

SECOND ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF ST. LOUIS

FOR THE YEAR ENDED DECEMBER 31, 1916



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SECOND ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF ST. LOUIS.

WILLIAM McC. MARTIN, Chairman of the Board and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

During the year 1916, the earnings of the Federal Reserve Bank of St. Louis amounted to \$286,158.53. For the same period, the expenses of the bank were \$145,140.98, leaving net earnings of \$141,017.55. The organization expense, carried over from last year, amounted to \$97,169.29. This was all charged off during this year, leaving a net gain from the opening of the bank to December 31, 1916, of \$43,848.26.

All organization expenses and operating expenses having been cared for, the board of directors of the Federal Reserve Bank of St. Louis declared a dividend of 6 per cent, payable December 30, 1916, for the period from the opening of the bank to March 31, 1915. The first installment of capital stock of this bank was paid in on November 2, 1914, and on such installments the dividend commenced at that time.

After the payment of this dividend there remained on December 31, 1916, undivided profits amounting to \$12,748.15.

The ratio of expenses to earnings, which for January was 174.4 per cent, steadily decreased throughout the year, until for December this ratio was 37.35 per cent.

COMPARATIVE BALANCE SHEETS FOR DECEMBER 31, 1915-16.

There is attached to this report, as Exhibit A, a comparative statement of the condition of this bank as of December 31, 1915, and December 31, 1916.

This statement discloses an increase in earning assets of \$8,814,675.68, the increase being very large in all classes of investments, except bills rediscounted for member banks. The latter show an increase of only \$80,859.45. The principal source of income during 1916 were open market purchases of bankers' acceptances.

Deposits, both gross and net, also show a very large increase. The total reserve cash increased from \$9,165,162, on December 31, 1915, to \$16,187,123 on December 31, 1916. However, due to a considerable increase in net deposits during the year 1916 and to the fact that we had more money invested, the percentage of cash reserve against all liabilities shows a reduction from 82.1 to 60.8 per cent.

PROFIT AND LOSS STATEMENTS FROM THE OPENING OF THE BANK THROUGH 1915 AND FOR THE YEAR 1916.

During the year 1914, our earnings were entirely confined to bills rediscounted for member banks, and for the month and a half we were in operation that year the earnings amounted to \$9,462.97. For the year 1915 our earnings from bills rediscounted for member banks were \$44,835.51. During 1916, our earnings from this source amounted to \$46,041.34.

Attached hereto, as Exhibit B, is a profit and loss statement. This shows a decided increase in all other forms of earnings.

Current expenses for the year 1915 were \$130,735.74. Current expenses for 1916 were \$124,571.63, showing a slight decrease.

GENERAL BUSINESS AND BANKING CONDITIONS IN THE DISTRICT.

The year 1915 closed with business houses, generally speaking, busy. Country merchants were buying freely. There had been a steady and normal improvement throughout the year, and the indications were that the year 1916 would be a period of unusual prosperity.

The beginning of the new year showed a continued and steady improvement in business conditions in all lines, increasing from month to month. Its close found business at an extremely high level. During the year prices of commodities have steadily increased, but at the close of the year have not reached a point which has curtailed the demand. The year closes with a steady demand for both luxuries and necessities, for although prices have increased, many manufacturing and business concerns have increased the wages of their employees or have given them Christmas bonuses.

The agricultural portions of the district are in especially good condition. It is true that the major crops—cotton, corn, wheat, and oats—showed a considerable reduction in comparison with last year, but this was made up in the prices that the farmer received for them. In some portions of the district farmers paid bonuses to the banks to take up their loans before maturity, and at the same time increased their deposits in the banks. The hay crop, on the whole, was the largest ever raised, and this means that there is an abundance of food for live stock.

The cotton crop in this district came through the year in better condition than the cotton crops in other sections. It moved very rapidly in this district and the banks in the cotton sections were able to handle the situation with a minimum of outside help.

There was a car shortage throughout the year, and this had considerable effect on business in general. Because it was difficult to

get prompt shipments, in the last months of the year there arose an unusual demand for shipments in the near future.

A comparison of this year's combined averages of crop yields, by States in this district, gives the following results, counting the 10-year average at 100 per cent: Kentucky makes the best showing, with 102.5 per cent; Tennessee next, with 101 per cent; then comes Illinois, with 95.7 per cent; followed by Arkansas, with 92.4 per cent; then Missouri, with 78.8 per cent; and Mississippi, with 67.4 per cent.

The condition of the winter wheat in this district is estimated to be 3.9 per cent below last year and 4.6 per cent below the 10-year average. However, the weather is seasonable, and the snowfalls should help the wheat considerably.

According to the report of the St. Louis National Stock Yards, which fairly reflects the movement of stock in this district, on December 31, 1916, there had been an increase in the receipts of cattle during 1916 over last year of 208,621 head. There was also an increase in the shipments of cattle over last year of 43,978 head. Receipts of hogs for 1916 showed an increase over the previous year of 465,646 head, and shipments of hogs showed an increase of 79,335 head. The receipts of sheep during 1916 had increased 22,697 head over 1915, and the shipments had increased 14,388 head. Receipts of horses and mules during 1916 showed a decrease, as compared with the previous year, of 3,794 head, and the shipments showed a decrease of 11,628 head.

Postal receipts and clearings throughout the district show a general increase for the year. While there has been some increase in building, this has not kept pace with the increase in other industries.

The year ends with all the banks in this district having deposits at a high level. At the beginning of the year the average rate charged by banks to customers, in the larger cities, was approximately 5 per cent, with the rates in the smaller communities somewhat higher. As the year ends, the rates charged by St. Louis banks are from 4 to 4½ per cent, and the rates to customers in other portions of the district range from 5 to 8 per cent.

ACTIVITIES OF THE FEDERAL RESERVE BANK DURING THE YEAR.

DISCOUNT OPERATIONS.

Total rediscounts accepted by this bank during the year 1916 amounted to \$8,842,666.57. Of this amount \$5,379,940.45 consisted of notes or single-name paper; \$626,226.12 of trade acceptances or two-name paper; \$1,534,000 of commodity paper; and \$1,302,500 of notes of member banks secured by eligible commercial paper as col-

lateral. From the opening of the bank on November 16, 1914, to December 31, 1915, the total rediscounts accepted by the bank amounted to \$8,231,082.92. Thus there was an increase in the amount of rediscounts accepted by the Federal Reserve Bank during 1916 over the first 13½ months of the operation of the bank of \$611,583.65. Of the total amount rediscounted for member banks \$502,608.09 represents the amount of paper discounted for 18 banks in Arkansas, \$719,457.99 the amount discounted for 32 banks in Illinois, \$404,000.60 for 10 banks in Indiana, \$907,697.17 for 10 banks in Kentucky, \$485,674.73 for 7 banks in Mississippi, \$2,234,594.09 for 26 banks in Missouri, and \$3,588,633.90 for 11 banks in Tennessee.

During 1916 there were 3,133 notes rediscounted for member banks. During the first 13½ months of the bank's operations 3,828 notes were accepted, showing a decrease of 695 in the number of notes handled.

Attached hereto as Exhibit C is a table showing the volume of rediscounts accepted from each State each month, the total amount accepted from each State during the year 1916, and the number of banks in each State rediscounting each month.

REDISCOUNT RATES.

No changes of any importance were made in the discount rates of this bank during the year. On March 23, 1916, a rate of 3 per cent was established on trade acceptances maturing within 60 days. On September 16 a rate of 3 per cent was established on promissory notes of member banks secured by collateral having maturity of not exceeding 15 days, and the same rate was made applicable to rediscounted paper maturing within 15 days. On November 20 the rate on agricultural paper maturing from 91 days to six months was lowered from 5 to 4½ per cent. On December 29 the rate on commercial paper and promissory notes of member banks maturing within 15 days, and on commodity paper maturing within 90 days, was increased from 3 to 3½ per cent.

The following schedule shows the rates in effect at the first of the year and the changes made during the year:

	10 days.	15 days.	90 days.	6 months.	Com- modity paper.	Trade acceptances.		Collat- eral notes.
						60 days.	90 days.	
Jan. 1, 1916.....	3	.....	4	5	3	3½	3½	.....
Mar. 23, 1916.....	3	.....	4	5	3	3	3½	.....
Sept. 16, 1916.....	3	3	4	5	3	3	3½	3
Nov. 20, 1916.....	3	3	4	4½	3	3	3½	3
Dec. 29, 1916.....	3½	3½	4	4½	3½	3	3½	3½

Attached hereto as Exhibit D is a table showing the rediscount operations of this bank classified by maturities, classes of paper, and months in which rediscounted.

Of the total amount of paper rediscounted by this bank, 10.06 per cent was of 10 days or less maturity; 33.14 per cent of 11 to 30 days maturity; 22.71 per cent of 31 to 60 days maturity; 29.10 per cent of 61 to 90 days maturity, and 4.97 per cent of 91 days to 6 months maturity.

ACCEPTANCE BUSINESS.

This bank during the year 1916 purchased a total of \$20,681,821.58 bankers' acceptances, practically all of them through the Federal Reserve Banks of New York and Boston. Only \$242,500 of acceptances were purchased in this district.

Rates on these acceptances, net to the bank, have ranged from 1 $\frac{7}{8}$ to 3 $\frac{1}{4}$ per cent. The average rate during 1916 was 2.34 per cent.

Domestic bankers acceptances amounting to \$1,532,365.64 were handled during 1916. Of all of the acceptances purchased during the year \$8,253,041.87 were bought from member banks and \$12,428,779.71 were purchased from nonmember banks.

UNITED STATES BOND OPERATIONS.

During the year all of the United States bonds purchased were bought in the open market. Our total purchases amounted to \$2,419,000. We converted \$1,786,100 United States 2 per cent bonds into \$895,100 of 3 per cent conversion bonds, without the circulation privileges, and \$891,000 of one-year Treasury notes. The bank sold during 1916 \$295,100 of the 3 per cent conversion bonds. At the close of the year there were on hand, against which circulating notes could be issued, \$1,080,000 United States 3's of 1918 and \$522,900 United States 2's, consols of 1930. This bank has not as yet issued any circulation against Government bonds.

MUNICIPAL WARRANTS.

We purchased during 1916 a total of \$3,582,000 par value municipal warrants at rates ranging from 2 $\frac{1}{8}$ to 3 $\frac{5}{8}$ per cent. The average rate on these warrants was 2.72 per cent.

The classification of these warrants by character of issuing bodies is as follows:

Town warrants.....	\$183, 000
City warrants.....	2, 999, 000
County warrants.....	10, 000
State warrants.....	390, 000

CHANGES IN THE RESERVE POSITION OF THE BANK DURING THE YEAR.

In January the bank commenced with a reserve against deposits (after deducting 40 per cent reserve against Federal Reserve notes outstanding) of 80.8 per cent. During January and February a considerable number of national bank notes were paid in by member banks chiefly in settlement of clearing-house balances in St. Louis until we held \$3,000,000 of them. This so reduced our reserve that on February 18 the reserve against deposits was 43.8 per cent. Steps were immediately taken to prevent member banks from depositing national bank notes, and a gradual reduction of the notes on hand and conversion into reserve money raised the reserve to 68.8 per cent on April 21.

In May a reduction in Government deposits by a transfer of \$3,000,000 in gold reduced the reserve to 59.3 per cent and during the months of June and July an increased investment of \$2,000,000 further tended to decrease the reserve, the figures on July 28 being 52.8 per cent. During the remainder of the year the reserve gradually increased, and on December 30 the reserve carried was 60.8 per cent.

THE FEDERAL RESERVE BANK AND MEMBER BANKS.

CHANGES IN MEMBERSHIP DUE TO TRANSFERS FROM AND TO OTHER DISTRICTS.

There has been no change in the boundary lines of this district during the year, and therefore no change in membership due to transfers from and to other districts.

MOVEMENT OF MEMBERSHIP WITHIN THE DISTRICT.

On January 1, 1916, the Federal Reserve Bank of St. Louis had 467 member banks, and its authorized capital stock was \$5,565,000, of which \$2,781,000 was paid in.

During the year nine new national banks became members of this bank, increasing its authorized capital stock in the sum of \$24,100. Four of these new national banks were conversions of State institutions into national banks. The other five were new institutions. One hundred and twenty-one member banks applied for and were allotted 464 additional shares of stock of this bank, further increasing its authorized capital in the sum of \$46,400.

During 1916 six member banks, having a total of 141 shares of stock of this bank, surrendered their membership through liquidation. One, having 150 shares, surrendered its holdings through receivership proceedings, and three surrendered a portion of their holdings, aggregating 69 shares, on account of reductions in their

capital or surplus. This decreased the capital stock of this bank in the sum of \$36,000. The six member banks which liquidated were each converted into a State institution.

At the close of the year 1916 this bank had a total of 469 member banks, and its authorized capital was \$5,599,500, of which \$2,799,750 was paid in. Over 1915 this shows a net increase of two in the number of member banks and a net increase in paid-in capital stock of \$18,750.

RELATION TO NATIONAL BANKS, STATE BANKS, AND TRUST COMPANIES.

During the first year of this bank's existence it was not unusual to hear a member bank state that it had no paper that was eligible for rediscount with the Federal Reserve Bank. Sometimes the statement was made that a bank could not do business with the Federal Reserve Bank because there was too much "red tape." Now member banks have ceased making such statements. This is because we have been able to show practically all of our banks that the majority of the paper they have in their portfolios is eligible for rediscount, and when they have rediscounted with us they have found that in reality there is no "red tape" at all, but that their rediscounts are handled promptly and in a manner extremely satisfactory to them.

This bank has at all times done everything in its power to be of real assistance to its member banks, and the officers have considered it a privilege to explain the workings of the Federal Reserve system and to have an opportunity to show how, through the Federal Reserve Bank, the member banks can obtain a real benefit. It is believed that if there is any lack of understanding between the Federal Reserve Bank and any of its member banks it is because the member bank has not given the Federal Reserve Bank the opportunity for conference.

Circulars have been issued explaining fully the operations of the bank, but at times it has been very discouraging to discover that the circulars have not been read. There have been instances where officers of member banks have visited us and asked certain questions, saying that it would be a great help if they could do certain things. We have been able to answer their questions by handing them a circular issued by this bank showing that, in some instances as long as for two months, had the banker read the circular he might have been receiving a benefit. It is our effort never to issue an unnecessary circular, and it would be a great gratification to this bank and, we believe, a help to the member bank not only in accommodation, but frequently in profits, if our circulars were not laid down until read and thoroughly understood. If there is any question about it, the officers of this bank will take great pleasure in answering inquiries.

ACCOMMODATION OF MEMBER BANKS THROUGH DISCOUNTS AND THE PURCHASE OF ACCEPTANCES.

Below is given a table showing the number of different member banks offering rediscounts from each State each month during 1916, the total number of different banks offering rediscounts from the whole district each month, the number and percentage of different banks offering rediscounts from each State during the year, and the number and percentage of different banks offering rediscounts in the whole district during the year.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Number of member banks rediscounting.	Total member banks in State.	Percentage of banks rediscounting with the Federal Reserve Bank.
Arkansas.....	5	2	5	4	4	7	6	7	7	2	0	2	18	67	26.8
Illinois.....	9	6	9	8	15	10	11	7	9	8	8	5	32	157	20.4
Indiana.....	4	2	2	2	3	2	2	3	1	3	3	0	10	61	16.4
Kentucky.....	2	3	1	3	3	1	2	3	2	2	5	3	10	67	14.9
Mississippi.....	2	0	3	1	2	2	2	3	4	3	2	1	7	17	41.2
Missouri.....	12	7	7	12	12	13	9	6	6	6	4	6	26	80	32.5
Tennessee.....	7	2	3	2	1	5	7	8	8	4	3	2	11	20	55.0
Total.....	41	22	30	32	40	40	39	37	37	28	25	19	114	469	24.5

In an earlier part of this report the amount of accommodation rendered member banks through rediscounts has been given in detail.

The member banks in this district have practically made no acceptances based on imports or exports, and only toward the close of the year have they begun to make domestic acceptances. These acceptances, so far, have amounted to \$1,231,600 and have come in great part from Memphis.

Money has been exceptionally easy throughout the year. The obligations for money borrowed by member banks have been smaller in amount than usual, and this has been reflected in the extent of accommodations requested from this bank. Last year 129 different member banks rediscounted with us. This year, while the total amount of rediscounts shows a slight increase, the number of banks accommodated was only 114, showing a decrease of 15.

We have continued the policy of requiring financial statements either made by the borrowers or by the borrowing bank in every instance where paper has been accepted by us. This policy is resulting in the defining of credit terms and the standardizing of credit in this district.

The following table shows the total borrowings of member banks in this district on the dates of the different calls of the Comptroller

of the Currency during 1916, the amount rediscounted with the Federal Reserve Bank of St. Louis, and the percentage of such rediscounts of their total borrowings:

Date of call.	Total borrowings.	Rediscounted with Federal Reserve Bank.	Percentage.
Mar. 7, 1916.....	\$2,205,000	\$675,000	30.6
May 1, 1916.....	1,932,000	534,000	27.6
June 30, 1916.....	1,809,000	584,000	32.8
Sept. 12, 1916.....	3,719,000	1,076,000	28.9
Nov. 17, 1916.....	3,642,000	1,954,000	53.6

PETITION OF LOUISVILLE FOR A BRANCH BANK.

On July 5, 1916, the board of directors of the Federal Reserve Bank of St. Louis received a petition from member banks located in Louisville asking for the establishment of a branch of this bank in that city and requesting a hearing. This hearing was set for September 20, and on that day a committee of 10 gentlemen, of which Mr. Embry L. Swearingen, president of the First National Bank of Louisville, was chairman, came before the board of this bank. On their behalf, Messrs. John W. Barr, jr., F. M. Gettys, and Percy H. Johnston presented the arguments for a branch. Later, on December 21, another hearing was held in regard to this matter before the Federal Reserve Board at Washington. At this writing the petition is still under consideration.

MEMPHIS AGENCY.

At the request of member banks in Memphis, and in order to assist them every way in our power during the cotton season, on September 25 this bank sent Mr. T. C. Tupper, manager of the credit department, to open an agency in that city. He rented an office and the necessary safe deposit space.

Notes, trade acceptances, and bank acceptances, secured by warehouse receipts issued by the Memphis Terminal Corporation, were rediscounted for member banks and the collateral held in the custody of our agent. In this way substitutions of one receipt for another were permitted without delay and inconvenience. The bank's representative had complete charge of the collateral, but could only have access to the safe deposit boxes containing it, in the presence of a representative of a bonding company. On October 11, Mr. W. H. Glasgow, assistant to the Federal Reserve Agent, relieved Mr. Tupper, and will remain in charge of the office until it is closed.

Member banks in Memphis used the facilities offered freely, and up to December 30, 1916, this bank had accepted paper secured by

warehouse receipts for cotton in the custody of the Memphis agency to the amount of \$1,640,500.

It is proposed to maintain the Memphis office to the close of the cotton season, and unless something occurs the season will end earlier than usual. It now seems that the office may be closed by February 1, 1917. It is felt that the maintenance of this office has been of material assistance to Memphis member banks, supplying them with the necessary funds to move the crop in the territory tributary to that city.

MEMBER BANKS' DEPOSITS IN EXCESS OF RESERVE REQUIREMENTS AND OVERDRAFTS.

The following figures, taken from the copies of reports of condition received from member banks, rendered under calls of the comptroller, and from the books of this bank, give a comparison of the member banks' deposits with us with their reserve requirements:

	Minimum reserve required.	Balance shown by Federal Re- serve Bank books.	Excess.
Mar. 7, 1916.....	\$13,520,000	\$15,405,000	\$1,885,000
May 1, 1916.....	14,269,000	14,392,000	123,000
June 30, 1916.....	16,391,000	18,270,000	1,879,000
Sept. 12, 1916.....	17,512,000	18,936,000	1,424,000

On March 7 a comparison of our member banks' reserve balances on our books with their minimum reserve requirements as calculated from copies of their reports of condition indicated that 243 members were deficient in their reserves, and that 227 members were maintaining balances equal to or in excess of their reserve requirements. The total amount of deficiencies was \$800,000, and the total excesses \$2,685,000. Most of the deficiencies were from small banks, and the majority of the excesses were from banks in reserve cities; particularly St. Louis.

On May 1 the total number of member banks deficient in their reserves was 281, and the total number maintaining balances equal to or in excess of their reserve requirement was 189. The total amount of deficiencies was \$943,000 and the total amount of excesses was \$1,066,000.

No figures in this connection are available for June 30 and September 12.

From November 1 to 12, inclusive, 121 member banks showed deficient reserves and were penalized on the deficiency, the total amount of penalties being \$1,259.86.

The following is a record of overdrafts of member banks:

	Number.	Amount.		Number.	Amount.
Mar. 7, 1916.....	21	\$38,670.00	June 30, 1916.....	0	0
May 1, 1916.....	15	56,953.00	Sept. 12, 1916.....	0	0

While a great many overdrafts existed prior to June 30, there is now only an occasional overdraft.

PENALTIES FOR RESERVE DEFICIENCIES.

On October 26 the bank sent out a circular advising that it would assess penalties, beginning November 1, 1916, for impairment of reserves. Banks were advised that this penalty would be a sum equivalent to an interest charge on the amount of the deficiency of 2 per cent per annum above the 90-day discount rate of this bank for commercial paper. Since that date to the close of 1916 the bank assessed penalties amounting to a total of \$2,036.01 for impairment of reserves.

PERIODIC REPORTS REGARDING CONDITION OF MEMBER BANKS; EXAMINATIONS OF MEMBER BANKS.

Copies of reports of condition made to the Comptroller of the Currency are sent to the Federal Reserve Agent and are analyzed by his department.

It has been necessary for this bank to make but one examination during the year. This was an examination of a State institution which is a member, and was made because the State banking department could make but one examination. In order to comply with the provisions of the Federal Reserve Act, requiring at least two examinations of each member bank each year, the Federal Reserve Board instructed that an additional examination be made.

BANK FAILURES WITHIN THE DISTRICT.

There has been but one failure of a member bank in district No. 8 during the year. We were fully informed as to the condition of the bank for several months prior to its failure, and the closing of its doors gave us no uneasiness.

GRANTS OF FIDUCIARY POWERS.

Up to the close of 1916 the applications of 22 national banks in this district for permission to act as trustee, executor, etc., under section 11 (k) of the Federal Reserve Act, had been granted by the Federal Reserve Board. Sixteen of these permits were granted in 1915 and six in 1916. More applications for fiduciary powers have come from those portions of our district located in Indiana and Kentucky than from any of the other States in this district.

Attached hereto as Exhibit E is a list of the national banks in this district which have been granted fiduciary powers up to December 31, 1916.

OVERDUE PAPER.

This bank has no overdue paper on hand.

BILL OF LADING DRAFTS.

On January 29, 1916, this bank issued a circular, advising that it would handle bill of lading drafts. The following is a record of the drafts we have handled, both as to number and amounts and the returns thereon:

	Number of drafts.	Total amount of items handled.	Total interest charged.
1916.			
February.....	1	\$1,830.00	\$2.03
March.....	4	6,193.88	3.60
September.....	30	193,327.19	147.59
October.....	317	1,780,012.28	1,271.70
November.....	236	1,895,138.79	1,162.71
December.....	65	384,708.81	267.33

All drafts have been forwarded to a bank in the town where payable for collection and remittance to the Federal Reserve Bank of the district in which the collecting bank is located. We have never had a draft returned unpaid. Our most extensive operations in this connection have never required more than a few hours time each day of one of our best clerks. The bills of lading attached to the drafts have covered shipments of flour, rice, wool, hides, cotton seed and cotton, the larger part of them being represented by cotton.

OPEN MARKET OPERATIONS OF THE FEDERAL RESERVE BANK.

This bank has purchased United States bonds in the open market, municipal warrants, and a large number of bankers' acceptances. As stated previously in this report, practically all of these acceptances have been purchased through the Federal Reserve Banks of New York and Boston, and it was not until the latter part of this year that we purchased any acceptances from banks within the district. Detailed information in regard to these acceptances is given in an earlier part of this report.

EFFECT OF THE DISCOUNT RATE POLICY OF THE BANK UPON GENERAL MARKET RATES.

Money has been plentiful in practically all of the banks throughout the year, and it has been somewhat a problem with them to keep it invested. Rates have been low, but due to the abundance of funds,

it can not be said that the discount rates of the Federal Reserve Bank have had any especial effect upon the general market rates, except to stabilize them.

ATTITUDE OF THE PUBLIC TOWARD THE FEDERAL RESERVE SYSTEM.

While the Federal Reserve system has not been solely responsible for the great and continued prosperity during the past year, at the same time there seems no question but that business would not have been conducted so freely and with such confidence, had not the Federal Reserve system been in existence to make the general public feel that conditions were sound and there existed an adequate financial machinery to control credit and facilitate exchange. Quite frequently during the year, large wholesalers have made the statement that they did not believe the country merchants would be buying as they were if the Federal Reserve system were not in existence.

As yet, however, the general public does not understand the Federal Reserve system as it should. It would seem that the newspapers throughout the district could not carry an item of more news interest than the rediscount rates of the Federal Reserve Bank of the district. An effort has been made to get these rates to all newspapers in this district at least once a week, but they do not seem to be giving the space to them that their value warrants, especially the country papers and farm papers.

In this district, manufacturers and distributors have made little effort to introduce the trade acceptance, though this bank has a rate on such paper having maturity not exceeding 90 days, one-half per cent lower than its 30-day discount rate on notes, and the use of them would relieve sellers from carrying the entire credit burden as imposed by the open book account method.

The general public has confidence in the Federal Reserve system, and is beginning to realize that every bank which is a member has a strength and solidity that no bank outside the system presents.

THE FEDERAL RESERVE BANK AND THE GOVERNMENT.

GOVERNMENT DEPOSITS.

The Government deposits in this bank during 1916 averaged approximately \$3,000,000 per day, the maximum balance being reached on July 15, when a total of \$5,935,837.01 was shown. Owing to transfers at different periods, to other Federal Reserve Banks through the gold settlement fund these deposits have had a great influence on the gold reserve position of this bank, a total withdrawal during May of \$3,000,000, reducing the reserve about 10 per cent.

RELATION TO THE UNITED STATES TREASURY.

In addition to the transactions incident to the deposit account kept with this bank by the Treasurer of the United States, we take care of transactions with the Treasury Department for member banks, including transfers of funds and deposits for the 5 per cent funds of member banks. Contrary to the opinion expressed by several authorities, the deposits for the redemption of national bank notes of member banks have not worked any hardship on us. In fact, such transactions have been scarcely noticeable in the current volume of the daily business.

RELATION TO THE COMPTROLLER'S OFFICE.

The Comptroller's Office and this bank have cooperated with each other in every possible way throughout the year. Copies of all reports of examinations of member banks, made under the supervision of the chief examiner of this district, have been promptly filed with the Federal Reserve Agent. The chief examiner and his assistants have given us all the help in their power.

THE FEDERAL RESERVE BANK AND NOTE ISSUES.

GENERAL POLICY IN THE MATTER OF NOTE ISSUES.

During the year, this bank laid down as a general policy that, notwithstanding the cost to it of Federal Reserve notes, it would issue them freely whenever there was a possibility of conserving gold or reserve money by their use. It is felt that this bank should consider itself a money reservoir for this district, and so far as in its power it should render a service to member banks by giving them, without question, any kinds of money in any denominations needed the moment the need is expressed. The banks seldom need gold, but they do need notes of different denominations. Where the demand has been for fives, tens, or twenties—denominations in which Federal Reserve notes are printed—we have issued them freely. Except for one-dollar and two-dollar bills which were scarce in this district during the crop moving season we were able to supply our member banks with money in any denomination required.

SUBSTITUTION OF FEDERAL RESERVE NOTES FOR GOLD AS CIRCULATING MEDIUM.

Our general policy in regard to note issues, as above outlined, is resulting more and more in Federal Reserve notes becoming the circulating medium and gold being conserved in this bank. However, the substitution of Federal Reserve notes for gold has not progressed as rapidly or gone as far in this district as we would like. It is still

not uncommon to find gold certificates paid out over the counter for pocket money by both member and nonmember banks when Federal Reserve notes would serve just as well. While member banks are believed to be making an effort to deposit their gold in this bank, nonmember banks seem to have quite a number of gold certificates which they are paying out freely.

COVER OF NOTES ISSUED.

At the close of the year 1916 the total amount of Federal Reserve notes of this bank outstanding was \$16,889,730. Of this amount, \$12,542,730 were covered by gold deposited with the Federal Reserve Agent and \$4,347,000 by rediscounts hypothecated with him. In other words, the bank has eliminated its liability on all its outstanding Federal Reserve notes by depositing gold with the Federal Reserve Agent, except to the extent of \$4,347,000, which is its present net note liability. Against this net liability of \$4,347,000 the bank has set aside a 40 per cent gold reserve.

DENOMINATIONS OF NOTES ISSUED.

Attached hereto as Exhibit F is a table showing amounts of each denomination of Federal Reserve notes issued to the Federal Reserve Bank of St. Louis, and dates of issue, for the period 1914-15 and the year 1916.

An examination of this table indicates that the demand has been mostly for fives, tens, and twenties, there being practically no demand for notes of the \$50 and \$100 denominations.

In both 1915 and in 1916 the demand was heaviest in the months of September, October, and November, due to the moving of crops.

AVERAGE LIFE OF NOTES ISSUED.

It is rather difficult to ascertain with exactness the average life of the Federal Reserve notes issued by this bank. The life of a note depends upon the use to which it is put, and this constantly varies. On the theory that the notes of smaller denominations change hands more frequently and are therefore subject to greater wear, they should not last as long as notes of larger denominations which change hands less frequently. This is borne out by the fact that of the \$2,610,270 notes of this bank which have been sent to the Comptroller of the Currency for destruction, \$1,632,205 were of the \$5 denomination, \$751,015 of the \$10 denomination, \$214,300 of the \$20 denomination, and \$12,750 of the \$50 denomination, though the total amount of the \$5, \$10, and \$20 denominations outstanding were each substantially the same. Thus, in this district, the higher the denomination the longer the life of the note.

At the close of 1915 there were outstanding \$4,197,000 in \$5 Federal Reserve notes, \$2,870,940 in \$10 notes, \$1,928,560 in \$20 notes, and \$200,000 in \$50 notes, most of which were issued in September, October, and November, 1915. As above stated, at the end of 1916 only \$1,632,205 of \$5 notes, \$751,015 of \$10 notes, \$214,300 of \$20 notes, and \$12,750 of \$50 notes had been redeemed and canceled.

INTERDISTRICT MOVEMENT OF NOTES.

Attached hereto as Exhibit G is a statement showing the amounts of Federal Reserve notes of this bank received from other Federal Reserve Banks for redemption or credit, and the notes of other Federal Reserve Banks returned by this bank to them for redemption or credit, from January 1, 1916, to December 30, 1916.

During the year 1916 the Federal Reserve Bank of St. Louis received from other Federal Reserve Banks \$1,378,790 of its Federal Reserve notes, and returned to other Federal Reserve Banks \$3,282,705 of their Federal Reserve notes, showing that we returned \$1,903,915 more notes of other banks than we received of our own. Chicago and New York sent us for redemption more of our notes than any other districts, and we returned for redemption more notes to the Kansas City and Dallas Federal Reserve Banks than to the Reserve Banks of any other districts.

REDEMPTION AND DESTRUCTION OF NOTES.

On January 25, 1916, the Federal Reserve Board, at the request of the Secretary of the Treasury and in accordance with the provisions of section 16 of the Federal Reserve Act, requested the Federal Reserve Agent at St. Louis to transmit to the Treasurer of the United States in Washington an amount in gold equal to 5 per cent of all outstanding Federal Reserve notes of the Federal Reserve Bank of St. Louis which were covered by a deposit with him of gold or lawful money. The purpose of this fund was to enable the United States Treasurer to redeem the notes presented to him by holders other than the bank itself. When notes are sent by the Federal Reserve Bank to the United States Treasurer for redemption, the Agent, under instructions from the United States Treasurer, makes settlement direct with the bank, usually by requesting the Federal Reserve Board to transfer from his account with the Board to the account of the bank in the Gold Settlement Fund an amount in gold equivalent to the value of the notes received by the Treasurer for redemption.

In accordance with the above instructions, on January 31, 1916, the Federal Reserve Agent at St. Louis deposited with the Treasurer of the United States, in Washington, \$440,000 in gold, being approxi-

mately 5 per cent of the notes of this bank outstanding at that time covered by a deposit with him of gold or lawful money, and additional deposits have been made from time to time, as notes were redeemed, in order to keep the amount up to the required 5 per cent.

Up to the close of 1916 the following notes of the Federal Reserve Bank of St. Louis, unfit for use, had been redeemed and destroyed:

Fives.....	\$1, 632, 205
Tens.....	751, 015
Twenties.....	214, 300
Fifties.....	12, 750
Total.....	<u>2, 610, 270</u>

Only unfit notes are redeemed out of the Agent's redemption fund, and when this is done they are turned over to the Comptroller of the Currency for destruction.

The Federal Reserve Bank of St. Louis has also maintained a redemption fund with the United States Treasurer, out of which the Treasurer redeems all fit notes presented to him and returns them direct to the bank for further circulation.

Of the \$2,610,270 unfit Federal Reserve notes redeemed by the Treasurer of the United States, \$1,480,000 were shipped to him by the Federal Reserve Bank of St. Louis and \$1,130,270 by other parties.

COST OF FEDERAL RESERVE NOTES.

The total cost of Federal Reserve notes issued during 1916, on a basis of 1 cent per note, was \$10,400. This does not include the cost of shipping Federal Reserve notes to Washington by this bank or other parties, for redemption, and the return of fit notes to the bank. In the past year it has cost us approximately \$100 a month for the return of our Federal Reserve notes to the United States Treasurer for redemption, figured on the basis of \$0.1952 per \$1,000 for unfit notes shipped by this bank and \$0.4188 per \$1,000 for notes returned by other parties.

FEDERAL RESERVE BANK NOTES.

During the year, this bank has not found it necessary to issue any of its circulating notes secured by United States Government bonds.

FEDERAL RESERVE AGENTS AND NOTE ISSUES.

Attached hereto as Exhibit H is a statement showing the Federal Reserve notes received by the Federal Reserve Agent from the Comptroller of the Currency, giving the dates received, amounts, and denominations. This statement covers both the period 1914-1915 and the year 1916.

During the last year, six shipments of Federal Reserve notes, aggregating \$12,940,000, were received by the Federal Reserve Agent

from the Comptroller of the Currency, all of them during September, October, and November, when there was a heavy demand for notes in this district.

There is also attached as Exhibit I a summarized statement of the receipt and disposition of all Federal Reserve notes by the Federal Reserve Agent, from the opening of the bank to the end of 1916, as well as of all funds and securities under his control.

INTERNAL MANAGEMENT OF THE BANK.

FUNCTIONS AND WORK OF DIRECTORS, EXECUTIVE COMMITTEE, OFFICIAL AND CLERICAL STAFF, MEMBER OF ADVISORY COUNCIL.

At the election of directors held in this district during the latter part of 1915, Mr. Frank O. Watts, president of the Third National Bank of St. Louis, was elected by the banks in group 2 to succeed himself as a class A director, and Mr. David C. Biggs, vice president of the International Shoe Company of St. Louis, was elected by the banks in group 1 as a class B director, to succeed Mr. Murray Carleton, each to serve for three years from January 1, 1916.

Our board of directors has met regularly on the first and third Wednesdays in each month. In all, 25 meetings of the board were held during 1916, at all of which there was a quorum present, with the exception of 3 meetings.

Under the by-laws, the executive committee consists of five, and during the year 1916 was composed of the governor, chairman of the board, and Messrs. Walker Hill, Frank O. Watts, and David C. Biggs. This committee meets twice a week. During the early part of the year it met on Mondays and Thursdays at 10.30 a. m. In September it began meeting on Mondays at 2 p. m. and on Fridays at 10.30 a. m., and continued this arrangement throughout the year.

Before the offerings are presented to the executive committee they are submitted by the credit department at a meeting of all of the officers of the bank, who pass upon them before they are reported to the executive committee.

Mr. Frank O. Watts has represented this bank the past year as a member of the Federal Advisory Council.

CHANGES IN PERSONNEL, AND IN THE ORGANIZATION OF THE DEPARTMENTS, INCLUDING THE FEDERAL RESERVE AGENT'S OFFICE.

During the year there was no resignation from our board of directors, nor was there any change in the official force. Due to increased business, the bank found it necessary to add 15 men to the clerical force, and it now has a total of 53 on its pay roll. The bank believes that it has a highly efficient force and is able, without confusion, to take care of any situation that may arise in this district.

There has been no change in the personnel of the Federal Reserve Agent's Department. The Deputy Federal Reserve Agent, Mr. T. C. Tupper, was also in charge of the credit department of the bank, which included also Mr. W. H. Glasgow, assistant to the Federal Reserve Agent.

The Federal Reserve Agent has compiled each month statistics in regard to business conditions in this district. The chief sources of these statistics are letters of inquiry sent to business houses throughout the district and letters to farmers located in different portions of the district. Every effort is made to have these statistics as reliable as possible, and it is hoped that these reports, published in the Bulletin of the Federal Reserve Board, give a dependable and accurate index of conditions during each month.

OFFICE AND VAULT FACILITIES; BANK PREMISES.

During the last week in December, 1915, the Federal Reserve Bank moved into its permanent rented quarters in the Federal Reserve Bank Building, located on the northeast corner of Broadway and Pine Street.

All of our departments are located on the second floor of this building in such a way that, on entering the door, one can see all of the officers and employees.

It is a light, commodious banking room, accessible to the street without the use of elevators, and we desire that everyone interested in the bank will visit these quarters whenever they find it possible. An effort is made to have all member banks feel that they not only have a bank, but also a home in our office.

Our vaults are located in the basement of our building, are among the best in the United States, and are ample for our needs.

EXAMINATIONS BY FEDERAL RESERVE EXAMINER.

During the year the Federal Reserve Board has made two examinations of this bank, one as at the close of business May 2 and the other as at the close of business November 27. It also examined the Federal Reserve Agent's department on these dates and also on March 11. These examinations were not hurried or superficial in regard to anything. They were thorough and, for that reason, extremely satisfactory to the officers and directors of this bank.

THE CLEARING PROBLEM.

CLEARING TO JULY 15, 1916.

Prior to July 15 our clearing operations were confined to the handling of checks on approximately 370 of our member banks. These banks had voluntarily agreed to our charging to their account,

on the day received by us, all checks drawn on them. This plan went into effect in May, 1915, and was operated until the early part of July, 1916. The number of the member banks availing themselves of our clearing privileges remained about the same throughout the entire period.

CLEARING AFTER JULY 15, 1916.

Since July 15, 1916, at which time the clearing plan proposed by the Federal Reserve Board went into effect, we have been clearing items on all of our member banks and on such nonmember banks as we could collect at par either through member banks, direct, or through nonmember banks. We are now clearing items on all member banks and 877 nonmember banks in this district. The number of nonmember banks availing themselves of our clearing privileges is constantly increasing.

Attached hereto as Exhibit J is a table showing the operations of our present clearing system.

SERVICE RENDERED TO THE BANKS BY THE GOLD SETTLEMENT FUND.

Through the medium of the gold settlement fund we have been able to extend to our member banks facilities whereby they can convert funds in other Federal Reserve cities into available exchange with us as quickly or quicker than they could formerly. The operation of the gold settlement fund has also stabilized exchange on other Federal Reserve cities and done away with the fictitious exchange market that previously existed and which fluctuated to such an extent as to make it very difficult for banks to be able at times to dispose of or obtain the necessary exchange.

CLEARING-HOUSE CHARGES.

Since the establishment of the Federal Reserve Bank, the St. Louis Clearing House has changed its rules so that the general public is receiving some benefit from the reduction in exchange charges brought about by the Federal Reserve system. In some instances, where heretofore depositors have been charged as high as \$2 per \$1,000, they are now charged only 25 cents per \$1,000. In St. Louis it is the practice to charge customers a different rate for checks cleared through the Federal Reserve Bank and checks on nonmember banks which decline to remit at par.

The Louisville Clearing House has also amended its rules, but not to the same extent as the St. Louis Clearing House.

Memphis has made no change in its clearing-house rules. They are exactly the same as they were prior to the inauguration of the Federal Reserve collection system, except that the national banks

have obtained permission from the clearing house to remit at par for checks on themselves received from their Federal Reserve Bank.

There has been no change in the rules of the Little Rock Clearing House since the establishment of the Federal Reserve Bank. It does not require its member banks to charge exchange on out-of-town items received from local customers. It, however, does require that banks charge for remitting on checks drawn on themselves, except, like Memphis, the national banks have obtained permission from the clearing house to remit at par for checks on themselves received from their Federal Reserve Bank.

The Texarkana Clearing House has done away with all rules relative to exchange charges, leaving it discretionary with each bank.

It is hoped that during the coming year clearing houses throughout the district will more generally amend their rules, so that the general public will get the benefit of a greater reduction in exchange charges.

VISITS BY MEMBERS OF THE FEDERAL RESERVE BOARD.

We have had the privilege of visits from a number of the members of the Federal Reserve Board throughout the year. On March 15, Gov. W. P. G. Harding and Mr. F. A. Delano made a 24-hour visit. On May 24, Mr. A. C. Miller, having come to St. Louis to address the Missouri Bankers' Association, met with us. Mr. Paul M. Warburg, on his way to address the annual convention of the American Bankers' Association, visited us on September 23, and on September 30 he and Gov. Harding, returning from that convention, made us another brief visit. Mr. Delano was with us again on October 9.

It is always a pleasure and greatly appreciated by our officers and directors when members of the Federal Reserve Board come in personal contact with them and can discuss local conditions on the ground.

SUMMARY OF CONDITIONS IN DISTRICT.

The year 1916 has been an extremely prosperous one for District No. 8. Activity in all lines of business has increased to record levels, except the building industry, which, while it has increased, has not kept pace with other lines.

The Federal Reserve Bank of St. Louis has had its part in giving confidence to business to expand. The bank itself, which closed the year 1915 with a deficit of \$97,169.29, has made up this deficit and in addition has earned sufficient to enable it to pay a 6 per cent dividend from the opening of the bank to March 31, 1915, and leave a surplus of \$12,748.15 on hand.

This bank has made considerable progress in the establishment of its clearing system, and it is believed that at least 80 per cent of our

member banks find it satisfactory. We also feel sure that our member banks are beginning to understand how easily they can rediscount with us and that this bank is making every effort to be of real assistance to them. The general public unquestionably has the greatest confidence in the Federal Reserve system.

During the year the Federal Reserve Bank of St. Louis has shown a steady and satisfactory development. The real results are not shown in the dividends it has paid, but in the sound basis for business it has created.

EXHIBIT A.—Comparative statement of condition, 1915–16.

	Dec. 31, 1915.	Dec. 31, 1916.
RESOURCES.		
Bills discounted—members.....	\$1, 219, 852. 09	\$1, 300, 711. 54
Bills bought in open market.....	661, 230. 23	7, 036, 819. 35
Investments—municipal warrants.....	341, 552. 60	575, 879. 71
United States bonds.....	970, 000. 00	2, 202, 900. 00
United States gold notes.....	None.	891, 000. 00
Total earning assets.....	3, 192, 634. 92	12, 007, 310. 60
Premium on United States bonds.....	None.	17, 303. 15
Interest accrued on United States bonds.....	4, 850. 00	19, 161. 17
Furniture and equipment.....	20, 346. 13	28, 688. 75
Cost of unissued Federal Reserve notes.....	22, 363. 46	19, 763. 00
Expenses paid in advance.....	1, 763. 79	849. 30
Expense—organization.....	97, 169. 29	None.
Total.....	146, 492. 67	85, 765. 37
Due from Federal Reserve Banks.....	4, 890, 210. 45	20, 389, 339. 94
Deferred debits—transit account.....	None.	3, 065, 478. 15
Due from member banks—overdrafts.....	46, 126. 91	15, 595. 22
Due from banks and bankers.....	None.	71, 067. 46
Exchange for clearing house.....	9. 75	15, 221. 21
Total deductions from gross deposits.....	4, 936, 347. 11	23, 556, 701. 98
Gold coin and gold certificates.....	2, 971, 500. 00	11, 088, 000. 00
Gold settlement fund.....	6, 072, 000. 00	3, 395, 000. 00
Gold redemption fund, United States Treasurer.....	25, 050. 00	254, 850. 00
Other lawful money.....	96, 612. 00	1, 449, 273. 00
Total reserve cash.....	9, 165, 162. 00	16, 187, 123. 00
National-bank notes and Federal Reserve notes, other banks.....	651, 855. 00	806, 435. 00
Federal Reserve notes on hand.....	817, 460. 00	431, 445. 00
Nickels and cents.....	25. 62	321. 08
Total other cash.....	1, 469, 340. 62	1, 238, 201. 08
Total resources.....	18, 909, 977. 32	53, 075, 102. 03
LIABILITIES.		
Capital.....	2, 781, 000. 00	2, 799, 750. 00
Undivided profits.....	None.	12, 941. 49
Unearned discount and interest.....	8, 909. 70	26, 791. 25
Discount on United States bonds bought.....	17, 565. 64	None.
Government deposits.....	671, 363. 51	2, 614, 398. 56
Due to Federal Reserve Banks.....	2, 069, 873. 74	12, 332, 388. 18
Due to member banks.....	13, 076, 849. 50	30, 924, 797. 50
Cashiers' checks.....	283, 668. 56	15, 430. 91
Gross deposits.....	16, 101, 755. 31	45, 887, 015. 15
Federal Reserve notes—bank liability.....	None.	4, 347, 000. 00
Reserved for sundry expenses.....	746. 67	1, 604. 14
Total liabilities.....	18, 909, 977. 32	53, 075, 102. 03
Reserve carried against all liabilities..... per cent..	82. 1	60. 8
With Federal Reserve Agents to retire outstanding Federal Reserve notes..	8, 950, 000. 00	12, 542, 730. 00

EXHIBIT B.—Comparative profit and loss statement, Nov. 16, 1914, to Dec. 31, 1916.

	Nov. 16, 1914, to Dec. 31, 1915.	Jan. 1 to Dec. 31, 1916.
Earnings from:		
Bills discounted—members.....	\$54,298.48	\$46,041.34
Bills purchased—acceptances.....	6,387.06	81,598.79
United States bonds.....	7,488.21	70,362.41
Municipal warrants.....	16,324.65	31,618.94
Exchange.....	3,071.29	30,000.00
Interest on bill-of-lading drafts.....	None.	2,782.73
Appreciation on United States bonds.....	None.	17,873.14
Depleted reserve penalties.....	None.	2,036.01
Profit on United States securities sold.....	None.	3,776.50
Sundry profits.....	33.55	68.67
Total.....	87,603.24	286,158.53
Expenses:		
Current expenses.....	150,601.73	124,571.63
Organization expenses prior to Nov. 16, 1914.....	5,854.30	
Federal Reserve Board assessments.....	15,425.65	9,749.62
Cost of Federal Reserve currency issued.....	12,120.00	10,720.00
Commissions paid.....	770.85	None.
Transit department disbursements (net).....	None.	99.73
Total.....	184,772.53	145,140.98
1914-15 loss on operation transferred to organization expense.....	97,169.29	
1916 profit on operation.....		141,017.55
1914-15 organization expense amortization.....		97,169.29
1916 surplus available for dividends.....		43,848.26
Dividend paid Dec. 30, 1916.....		31,100.11
Undivided profits, Dec. 31, 1916.....		12,748.15

EXHIBIT C.—Table showing volume of rediscounts accepted by the Federal Reserve Bank of St. Louis from each State each month, the total amount accepted from each State during the year 1916, and the number of different banks in each State rediscounting each month.

	Arkansas.		Illinois.		Indiana.		Kentucky.	
	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.
January.....	5	\$26,286.41	9	\$86,418.23	4	\$96,500.00	2	\$13,300.00
February.....	2	18,817.85	6	33,699.94	2	25,928.85	3	38,660.19
March.....	5	23,806.40	9	57,870.34	2	5,992.00	1	17,020.00
April.....	4	37,836.43	8	26,767.60	2	16,840.00	3	40,218.02
May.....	4	29,273.10	15	89,602.89	3	6,409.00	3	27,030.00
June.....	7	76,897.97	10	45,618.79	2	5,052.50	1	1,000.00
July.....	6	32,639.28	11	91,315.35	2	37,628.00	2	35,408.57
August.....	7	67,994.39	7	69,923.50	3	5,057.00	3	23,368.64
September.....	7	168,334.06	9	56,275.94	1	840.00	2	231,129.75
October.....	2	5,820.20	8	38,385.83	3	134,179.21	2	9,804.50
November.....			8	79,957.70	3	69,574.04	5	440,007.50
December.....	2	14,852.00	5	43,621.88			3	30,750.00
Total.....		502,608.09		719,457.99		404,000.60		907,697.17

	Mississippi.		Missouri.		Tennessee.		Total.
	Banks.	Amount.	Banks.	Amount.	Banks.	Amount.	
January.....	2	\$19,782.33	12	\$157,609.29	7	\$183,847.46	\$583,743.72
February.....			7	75,586.58	2	8,835.39	201,528.80
March.....	3	56,463.83	7	59,000.98	3	13,981.94	234,135.49
April.....	1	11,489.88	12	84,868.77	2	22,577.21	240,597.91
May.....	2	32,817.47	12	428,933.06	1	7,402.43	621,467.95
June.....	2	30,558.40	13	100,065.47	5	64,026.31	323,219.44
July.....	2	27,939.56	9	171,526.93	7	151,774.72	548,232.41
August.....	3	26,600.68	6	310,686.93	8	278,274.64	781,905.78
September.....	4	157,503.57	6	192,865.92	8	916,683.41	1,723,682.65
October.....	3	81,173.32	6	46,242.00	4	1,001,500.00	1,317,108.06
November.....	2	29,192.69	4	42,239.80	3	351,837.28	1,012,809.01
December.....	1	12,150.00	6	564,968.36	2	587,893.11	1,254,235.35
Total.....		485,674.73		2,234,594.09		3,588,633.90	8,842,666.57

EXHIBIT D.—Table showing the rediscount operations of the Federal Reserve Bank of St. Louis, classified by maturities, classes of paper, and months in which rediscounted.

	10 days and less.	11 to 30 days.	31 to 60 days.	61 to 90 days.	91 days to 6 months.	Total.
Notes:						
January.....	\$40,000.00	\$90,678.74	\$182,926.44	\$213,236.82	\$44,324.01	\$551,166.01
February.....		14,755.39	82,395.46	77,682.85	23,223.37	198,057.07
March.....		7,797.06	57,350.21	93,667.87	42,165.53	200,980.67
April.....		33,065.89	48,749.86	73,920.78	41,229.65	196,966.18
May.....	93,803.60	238,704.69	90,499.41	121,665.59	49,234.70	593,907.99
June.....		48,861.02	55,952.70	88,760.83	91,099.01	284,673.56
July.....	107,316.61	57,023.98	108,769.41	217,555.97	40,318.70	530,984.67
August.....	37,895.51	387,752.25	90,546.86	189,155.46	20,792.33	726,142.41
September.....	11,403.21	285,415.64	324,415.78	419,509.53	47,167.17	1,087,911.33
October.....	421.44	53,977.72	51,797.03	155,119.13	7,810.00	269,125.32
November.....	56,812.00	149,000.00	132,534.50	53,171.80	6,924.50	398,442.80
December.....	550.58	77,329.72	167,283.69	71,004.70	25,413.75	341,582.44
Total.....	348,202.95	1,444,362.10	1,373,221.35	1,774,451.33	439,702.72	5,379,940.45
Trade acceptances:						
January.....	2,620.68	13,830.95	1,593.75	14,532.33		32,577.71
February.....		1,751.23	1,720.50			3,471.73
March.....		16,774.75	10,241.01	6,139.06		33,154.82
April.....		41,763.61	1,868.12			43,631.73
May.....	279.91	24,538.98	2,741.07			27,559.96
June.....		15,145.10	23,069.14	331.64		38,545.88
July.....	3,253.29	12,149.15	1,845.30			17,247.74
August.....	3,508.38	43,453.96	5,843.07	2,957.96		55,763.37
September.....	624.71	10,860.20	100,682.56	77,103.85		189,271.32
October.....	1,406.42		5,618.78	68,457.54		75,482.74
November.....	13,044.47	4,840.71	32,481.03			50,366.21
December.....	7,465.91	51,155.88	531.12			59,152.91
Total.....	32,203.77	236,264.52	188,235.45	169,522.38		626,226.12
Commodity paper:						
September.....		13,000.00	123,000.00	110,500.00		246,500.00
October.....		222,500.00	301,000.00	449,000.00		972,500.00
November.....		66,000.00	23,000.00	40,000.00		129,000.00
December.....		156,000.00		30,000.00		186,000.00
Total.....		457,500.00	447,000.00	629,500.00		1,534,000.00
Members' collateral notes:						
September.....		200,000.00				200,000.00
November.....	10,000.00	425,000.00				435,000.00
December.....	500,000.00	167,500.00				667,500.00
Total.....	510,000.00	792,500.00				1,302,500.00
Grand total.....	890,406.72	2,930,626.62	2,008,456.80	2,573,473.71	439,702.72	8,842,666.57

EXHIBIT E.—National banks in district No. 8 which have been granted fiduciary powers, under section 11 (k) of the Federal Reserve Act, up to December 31, 1916.

Trustee, executor, administrator, and registrar of stocks and bonds:

- First National Bank, Anna, Ill.
- Ayers National Bank, Jacksonville, Ill.
- First National Bank, Pittsfield, Ill.
- City National Bank, Evansville, Ind.
- Old State National Bank, Evansville, Ind.
- First National Bank, Mt. Vernon, Ind.
- Citizens National Bank, Tell City, Ind.
- First-Hardin National Bank, Elizabethtown, Ky.
- Farmers National Bank, Glasgow, Ky.
- Henderson National Bank, Henderson, Ky.
- First National Bank, Hopkinsville, Ky.
- Citizens National Bank, Lebanon, Ky.
- Marion National Bank, Lebanon, Ky.

Trustee, executor, administrator, and registrar of stocks and bonds—Continued.

- Boone County National Bank, Columbia, Mo.
- Exchange National Bank, Columbia, Mo.
- Citizens National Bank, Sedalia, Mo.
- Merchants-Laclede National Bank, St. Louis, Mo.
- Central-State National Bank, Memphis, Tenn.

Trustee, executor, administrator, and registrar of bonds:

- Morganfield National Bank, Morganfield, Ky.

Trustee, executor, and administrator:

- Nokomis National Bank, Nokomis, Ill.
- Bedford National Bank, Bedford, Ind.
- First National Bank, Versailles, Mo.

EXHIBIT F.—Table showing the dates, denominations, and amounts of the issues of Federal Reserve notes to the Federal Reserve Bank of St. Louis during the period 1914-15 and the year 1916.

1914-15.

Date.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Dec. 1, 1914.....	\$260,000	\$160,000	\$80,000	.....	.....	\$500,000
Dec. 14, 1914.....	150,000	50,000	.....	.....	.....	200,000
Aug. 18, 1915.....	97,000	.....	.....	.....	.....	97,000
Aug. 25, 1915.....	210,000	.....	.....	.....	.....	210,000
Sept. 10, 1915.....	200,000	100,940	88,560	.....	.....	389,500
Sept. 18, 1915.....	80,000	160,000	160,000	.....	.....	400,000
Sept. 21, 1915.....	320,000	400,000	80,000	.....	.....	800,000
Sept. 28, 1915.....	900,000	.....	.....	.....	.....	900,000
Oct. 5, 1915.....	300,000	520,000	480,000	\$200,000	.....	1,500,000
Oct. 29, 1915.....	480,000	320,000	240,000	.....	.....	1,040,000
Nov. 12, 1915.....	525,000	360,000	240,000	.....	.....	1,125,000
Nov. 22, 1915.....	15,000	.....	.....	.....	.....	15,000
Nov. 29, 1915.....	200,000	400,000	400,000	.....	.....	1,000,000
Dec. 20, 1915.....	460,000	400,000	160,000	.....	.....	1,020,000
	4,197,000	2,870,940	1,928,560	200,000	None.	9,196,500

1916.

May 4, 1916.....	\$110,000	\$40,000	.....	.....	.....	\$150,000
Sept. 14, 1916.....	200,000	400,000	\$400,000	.....	.....	1,000,000
Sept. 19, 1916.....	404,350	352,000	243,600	\$50	.....	1,000,000
Sept. 23, 1916.....	360,000	400,000	240,000	.....	.....	1,000,000
Sept. 30, 1916.....	.....	240,000	320,000	.....	.....	560,000
Oct. 3, 1916.....	440,000	560,000	.....	.....	.....	1,000,000
Oct. 6, 1916.....	.....	360,000	640,000	.....	.....	1,000,000
Oct. 13, 1916.....	240,000	360,000	400,000	.....	.....	1,000,000
Oct. 16, 1916.....	21,600	480,000	.....	.....	.....	501,600
Oct. 20, 1916.....	240,000	200,000	560,000	.....	.....	1,000,000
Nov. 1, 1916.....	200,000	400,000	400,000	.....	.....	1,000,000
Nov. 3, 1916.....	100,000	.....	.....	.....	.....	100,000
Nov. 6, 1916.....	240,000	520,000	240,000	.....	.....	1,000,000
Nov. 13, 1916.....	280,000	400,000	320,000	.....	.....	1,000,000
Dec. 5, 1916.....	60,000	440,000	.....	.....	.....	500,000
	2,895,950	5,152,000	3,763,600	50	None.	11,811,600
Total to Dec. 30, 1916...	7,092,950	8,022,940	5,692,160	200,050	None.	21,008,100

EXHIBIT G.—Federal Reserve notes received and returned.

[Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit and returned to other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of St. Louis during 1916.]

Exchanged with Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$9,290	\$3,400	\$10,870	\$6,350	\$7,340	\$1,100
New York.....	183,000	68,790	127,770	95,320	97,120	40,360
Philadelphia.....	10,175	5,375	10,740	6,990	7,960	3,840
Cleveland.....	7,205	12,125	4,600	19,710	2,980	26,300
Richmond.....	2,515	12,840	2,850	18,760	2,660	20,640
Atlanta.....	24,665	100,230	23,240	151,520	19,000	105,240
Chicago.....	306,000	30,550	161,000	3,310	71,500	14,440
St. Louis.....						
Minneapolis.....	11,820	57,260	8,430	49,290	5,340	32,220
Kansas City.....	13,060	843,605	19,560	335,270	10,980	107,280
Dallas.....	43,520	304,285	44,550	389,300	38,240	255,380
San Francisco.....	5,150	16,835	5,270	9,350	3,840	10,040
Total.....	616,400	1,455,295	418,880	1,085,170	266,960	616,840

Exchanged with Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$500	\$700		\$600	\$28,000	\$12,150
New York.....	23,000	3,150		6,900	430,890	214,520
Philadelphia.....	1,300				30,175	16,205
Cleveland.....	450	11,900		5,900	15,235	75,935
Richmond.....	100	5,450		1,500	8,125	59,190
Atlanta.....	27,100	3,150		6,000	94,005	366,140
Chicago.....	7,000	1,050		600	545,500	49,950
St. Louis.....						
Minneapolis.....	200	500		800	25,790	140,070
Kansas City.....	400	6,450			44,000	1,292,605
Dallas.....	15,800	54,250		14,100	142,110	1,017,315
San Francisco.....	700	1,400		1,000	14,960	38,625
Total.....	76,550	88,000		37,400	1,378,790	3,282,705

EXHIBIT H.—Table showing the Federal Reserve notes received by the Federal Reserve Agent from the Comptroller of the Currency during the period 1914-15 and the year 1916.

1914-15.

Date.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Nov. 16, 1914.....	\$2,160,000	\$840,000				\$3,000,000
Nov. 27, 1914.....			\$400,000			400,000
Oct. 2, 1915.....	1,000,000	1,000,000	800,000	\$400,000		3,200,000
Nov. 1, 1915.....	1,200,000	1,000,000	800,000			3,000,000
Total.....	4,360,000	2,840,000	2,000,000	400,000		9,600,000

1916.

Sept. 5, 1916.....	\$520,000	\$1,520,000	\$960,000			\$3,000,000
Oct. 4, 1916.....	800,000	480,000	720,000			2,000,000
Oct. 12, 1916.....		1,000,000	960,000			1,960,000
Oct. 25, 1916.....		1,520,000	480,000			2,000,000
Nov. 6, 1916.....	900,000	720,000	400,000			2,020,000
Nov. 22, 1916.....	1,000,000	960,000				1,960,000
	3,220,000	6,200,000	3,520,000			12,940,000
Total received to Dec. 30, 1916.....	7,580,000	9,040,000	5,520,000	\$400,000		22,540,000

EXHIBIT I.—*Statement of receipts and disposition of Federal Reserve notes by Federal Reserve Agent from opening of the Federal Reserve Bank of St. Louis, and of funds and securities in his possession on Dec. 30, 1916.*

Federal Reserve notes received from Comptroller of Currency.....	\$22, 540, 000. 00
Notes issued to Federal Reserve Bank.....	\$21, 008, 100. 00
Notes returned by Federal Reserve Bank to Federal Reserve Agent....	\$1, 496, 500. 00
Fit notes returned by United States Treasurer to Federal Reserve Agent	11, 600. 00
Unfit notes received by comptroller from United States Treasurer for destruction.....	2, 610, 270. 00
	<u>4, 118, 370. 00</u>
Federal Reserve notes outstanding.....	16, 889, 730. 00
Federal Reserve notes in hands of Federal Reserve Agent.....	3, 040, 000. 00
Gold for retirement of Federal Reserve notes:	
In hands of Federal Reserve Agent.....	\$5, 164, 600. 00
Credit balance in gold redemption fund.....	868, 130. 00
Credit balance with Federal Reserve Board....	6, 510, 000. 00
	<u>12, 542, 730. 00</u>
Rediscounts in hands of Federal Reserve Agent to secure Federal Reserve notes.....	4, 350, 506. 38

EXHIBIT J.—*Table showing the operations of the clearing system of the Federal Reserve Bank of St. Louis from July 15, 1916, the date on which the present clearing plan, proposed by the Federal Reserve Board, went into effect, to Dec. 15, 1916.*

	Average number of items handled daily.	Average amount of items handled daily.	Number of member banks in the district.	Number of nonmember banks on which we can handle items at par.	Average number of items sent daily by member banks direct to other Federal Reserve Banks for our account, not actually handled by us.	Average amount of items sent daily by member banks direct to other Federal Reserve Banks for our account, not actually handled by us.
1916.						
July 15 to Aug. 15.....	5, 474	\$2, 451, 748. 83	469	734	3, 369	\$665, 348. 29
Aug. 16 to Sept. 15.....	7, 780	4, 330, 971. 40	469	763	7, 517	1, 127, 293. 35
Sept. 16 to Oct. 15.....	8, 814	5, 677, 716. 85	468	805	8, 294	1, 731, 342. 81
Oct. 16 to Nov. 15.....	9, 388	6, 904, 130. 84	469	851	9, 437	2, 015, 666. 17
Nov. 16 to Dec. 15.....	10, 039	8, 402, 904. 03	469	881	9, 739	1, 837, 642. 17

