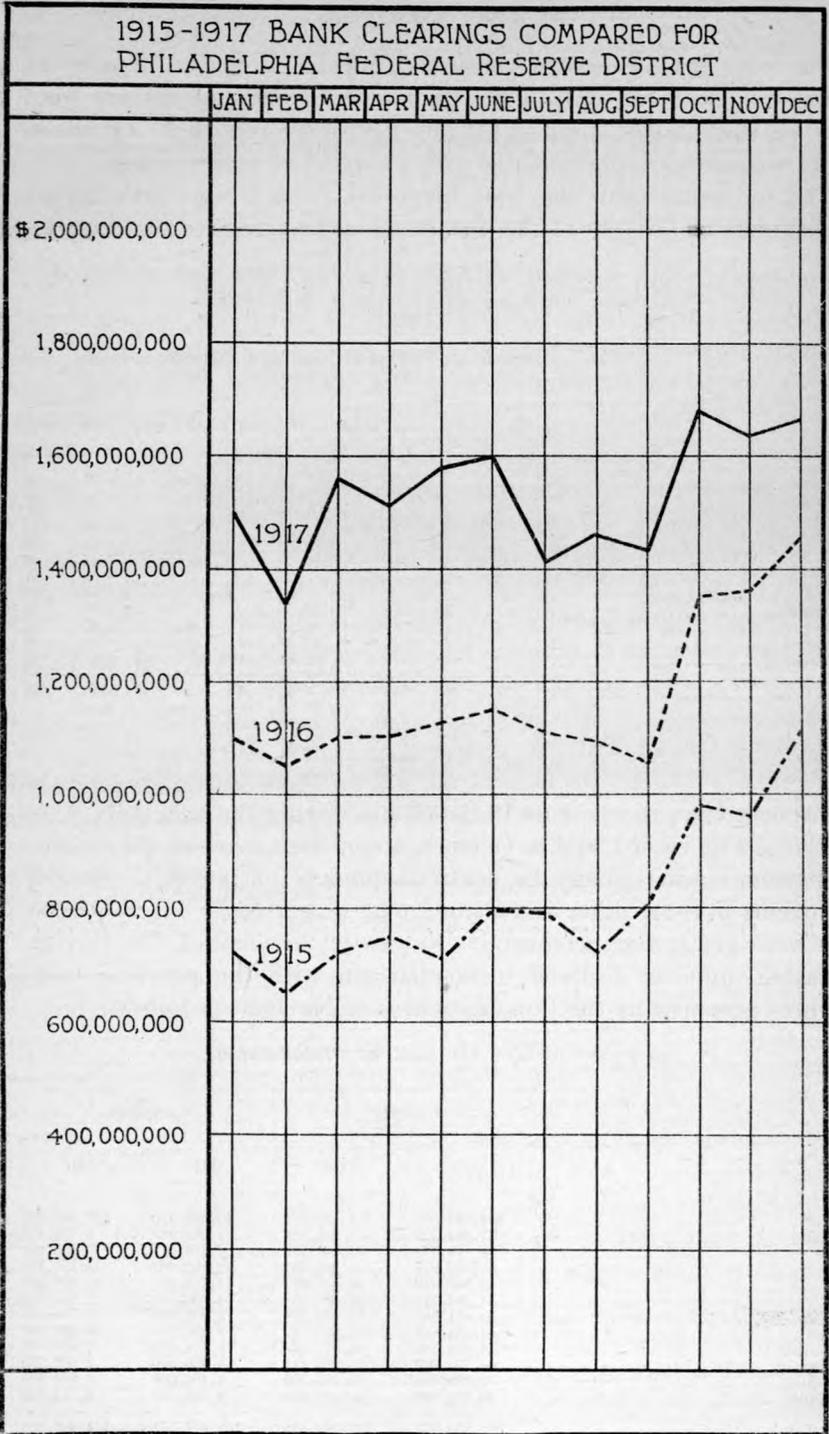


CHART No. 12.

## COMMERCIAL FAILURES.

The year 1917 showed a continued falling off in the number of commercial failures, and during the month of September there were only 40, the smallest number for any month we reported. Of these, 37 were concerns doing business with a capital of \$5,000 or less.

The following table has been compiled from Bradstreet's report of commercial failures in the district:

*Bradstreet's report of commercial failures in the Third Federal Reserve District, classified as to capital employed.*

	\$5,000 and less.		\$5,000 to \$20,000.		\$20,000 to \$50,000.		\$50,000 to \$100,000.		\$100,000 to \$500,000.		Total.	
	1917	1916	1917	1916	1917	1916	1917	1916	1917	1916	1917	1916
January.....	73	90	2	4	.....	1	.....	.....	.....	1	75	96
February.....	48	95	2	7	.....	.....	.....	.....	1	1	51	103
March.....	56	96	3	4	2	1	.....	.....	.....	.....	61	101
April.....	54	64	1	2	1	1	.....	.....	.....	.....	56	67
May.....	58	44	2	2	1	.....	.....	2	.....	.....	61	48
June.....	40	46	4	3	1	1	.....	.....	.....	.....	45	50
July.....	44	55	3	2	1	.....	.....	.....	.....	.....	48	57
August.....	46	60	2	5	.....	.....	1	.....	.....	.....	49	65
September.....	37	69	1	2	2	1	.....	.....	.....	1	40	73
October.....	58	84	4	.....	2	1	.....	1	1	1	65	87
November.....	58	78	.....	7	2	1	.....	.....	.....	.....	60	86
December.....	57	88	3	1	2	2	1	1	.....	1	63	93
Total.....	629	869	27	39	14	9	2	4	2	5	674	926

## IMPORTS AND EXPORTS.

Exports from the port of Philadelphia during the year 1917 were the largest on record, and in October, a new high mark of \$62,724,000 was reached, due chiefly to heavy shipments of powder. Besides munitions of war, other important items exported in large quantities were grain and petroleum. Naturally, in view of the foreign situation, imports declined in comparison with the previous year. Figures prepared by the Commissioners of Navigation follow:

*Business through the port of Philadelphia.*

	Exports.		Imports.	
	1917	1916	1917	1916
January.....	\$43,634,046	\$11,738,378	\$9,093,450	\$7,387,295
February.....	57,652,322	9,801,012	9,041,989	9,176,185
March.....	38,879,748	15,567,739	7,488,047	9,625,334
April.....	39,889,979	34,688,268	11,103,862	11,336,364
May.....	42,507,832	24,830,464	11,424,218	12,854,821
June.....	41,284,111	24,286,752	14,304,452	13,552,856
July.....	21,451,383	27,890,704	8,953,507	10,740,537
August.....	57,381,188	37,013,839	9,247,078	8,221,037
September.....	24,093,366	44,377,332	8,276,928	6,806,542
October.....	62,724,000	25,217,112	4,486,000	7,602,789
November.....	32,309,000	41,467,209	4,106,000	6,946,608
December.....	40,158,000	25,165,429	4,446,000	6,712,340
Total.....	501,964,975	321,044,815	101,971,531	111,407,851

## FREIGHT CAR MOVEMENT.

We give below tables showing the loaded freight car movement on the Pennsylvania, Lehigh Valley, and Delaware, Lackawanna & Western Railroads during the months of 1917 compared with each month of the preceding year.

*Pennsylvania R. R. loaded freight car movements at Lewiston Junction.*

	Bituminous coal, eastbound.		Coke, eastbound.		Miscellaneous, eastbound.		Miscellaneous, westbound.		Total.	
	1917	1916	1917	1916	1917	1916	1917	1916	1917	1916
January.....	41,132	54,046	5,563	4,812	33,820	36,211	21,047	20,382	101,562	115,451
February.....	35,216	43,711	4,290	5,242	31,024	33,113	18,733	19,565	89,263	101,631
March.....	45,843	50,548	5,751	6,277	38,833	38,211	24,629	23,040	115,056	118,076
April.....	41,192	44,691	5,552	4,999	39,103	43,258	24,375	24,274	110,222	117,222
May.....	45,785	41,527	5,643	5,022	38,085	39,304	26,201	23,648	115,714	109,501
June.....	42,824	39,885	6,034	4,701	34,382	32,922	26,257	25,620	109,497	103,128
July.....	41,367	42,184	6,366	4,608	33,057	32,113	25,479	28,170	106,269	107,075
August.....	40,442	47,027	5,796	4,593	30,618	35,059	24,775	28,452	101,631	115,131
September.....	38,215	42,752	5,596	4,668	31,766	35,537	22,821	28,318	98,398	111,275
October.....	38,009	43,051	5,503	5,216	30,211	37,141	20,834	27,019	94,557	112,427
November.....	40,031	40,088	5,404	5,433	26,917	37,629	17,641	23,857	89,993	107,007
December.....	32,193	38,184	4,449	5,088	19,300	31,670	9,958	20,829	65,900	95,771
Total.....	482,249	527,694	65,947	60,659	387,116	432,168	262,750	293,174	1,198,062	1,313,695

*Lehigh Valley R. R. loaded freight car movements.*

	1917	1916		1917	1916
January.....	289,219	297,819	August.....	318,009	335,263
February.....	244,925	266,846	September.....	327,812	324,700
March.....	324,971	325,845	October.....	344,041	363,008
April.....	316,078	317,627	November.....	336,766	340,832
May.....	382,768	345,947	December.....	248,001	300,992
June.....	356,960	313,584			
July.....	334,832	321,923	Total.....	3,824,382	3,854,386

*Delaware, Lackawanna & Western R. R. freight car mileage made on rails in the State of New Jersey.*

	1917	1916		1917	1916
January.....	2,694,942	2,894,378	August.....	2,539,253	2,660,564
February.....	2,241,833	2,529,818	September.....	2,391,001	2,883,864
March.....	2,964,152	2,798,402	October.....	2,685,839	2,883,864
April.....	2,779,917	2,704,331	November.....	2,498,603	2,805,530
May.....	3,190,253	2,715,220	December.....	2,281,811	2,607,211
June.....	3,069,278	2,651,817			
July.....	2,626,794	2,684,534	Total.....	31,971,678	32,817,536

## STOCK-EXCHANGE TRANSACTIONS.

The decline in prices of securities, which reached their high point in November 1916, together with the Government war issues, and the consequent desire of investors to have their money in liquid form, in order to purchase Government obligations, resulted in a marked

contraction in transactions on the Philadelphia Stock Exchange. There was little public interest in the market throughout the year. In the month of November, 1916, 1,035,085 shares were traded in, whereas in November of 1917, the number was only 284,170. The bond business, however, was reasonably satisfactory. Transactions on the Philadelphia Stock Exchange are shown in the following table:

*Philadelphia Stock Exchange transactions.*

	Number of shares.		Cost of bonds.	
	1917	1916	1917	1916
January.....	404,319	388,194	\$2,396,150	\$2,528,130
February.....	357,474	632,649	2,007,700	1,932,970
March.....	382,839	293,431	1,536,635	1,865,300
April.....	278,141	235,001	2,065,464	1,541,600
May.....	369,140	294,750	1,185,400	1,572,550
June.....	187,464	281,670	796,350	1,498,395
July.....	393,542	169,023	1,657,250	1,155,450
August.....	219,187	230,882	1,269,970	1,402,150
September.....	256,558	559,062	2,054,850	1,180,776
October.....	327,698	508,992	2,507,100	1,723,900
November.....	284,170	1,035,085	987,300	1,779,110
December.....	260,156	753,417	1,249,250	1,323,130
<b>Total.....</b>	<b>3,820,688</b>	<b>5,382,156</b>	<b>19,713,419</b>	<b>19,503,461</b>

#### BUILDING OPERATIONS.

Building operations decreased considerably from the mark reached in 1916. The high cost of labor and materials and inability of builders to secure advances from financial institutions are given as the reasons. Figures of building operations in Philadelphia given below are indicative of general building conditions throughout the district. The bulk of the depreciation was due to the falling off in the construction of two-story houses, which amounted to \$11,438,355.

*Building operations in Philadelphia.*

	Number of operations.		Estimated cost.	
	1917	1916	1917	1916
January.....	613	736	\$2,144,630	\$1,859,090
February.....	815	1,086	4,042,115	2,437,750
March.....	1,147	1,606	3,470,625	4,590,630
April.....	1,337	1,915	5,009,740	6,227,780
May.....	971	1,524	3,558,355	4,791,255
June.....	763	1,709	2,328,755	5,147,115
July.....	592	1,040	5,195,365	3,101,685
August.....	666	1,247	1,554,115	4,472,120
September.....	578	1,153	2,252,765	3,301,310
October.....	748	1,337	2,030,475	4,055,045
November.....	461	1,181	1,629,425	4,451,925
December.....	270	1,079	740,020	5,460,865
<b>Total.....</b>	<b>8,961</b>	<b>15,613</b>	<b>33,956,385</b>	<b>49,896,520</b>

## POSTAL BUSINESS.

Monthly postal receipts at the Philadelphia post office exceeded \$1,000,000 for the first time in the month of November, when the figures reached \$1,077,115. The increase shown is due, of course, to a large extent, to the higher postage rates which became effective about that time.

*Comparative statement of the postal and money-order business of the Philadelphia post office.*

	Postal business.		Money-order business.	
	1917	1916	1917	1916
January.....	\$887,803	\$795,730	\$2,101,685	\$1,764,669
February.....	763,553	768,419	1,940,608	1,773,654
March.....	911,439	848,540	2,393,709	2,005,457
April.....	845,997	780,454	2,049,152	1,840,750
May.....	843,591	816,427	2,082,896	1,868,081
June.....	785,701	753,425	2,115,971	1,859,586
July.....	703,971	659,289	2,062,602	1,759,991
August.....	734,499	693,636	2,206,179	1,864,638
September.....	817,806	750,615	2,225,889	1,832,810
October.....	973,469	830,311	2,507,410	1,970,602
November.....	1,077,115	826,095	2,401,672	1,985,087
December.....	1,160,298	968,010	2,636,275	2,287,716
Total.....	10,505,242	9,490,951	26,724,048	22,813,041

## CROPS, COLD STORAGE HOLDINGS, TOBACCO.

The farmers in the district harvested good crops, which were in excellent condition for the most part. Farmers were, however, harassed by inability to secure farm labor, and in many instances were forced to aid each other. Some crops had to be sacrificed, as the farmers were unable to harvest them. The new wheat crop appears to have a good start, but the acreage planted is about the same as last year. Cold storage plants in the district reported an increase of 29 per cent in the holdings of eggs compared with the previous year, 19 per cent in butter, and 53 per cent in cheese. Holdings of meat, however, declined from 10 to 15 per cent on the average. The tobacco fields of Pennsylvania are estimated to have produced over 58,000,000 pounds of tobacco during 1917, according to the Department of Agriculture. This is an increase of approximately 9,000,000 pounds over the 1916 crop. Prices paid averaged as high as 25 to 30 cents a pound.



