244.211 - Depression Statistics
(Sept. 1932 - May 1933)

Statistics

TRANSFER

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date May 27, 1933

To Governor Black

From Mr. Thompson

Subject: Demand for currency

244.211 Depression stat

Currency continued to return to the Federal reserve banks and the Treasury at a moderate rate, the decline during the past week being in part seasonal. The return of gold coin has almost ceased and gold certificates are being brought in at a rate of less than $1,000,000 per day. The total return of currency since the peak of March 13 is now $1,786,000,000.

Changes by Federal reserve districts in demand for important kinds of currency during the week ending Wednesday, May 24, are shown in the table below. About half of the return of currency in the Chicago district reflected the reduction in vault cash holdings of Chicago banks.

DEMAND FOR CURRENCY BY FEDERAL RESERVE DISTRICTS
WEEK ENDING WEDNESDAY, MAY 24, 1933

(In millions of dollars)

Federal Reserve District	Gold coin	Gold certificates	Federal reserve notes	All other	Total
Boston	—	-0.4	-2.0	+0.3	-2.1
New York	—	-1.9	-21.9	+2.4	-21.4
Philadelphia	-0.1	-0.2	-2.3	-0.5	-3.1
Cleveland	—	-0.2	-2.6	+1.3	-1.5
Richmond	-0.1	-0.5	-3.6	-0.9	-5.1
Atlanta	—	-0.3	-1.1	-0.4	-1.8
Chicago	—	-0.9	-12.8	+2.3	-11.4
St. Louis	—	-0.2	-1.8	-1.2	-3.2
Minneapolis	—	-0.1	-0.9	-0.1	-1.1
Kansas City	—	-0.2	-1.1	-0.1	-1.4
Dallas	—	—	-0.6	-0.2	-0.8
San Francisco	-0.1	-0.2	-4.4	-0.6	-5.3
In Transit	—	—	+0.3	+1.4	+1.7
Total	-0.4	-4.9	-54.8	+3.7	-56.5
In circulation:					
May 17	325	287	3,235	2,005	5,852
May 24	324	282	3,181	2,008	5,795
Usual seasonal change for the week					-10

For CIRCULATION
Gov. Meyer
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr.
Mr.
Mr.
Please note - initial and Return to Secretary's Office

131

...ice Correspondence

FEDERAL RESERVE BOARD

Date May 26, 1933

Governor Black

Subject: Articles in British and German Press

From Miss Evans

244

GPO 2—8495

D.S.E.
LEP

244.211
Depression Stat

I attach summaries, selected from the forthcoming Weekly Review of Periodicals, of certain recent articles in the British and German press.

They are from the London Economist Banking Supplement, Montagu Weekly Review, and Die Bank. Titles follow:

The Bank for International Settlements
The Exchange Equalization Account
Platinum Currency in Soviet Russia?

The Fate of Gold is Sealed
England, France, and the Dollar

The Bank for International Settlements, by a correspondent.
London Economist Banking Supplement, May 13, page 11-12.

If the past year's history of the B.I.S. were to be summarized in one sentence, it would be to the effect that it had lost part of its business and resources, but had gained its freedom. The disappearance of the reparations activities of the bank entailed the loss of part of its business, but on the other hand the coming into existence of the various standstill agreements has thrust new duties upon it, while the prevalence of acute crisis conditions throughout a large part of Europe has made its advice more sought after than ever.

Still, the most important development of the year is that, as a result of Lausanne, the B.I.S. has gained greatly in liberty. It is now free to embark single-minded upon its other main function of fostering central bank collaboration, and it is well to understand what this means. First, there is the question of international cooperation in granting credits, and the importance of this is shown by the fact that in 1931 alone the aggregate volume of specially arranged credits during the year amounted to 5,000,000,000 Swiss francs (approximately $1,000,000,000). At the moment the demand for international bank credits may be less than it was two years ago, though the recent opening of the French credit in London may be set against the repayment of the German rediscount credit. Still, the problem of international short-term indebtedness remains unsolved, and numerous occasions will certainly arise in the future when it will be legitimate to help a country from which short-term credits have been suddenly withdrawn. There is a strong case for urging that special assistance of this kind should be organized by the B.I.S. Another opportunity may arise if and when the gold standard is generally restored. Certain countries may need special stabilization credits, which could best be arranged through the medium of the B.I.S.

Another function of the bank is that of acting as a center for the foreign exchange holdings of central banks. At the moment the gold exchange standard is under a cloud, but it is arguable that the gold exchange standard broke down only because the gold standard broke down first, and central banks will certainly want to carry foreign exchange holdings when more stable monetary conditions are restored. There is much to be said for concentrating these holdings as far as possible at the B.I.S. The bank may also be able to play an important part in developing joint international policy, to be executed by the different central banks with the object of checking as far as possible undue fluctuations in trade and industry. This point was stressed by the Gold Delegation in Geneva.

Finally, the B.I.S. continues to act as a club for central bankers, who can meet there regularly without causing comment. Now that reparations are out of the way, it is conceivable that the contacts may become even closer than before, and that the last traces of any reserve may disappear. Intangible as it is, there is no doubt that this is one of the bank's most valuable functions.

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The Exchange Equalization Account.
London Economist Banking Supplement, May 13, page 6-8.

After setting forth the reasons which led to the establishment of the Exchange Equalization account, and giving some description of the way it operates, the article comments on the influence of the Exchange Account in New York:

There has been for some time an impression abroad that the Account was being operated in a way prejudicial to foreign interests. It must be emphasized that our real object has been to keep the pound steady, which is quite different from keeping it down. In fact, last autumn, the Account had to support sterling. It may be that the level at which the pound was held last winter was determined partly by our own interests, but it may equally be said that had the dollar been allowed to fall freely against sterling the efflux of capital from New York and subversive speculative operations in dollars would have been greatly magnified. To that extent we may claim to have delayed and mitigated the American crisis of early March.

On the wider question of the relative level of the pound and the dollar, more recent events have shown that the remedy lies partly in American hands, for by reimposing the gold embargo President Roosevelt in one week drove the pound up from $3.41 to $3.85, or by 13 per cent. Nor was the Exchange Account in a position to resist such a movement, and in fact no resistance was made. Furthermore, the suspension of the gold standard in the United States alters the whole field of the British Account's operations, especially if the United States Government sets up an Exchange Account of its own. In fact, close cooperation between the authorities of the two nations will be imperative if chaos is to be avoided, for nothing could be more disastrous than for the Exchange Accounts of the two nations to pull against each other.

Platinum Currency in Soviet Russia?
Montagu Weekly Review, May 11, page 225.

The possibility of the introduction of a platinum currency in the Soviet Union is being freely discussed in Moscow, according to a report, and it is believed that the question is being seriously considered by the authorities. This currency, it is suggested, would be merely for internal use and for the convenience of tourists and foreign residents, who hitherto have been forced to use American dollars or sterling for purchase at the Government stores of commodities which cannot be purchased for rubles.

The U.S.S.R. possesses the largest platinum reserves in the world, amounting to some 7,000,000 ounces, whose output is controlled by the Ural Platinum Trust and exported through the Commissariat for Finance at prices based on the London market. Before the war, Russia had almost a world monopoly in the supply of platinum, the only other important reserves being in British Colombia, and today the U.S.S.R. still leads the world in production.

It is in view of the uncertainty of the platinum market that the Soviet Finance Commissariat is believed to be seriously considering the introduction of a platinum currency, in order to meet the increase of output of the metal and, at the same time, the convenience of foreigners. The currency would be purchasable only for foreign valuta, in order not to restrict the supply of dollars and sterling, so essential for the meeting of Soviet commitments abroad.

"The fate of gold is sealed" idea, by Alfred Lansburgh.
Die Bank, May 3, page 645-7.

The action of the American Senate on April 28 gave the President of the United States power to issue unsecured paper money to the amount of $3,000,000,000, to reduce the gold content of the dollar by half, to mint silver coin in unlimited quantity, and so forth. The "dollar of our fathers" is no more; it has followed the honorable pound sterling into the grave.

But this by no means indicates the end of gold currency, as many people seem to suppose. On the contrary. After such international acts of violence gold is accustomed to rise again the more victorious over the paper pseudo currencies, just as happened after the great world inflation. And when it is argued that the definite abandonment of gold by America seals the fate of gold currency, as the abandonment of silver in its time sealed the fate of the white metal, one needs only -- in order to recognize the error of such a notion -- to remember this: Silver in its time was dethroned because a better measure of value, in the form of gold, stood ready to take the place of silver. For gold, however, the only competition today is that of paper, and possibly of silver which has been deposed by gold. And, whatever follies the individual governments may commit, the working, earning mass of the people will never in the long run adopt the thing of less value in place of the thing of greater value.

Furthermore, neither America nor England, nor any other great country, seriously considers abandoning gold in favor of any academic theory. Rather, in spite of all the acts of violence which have been committed, in the background everywhere, stands the thought of the return to gold.

England, France, and the dollar.
Die Bank, May 3, page 627-8.

While the English and French delegates in Washington were discussing informally what the depreciation of the dollar might mean to their respective countries, the two Governments were drawing their own conclusions. Officially, nothing has taken place between the two Treasuries except that the British Treasury has granted the French Treasury a six months credit of £30,000,000 at 2 1/2 percent, through the agency of a private banking consortium in London. The publicity accorded this credit led both parties to offer some plausible motives for the transaction: The English money market had to find employment for its excess funds. A suitable opportunity was afforded by the need of funds by the French Government which, in order to balance its budget, required a larger loan than it could raise at the moment in the domestic market without prejudicing the quotation of its rentes. For England, the credit afforded the further advantage of a preventive support of the pound in the autumn, for the credit matures in October, just the time when sterling is under the greatest pressure in the international market.

Actually, the credit is the first measure of defense taken by the two countries against the American abandonment of gold. France has given out so much gold to meet her obligations and to maintain her exchange at parity that now she is unwilling to permit her gold stock, large as it is, to be drawn upon any further. Up to the present, the Bank of France has seen no particular danger in gold deliveries because, with a favorable balance of trade and payments, it could count on a return of gold to the bank. But now that the United States forbids the delivery of gold, there is danger that even with the most favorable balance of payments possible, gold once given out might not come back. Thus it seemed wise to avoid the necessity for a time of giving out any more gold, and instead to accept a foreign loan which would strengthen the position of the franc and assist the financial position of the Government.

For England, the credit represents a highly desirable protection against the American attempts to drive the pound up to around $4 and to hold it at that level, and thus to force England against her wishes to anchor her currency to this new parity. The credit to France creates a demand for francs in the English market together with an offer of sterling, and so tends to counteract any attempt to manipulate a rise in sterling. For the same purpose Chamberlain asked for an increase in the Exchange Equalization Fund, which should make it an effective weapon, especially in case America should also establish an Equalization Fund in order to be able to regulate the level of dollar quotations.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

For CIRCULATION: Mr. Hamlin Mr. James Mr. Magee Mr. Miller Mr. Harrison Mr. Morrill Mr. McClelland Mr. Wyatt Mr. Mr.

Please note initials and return to OVER

Date May 19, 1933

To Governor Black

Subject: The Currency Situation

From Mr. Thompson D. T.

244.211
Depression Spt

2—8495

On May 17, 1933, the volume of money in circulation, that is, outside the Treasury and Federal reserve banks,[1] amounted to $5,852,000,000, a decline of $1,729,000,000 from the all time peak of $7,581,000,000 reached on March 13, 1933, but an increase of $1,360,000,000 over the average low level of the present depression, $4,490,000,000, reached in the autumn of 1930.

Of the amount in circulation, it is estimated that more than $2,000,000,000 has been hoarded since the depression, or represents increased use of money where banking facilities are not available or confidence in banks is wanting.

Before October, 1930, the volume of money in circulation fluctuated chiefly in response to changes in the volume of wage and salary payments, and in the dollar volume of retail sales. This is shown on Chart I, which compares the average daily amount of money in circulation each month from January 1922 to December 1932 with changes in payrolls and retail trade (department store sales) as measured by the Federal Reserve Board's indexes. The chart shows a marked correspondence in the seasonal fluctuations of the two curves, but since 1926 and until the middle of 1929 there was a gradual reduction in the volume of money in circulation notwithstanding the maintenance of payrolls and retail trade at relatively high levels.

Chart II shows changes in the volume of money in circulation from Wednesday to Wednesday from 1922 to date after making allowance for seasonal changes. The decline in money in circulation from 1926 to 1929 reflected

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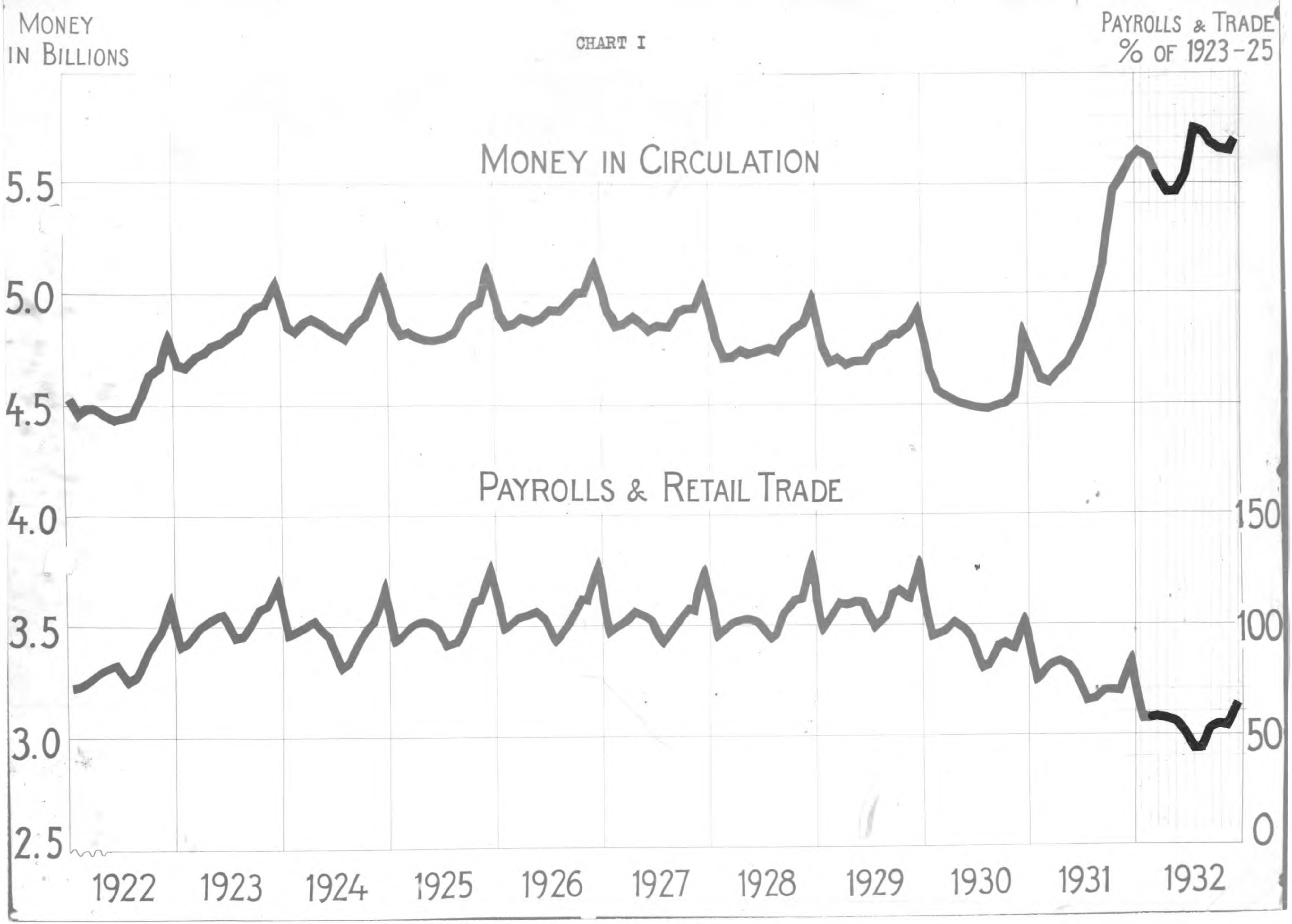
1/ Including currency in circulation abroad but excluding known net exports of gold coin.

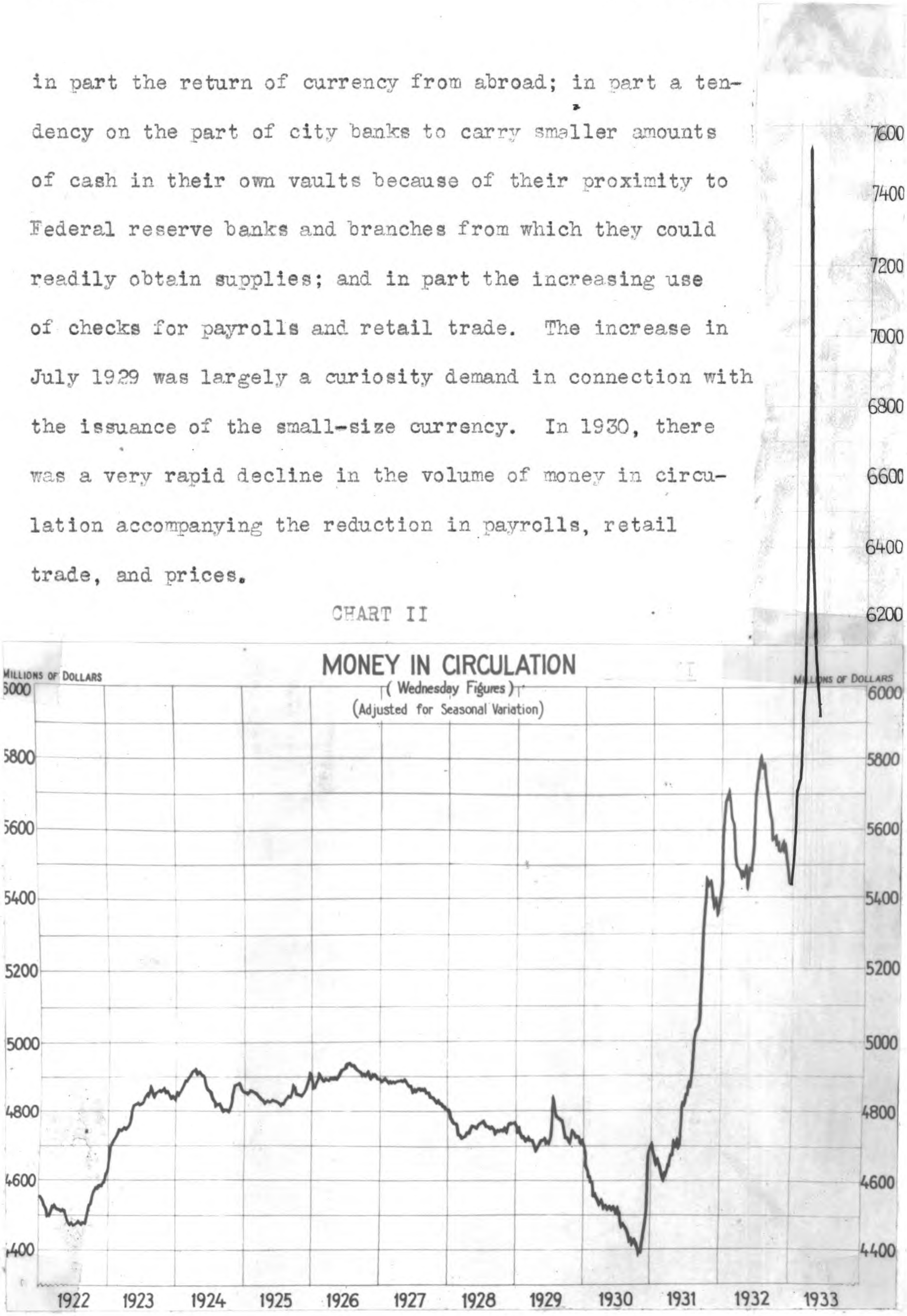
CHART I



MONEY IN BILLIONS
PAYROLLS & TRADE % OF 1923-25
MONEY IN CIRCULATION
PAYROLLS & RETAIL TRADE
5.5
5.0
4.5
4.0
3.5
3.0
2.5
150
100
50
0
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932

in part the return of currency from abroad; in part a tendency on the part of city banks to carry smaller amounts of cash in their own vaults because of their proximity to Federal reserve banks and branches from which they could readily obtain supplies; and in part the increasing use of checks for payrolls and retail trade. The increase in July 1929 was largely a curiosity demand in connection with the issuance of the small-size currency. In 1930, there was a very rapid decline in the volume of money in circulation accompanying the reduction in payrolls, retail trade, and prices.

CHART II



The Hoarding of Currency

Since October 1930, however, changes in the demand for currency have been dominated chiefly by the movement of currency into and out of hoards and by changes in vault cash holdings of the commercial banks; and fluctuations in payrolls and retail trade have on the whole exerted only a subordinate influence. In 1931 and 1932 the volume of payrolls and retail trade declined substantially, while the volume of money in circulation rose to high levels reflecting the withdrawals in cash of deposits by depositors whose growing distrust of the banks of the country culminated in the suspension of all banking in the United States on March 4, 1933.

These developments are summarized in the following table which shows for selected periods the factors in the demand for currency since October 1930. The figures in the last two columns show the amount of currency hoarded by the public or used in place of the customary bank check. Column 1 shows actual changes in the volume of money in circulation over the periods selected; column 2 shows the changes in the volume of money in circulation after making allowance for usual seasonal changes in demand; and column 3 shows the amount of paper currency reported to be shipped to, or received from, Europe by New York City banks. Columns 2 and 3 indicate the known changes in the amount of currency made available to the country other than for seasonal uses. The remaining columns show how that currency was used: column 4 shows changes other than those of a seasonal character in business demands; column 5 shows changes other than of the usual seasonal nature in the amount of cash held in vaults of banks; and column 6 shows all other non-seasonal changes in demand which we assume to be the result chiefly of hoarding by the public. In column 7 the figures of column 6 are rounded and cumulated to show the net change since October 22, 1930. While the many estimates upon which the data used in this table are based may be subject to considerable error, the results nevertheless are probably indicative of developments and show that at the present time there is more than $2,000,000,000 of currency now in the hands of the public in excess of that normally required for the conduct of the country's business. All of this is not hoarding in the strict sense. There has undoubtedly been some increase in the use of currency in place of bank checks as a result of the absence of banking facilities, of the lack of confidence in available banking facilities, and of the tax on checks. We have been unable to estimate the amount involved in the operation of these factors but they have undoubtedly been of some influence.

FACTORS IN THE DEMAND FOR CURRENCY OCTOBER 1930-MAY 1933

	Change in Money in circulation		Paper currency Receipts from(+) Shipments to(-) Europe	Non-seasonal business demand	Non-seasonal changes in vault cash of banks	Hoarding by public etc.	
	Actual	Adjusted for seasonal variations				Current	Cumulative
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Oct.22 -Dec.31,1930	+ 44	+297	+ 1	- 90	+ 40	+348	+350
Dec.31,1930-Mar. 4,1931	-315	- 95	+ 4	- 40	- 45	- 6	+345
Mar. 4 -Oct.28,1931	+906	+832	- 15	-150	+ 85	+882	+1,225
Oct.28 -Dec. 9,1931	+ 28	- 80	+ 7	- 25	-135	+ 87	+1,310
Dec. 9,1931-Feb. 3,1932	+122	+360	+ 5	- 60	+ 25	+400	+1,710
Feb. 3 -Apr.13,1932	-208	-257	+ 18	- 50	- 70	-119	+1,590
Apr.13 -July20,1932	+312	+355	+ 34	-100	+ 65	+424	+2,015
July20,1932-Jan.11,1933	-146	-220	+ 40	-110	-195	+125	+2,140
Jan.11 -Mar. 8,1933	+1,949	+1,988	+ 9	+ 50	+985	+962	+3,100
Mar. 8 -May 17,1933	-1,686	-1,660	+ 20	+ 25	-950	-715	+2,385

The periods covered by the table correspond to the five periods of heavy currency withdrawals shown in Chart II and the subsequent five periods of currency return. The table shows that up to February 1932 the most important factor in the non-seasonal increase in demand for currency was the growth of hoarding and that the return of currency to the reserve banks reflected reduced business demands and reduced vault cash holdings of banks with practically no reduction in hoarding. The formation of the Reconstruction Finance Corporation in February 1932 was followed by a reduction in the number of bank failures and the return of more than $100,000,000 of currency from hoards but banking difficulties in New England in April, in and about Chicago in June and July, and in the San Francisco district in June, were reflected in a resumption of hoarding by the public. Although there was a return of currency to the reserve banks between July 1932 and January 1933, a reflection of reduced business demands and reduced vault cash holdings of banks, hoarding by the public continued. The crisis this year was accompanied by an increase in circulation of nearly $2,000,000,000 of which almost half was hoarded by the public and nearly half was taken by the banks and held in their own vaults in anticipation of further public withdrawals.

Recent Developments

During the banking holiday in March there were some additional currency withdrawals, chiefly by banks in preparation for reopening. The volume of money in circulation, that is, outside the Treasury and Federal reserve banks, reached a peak on March 13. Immediately following the reopening of the banks on March 13-15, there was a return flow of currency to the reserve banks and the Treasury which was rapid at first but which has become progressively slower. From March 13 to March 18, currency returned from circulation at the rate of more than $140,000,000 per day. During the next three business days, it averaged about $85,000,000 per day; from March 22 to March 29, it averaged less than $50,000,000 per day. Since then, after making allowance for usual seasonal changes, the rate of return flow averaged between $15,000,000 and $19,000,000 per day during the early part of April, and since April 12 has averaged less than $10,000,000 a day.

As indicated by the table on page 4, practically all of the currency withdrawn by the banks during January, February, and the first week of March, has been returned to the reserve banks, but the public still has about $250,000,000 more currency than in January.

Of the $5,852,000,000 reported officially as in circulation, that is, outside the Treasury and Federal reserve banks, on May 17 $325,000,000 was gold coin, $287,000,000 was gold certificates, $3,235,000,000 was Federal reserve notes, and $2,005,000,000 was composed of all other forms of coin and currency. The following table shows kinds of money in circulation on recent dates:

MONEY IN CIRCULATION

(In millions of dollars)

	Total	Gold Coin	Gold Certificates	F. R. Notes	All Other
Mar. 4, 1933	7,485	626*	762*	4,142	1,955
Mar. 13, 1933	7,581*	512	626	4,405*	2,038*
May 10, 1933	5,892	325	292	3,286	1,989
May 17, 1933	5,852	325	287	3,235	2,005

* 1933 peak.

Change:					
Mar. 4 - May 17	-1,633	-301	-475	-907	+ 50
Mar.13 - May 17	-1,729	-187	-339	-1,170	- 33
May 10 - May 17	-40	-1	-5	-51	+ 16

Changes by Federal reserve districts in demand for the important kinds of currency during the week ending Wednesday, May 17, are given below.

Weekly changes since October 22, 1930, in demand for currency by Federal reserve districts are shown in Chart III. The figures have been adjusted for estimated average seasonal changes and are cumulated from October 22, 1930 so that any point on a curve shows the net change in demand, after adjustment for seasonal variations, since that date.

CHANGES IN DEMAND FOR CURRENCY--WEEK ENDING WEDNESDAY, MAY 17, 1933

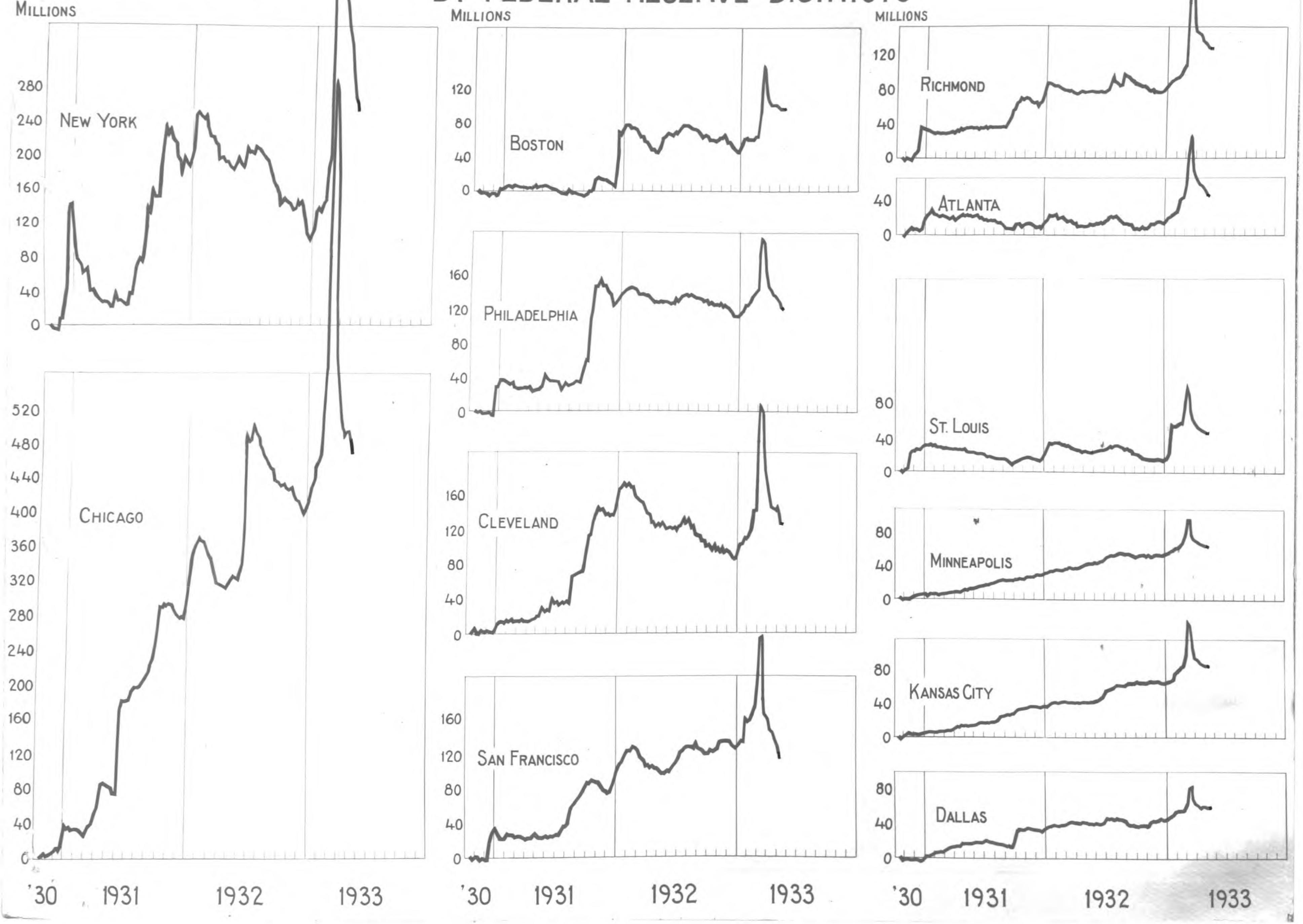
(In millions of dollars)

Federal Reserve District	Gold Coin	Gold Certificates	F. R. Notes	All Other	Total
Boston	--	-0.3	-1.5	+2.3	+0.5
New York	-0.2	-2.7	-17.0	+10.6	-9.3
Philadelphia	-0.1	-0.1	-1.1	+0.5	-0.8
Cleveland	--	-0.2	-5.6	+0.2	-5.6
Richmond	--	-0.3	+0.3	+0.1	+0.1
Atlanta	--	-0.3	-3.3	-0.4	-4.0
Chicago	-0.1	-0.2	-14.6	+4.2	-10.7
St. Louis	--	-0.1	-0.4	--	-0.5
Minneapolis	--	-0.4	-0.9	+0.4	-0.9
Kansas City	--	-0.2	-1.3	+0.7	-0.8
Dallas	--	--	-1.0	+0.1	-0.9
San Francisco	-0.1	-0.2	-4.3	+1.4	-3.2
In Transit	--	--	+0.2	-3.3	-3.1
Total	-0.7	-5.1	-50.4	+16.8	-40.0
In Circulation					
May 10	325	292	3,286	1,989	5,892
May 17	325	287	3,235	2,005	5,852

(CONFIDENTIAL)

CHANGES IN DEMAND FOR CURRENCY (ADJUSTED) BY FEDERAL RESERVE DISTRICTS

CHART III



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May 5, 1933

Governor Meyer

Mr. Thompson

Demand for Currency

244.211
Depression stat

The volume of money in circulation on May 3 was $5,954,000,000, a reduction of $40,000,000 for the week and of $1,627,000,000 since the peak of March 13. Combined circulation of gold coin and certificates last Wednesday was $633,000,000, a reduction of $755,000,000 since the peak of March 4. Figures follow:

MONEY IN CIRCULATION
(In millions of dollars)

	Total	Gold Coin	Gold Certificates	Federal Reserve Notes	All Other
March 4	7,485	626	762	4,142	1,955
March 13	7,581	512	626	4,405	2,038
April 26	5,994	342	338	3,356	1,958
May 3	5,954	327	306	3,330	1,991
Changes					
March 4-May 3	-1,531	-299	-456	-812	+36
March 13-May 3	-1,627	-185	-320	-1,075	-47

Changes for the week ending May 3 in demand for important kinds of currency in each Federal reserve district are shown in the attached table.

CHANGES IN DEMAND FOR CURRENCY--
WEEK ENDING WEDNESDAY, MAY 3, 1933

(In millions of dollars)

Federal reserve district	Gold coin	Gold certificates	F. R. notes	All other	Total	Change since Mar. 4, 1933 Total
Boston	- 0.4	- 1.3	- 3.2	+ 5.0	+ 0.1	- 24.0
New York	- 6.2	-16.5	- 5.3	+10.5	-17.5	-482.3
Philadelphia	- 0.7	- 1.4	- 2.3	+ 0.6	- 3.8	- 76.0
Cleveland	- 0.7	- 0.9	-10.4	- 0.4	-12.4	-111.9
Richmond	- 0.7	- 1.8	+ 2.4	+ 0.5	+ 0.4	-105.9
Atlanta	- 0.1	- 0.8	- 3.8	+ 0.5	- 4.2	- 42.7
Chicago	- 2.9	- 5.0	- 0.7	+ 9.3	+ 0.7	-404.0
St. Louis	- 0.6	- 1.7	+ 1.1	+ 1.3	+ 0.1	- 57.6
Minneapolis	- 0.3	- 0.6	+ 0.5	+ 0.6	+ 0.2	- 32.0
Kansas City	- 0.6	- 1.0	+ 0.2	+ 1.2	- 0.2	- 52.0
Dallas	- 0.3	- 0.1	- 0.3	+ 1.3	+ 0.6	- 27.0
San Francisco	- 1.2	- 1.1	- 3.7	+ 2.9	- 3.1	-121.8
In transit	-	-	- 0.1	- 0.6	- 0.7	+ 6.3
Total	-14.7	-32.3	-25.7	+32.9	-39.8	1,530.9
In circulation:						
April 26	342	338	3,356	1,958	5,994	
May 3	327	306	3,330	1,991	5,954	

600.4

April 28, 1933

Governor Meyer

Mr. Thompson

Demand for Currency

244.211
Depression Stat

The reduction in the volume of money in circulation during the week ending April 26 amounted to $74,000,000, bringing the total reduction since the peak of March 13 to nearly $1,600,000,000. The figures follow:

Money in Circulation
(In millions of dollars)

	Total	Gold coin	Gold certificates	Federal reserve notes	All other
March 4	7,485	626	762	4,142	1,955
March 13	7,581	512	626	4,405	2,038
April 19	6,068	353	354	3,406	1,955
April 26	5,994	342	338	3,356	1,958
Changes					
Mar. 4-Apr. 26	-1,491	-284	-424	-786	+ 3
Mar. 13-Apr. 26	-1,587	-170	-288	-1,049	- 80

For the week the only noteworthy development was the run on the Cleveland Trust Company, which was reflected in an increase in demand for currency in the Cleveland district of more than $10,000,000, all of which was paid out on Wednesday, notwithstanding the executive order of March 10, prohibiting the payment of currency for hoarding. A table showing by Federal reserve districts changes in demand for the important kinds of currency during the past week is attached.

CHANGES IN DEMAND FOR CURRENCY--
WEEK ENDING WEDNESDAY, APRIL 26, 1933

(In millions of dollars)

Federal reserve bank	Change for week: Gold coin	Gold certificates	F. R. notes	All other	Total	Change since Mar. 4, 1933 Total
Boston	- 0.3	- 1.3	- 3.2	- 2.0	- 6.8	- 24.1
New York	- 7.8	- 4.8	-27.8	+ 5.2	-35.2	-464.8
Philadelphia	- 0.4	- 0.8	- 3.6	- 0.6	- 5.4	- 72.2
Cleveland	- 0.4	- 0.5	+ 8.1	+ 3.2	+10.4	- 99.5
Richmond	- 0.3	- 0.9	- 4.2	- 1.8	- 7.2	-106.3
Atlanta	...	- 1.1	- 3.2	- 0.4	- 4.7	- 38.5
Chicago	- 0.8	- 3.3	+ 0.3	+ 2.2	- 1.6	-404.7
St. Louis	- 0.3	- 1.3	- 2.0	- 1.0	- 4.6	- 57.7
Minneapolis	- 0.1	- 0.6	- 1.8	- 0.1	- 2.6	- 32.2
Kansas City	- 0.2	- 0.6	- 2.2	- 0.8	- 3.8	- 51.8
Dallas	- 0.2	- 0.1	- 1.0	- 0.2	- 1.5	- 27.6
San Francisco	- 0.7	- 0.9	- 7.3	- 1.0	- 9.9	-118.7
In transit			- 2.0		- 2.0	+ 7.0
Total	-11.4	-16.1	-49.9	+ 2.7	-74.9	-1,491.1
In circulation:						
April 19	353	354	3,406	1,955	6,068	
April 26	342	338	3,356	1,958	5,994	

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date April 21, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D.T.

FILE 244.211

Depression Stat

E. M.

For CIRCULATION
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Ford~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

On Wednesday, April 19, the volume of money in circulation was $6,068,000,000, a reduction of $1,500,000,000 from the peak of March 13, ~~but~~ approximately $400,000,000 above the amount in circulation on February 1. Practically all of the currency withdrawn by banks during February and early March and kept in their vaults has been returned to the reserve banks. Of the currency withdrawn by the public during that period, about $350,000,000-$400,000,000, or 35-40 per cent, has not yet been returned. The figures, in millions of dollars, follow:

	Money in circulation	Vault cash (estimated)	Public demand (estimated)
Withdrawn February 1--March 13	+1,929	+960	+960
Returned March 13--April 19	-1,513	-915	-600
Still unreturned	416	45	360

As indicated in previous memoranda, most of this currency probably does not remain out because of the absence of banking facilities. There are some communities in which banking facilities are lacking, but a substantial amount of the currency not yet returned was withdrawn in those districts in which the percentage of banks that did not reopen was relatively low--New York and Atlanta--and in districts such as Cleveland and Richmond in which the percentage of banks not reopened was not above average and in which the partial suspension of banking facilities did not leave important communities without facilities but did involve, in some instances, conspicious institutions. In the Chicago District, where less than half the banks reopened on an unrestricted basis, ~~less than one-fifth~~ about one-Tenth of the currency withdrawn between February 1 and March 13 failed to return. In the Boston District, the slow return of currency may perhaps have some relation to a partial lack of banking facilities.

The figures are shown in the following table:

DEMAND FOR CURRENCY - FEBRUARY 1, 1933 TO APRIL 19, 1933
CHANGES BY FEDERAL RESERVE DISTRICTS

(Amounts in millions of dollars except where otherwise indicated)

Federal reserve district	Outflow Feb. 1 to Mar. 13	Return Mar. 13 to Apr. 19	Not returned by April 19 Amount	Not returned by April 19 Per cent of outflow	Banks not open for unrestricted operation Mar. 29 Per cent of all banks
Boston	+ 93	- 39	54	58%	45%
New York	+622	-427	195	31	15
Philadelphia	+ 88	- 77	11	13	18
Cleveland	+175	-124	51	29	26
Richmond	+137	-102	35	26	27
Atlanta	+ 77	- 51	26	34	20
Chicago	+445	-394	51	11	57
St. Louis	+ 46	- 54	-8*	--	31
Minneapolis	+ 42	- 36	6	14	34
Kansas City	+ 56	- 50	6	11	22
Dallas	+ 35	- 34	1	3	8
San Francisco	+114	-123	-9*	--	23
Total	+1,929	-1,513	416	22	30

* Excess return

For the week ending Wednesday, April 19, the reduction in demand for currency amounted to $79,000,000, distributed as follows:

CHANGES IN DEMAND FOR CURRENCY - WEEK ENDING WEDNESDAY, APRIL 19, 1933

(In millions of dollars)

Federal reserve district	Total	Gold coin	Gold certificates	Federal reserve notes	All other
Boston	+ 1.7	- 0.2	- 0.4	- 1.6	+ 3.9
New York	-20.9	- 1.7	- 4.8	-21.0	+ 6.6
Philadelphia	- 7.2	- 0.2	- 0.7	- 5.4	- 0.9
Cleveland	-11.1	- 0.3	- 0.6	- 8.2	- 2.0
Richmond	- 4.1	- 0.2	- 1.1	- 4.0	+ 1.2
Atlanta	- 4.3	- 0.2	- 0.5	- 3.7	+ 0.1
Chicago	-17.3	- 0.9	- 2.2	-15.4	+ 1.2
St. Louis	- 3.7	- 0.2	- 1.6	- 1.2	- 0.7
Minneapolis	- 2.2	- 0.2	- 0.4	- 1.9	+ 0.3
Kansas City	- 2.3	- 0.3	- 0.7	- 1.6	+ 0.3
Dallas	- 1.7	- 0.2	- 0.1	- 1.6	+ 0.2
San Francisco	- 4.7	- 0.6	- 0.6	- 5.1	+ 1.6
In transit	- 1.5			- 0.5	- 1.0
Total	-79.3	- 5.2	-13.8	-71.2	+10.8
Amount in Circulation					
April 12	6,147	359	368	3,477	1,943
April 19	6,068	353	354	3,406	1,955

Figures showing the volume of different kinds of currency in circulation on significant dates follow:

MONEY IN CIRCULATION

(In millions of dollars)

	Total	Gold coin	Gold certificates	Federal reserve notes	All other
March 4	7,485	626	762	4,142	1,955
13	7,581	512	626	4,405	2,038
29	6,353	368	403	3,664	1,918
April 5	6,261	365	380	3,575	1,941
12	6,147	359	368	3,477	1,943
19	6,068	353	354	3,406	1,955
Changes:					
Mar. 4--Apr.19	-1,417	-273	-408	-736	0
Mar.13--Apr.19	-1,513	-159	-272	-999	-83

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date April 14, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson E.T.

244.211

Depression stat

2—8495

Nearly $1,500,000,000 of currency has returned from circulation since the peak of demand, of which about $660,000,000 was in gold coin and certificates. The figures, in millions of dollars, follow:

	Total Circulation	Gold Coin	Gold Certificates	Federal Reserve Notes	Other Currency
March 4	7,485	626	763	4,142	1,954
March 13	7,581	507	627	4,405	2,042
April 12	6,147	359	368	3,477	1,943
Changes					
Mar. 4 - Apr. 12	-1,338	-267	-395	-665	-11
Mar. 13 - Apr. 12	-1,434	-148	-259	-928	-99

The volume of money in circulation declined by $114,000,000 during the week ending April 12. More than half of the reduction was in the New York and Chicago districts.

During the week, approximately $6,000,000 of gold coin, one-half of it in New York, and about $12,000,000 of gold certificates, nearly one-third in New York, were returned from circulation.

Figures of changes for the week ending April 12, in demand for currency by kinds and by Federal reserve districts, are shown below. These figures include receipts and payments of Treasury offices throughout the United States.

For CIRCULATION:

Mr. Hamlin
Mr. James
~~Mr. Magee~~
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial
and return to GOVERNOR.

CHANGES IN DEMAND FOR CURRENCY - WEEK ENDING WEDNESDAY APRIL 12, 1933

(In millions of dollars)

Federal Reserve District	Total	Gold Coin	Gold Certificates	Federal Reserve Notes	All Other
Boston	- 0.6	-0.2	- 0.8	- 3.2	+3.6
New York	-33.8	-2.6	- 3.4	-27.9	+0.1
Philadelphia	- 4.3	-0.3	- 0.6	- 5.2	+1.8
Cleveland	- 7.0	-0.3	- 0.4	- 7.5	+1.2
Richmond	- 8.0	-0.2	- 1.0	- 5.3	-1.5
Atlanta	- 5.1	-0.2	- 0.6	- 4.0	-0.3
Chicago	-30.7	-0.9	- 1.4	-27.7	-0.7
St. Louis	- 4.8	-0.2	- 1.6	- 2.0	-1.0
Minneapolis	- 3.2	-0.1	- 0.2	- 2.5	-0.4
Kansas City	- 3.8	-0.2	- 1.0	- 2.2	-0.4
Dallas	- 2.3	-0.1	- 0.1	- 0.8	-1.3
San Francisco	- 9.1	-0.5	- 0.6	- 8.0	-0.1
In Transit	- 0.8			- 1.8	+1.4
Total change	-113.5	-6.0	-11.7	-98.2	+2.4

Amount in Circulation

April 5	6,261	365	380	3,575	1,941
April 12	6,147	359	368	3,477	1,943

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date April 11, 1933

244

To Governor Meyer

Subject:

From Mr. Goldenweiser

244.211

GPO 2—8495

Depression stat

4/16/33

Attached is a copy of a memorandum on the British Government conversion program, prepared by Messrs. Gardner and Thorne, which I have sent to Mr. Ballantine at his request.

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note ~~initial~~ and return to GOVERNOR.

April 11, 1933

Mr. Ballantine

Mr. Goldenweiser

244. 211
Depression Stat

4/10/33

I am sending you a memorandum prepared by Messrs. Gardner and Thorne of this division on the British Government conversion program. This memorandum gives the details of the conversions, but does not mention the fact that these financial operations were accompanied by a vigorous popular campaign along war-time models.

April 10, 1933

Dr. Goldenweiser British Government Conversion

Mr. Gardner and Mr. Thorne Program

244.211
Depression stat

The British conversion program, announced in June, 1932 and subsequently enlarged, resulted in the conversion of about two-fifths of the sterling indebtedness of the British Government (other than floating debt) from an interest rate averaging nearly 5 percent to one of less than 3 1/2 percent. The operations did not, however, alter the gilt-edged market to the extent indicated. The issues converted were selling on a 5 percent basis merely because they bore approximately that rate and could not sell much above par in view of the possibility that they would be called. What the Government actually did was to catch a market which had been rising all year and boost it suddenly about 10 percent higher. The old 3 1/2 percent Conversion Loan, for instance, which in December, 1931 had sold for a few days as low as 70, had risen to 90 by early June. The announcement of the Government program at the end of June raised it immediately almost to par.

The actual redemption of outstanding securities was effected on December 1, 1932 and February 1, 1933. A table showing the issues involved and the extent to which Government payments on the two dates were matched by receipts is given on page 2.

BRITISH GOVERNMENT CONVERSION PROGRAM

(Amounts in millions of £)

Issues called for redemption			Issues through which redemption was effected		
Issue	Amounts to be redeemed on--		Issue	Amounts provided on--	
	Dec. 1, 1932	Feb. 1, 1933		Dec. 1, 1932	Feb. 1, 1933
5% War Loan 1929-47	2,085		3 1/2% War Loan (redeemable 1952 or thereafter)	1,920 1/	
4 1/2% Treas. Bonds 1932-34	140		2% Treas. Bonds 1935-38	146 2/	
4 1/2% War Loan 1925-45	13		3% Conversion Loan 3/ 1948-53	158	120
5% Treas. Bonds 1933-35		115			
4 1/2% Treas. Bonds 1933		14			
Total	2,238	129		2,224	120

1/ Represents direct conversion of 5% War Loan.

2/ It is understood that about half of this represents direct conversion of 4 1/2% Treasury bonds and that a £4,000,000 subscription guarantee for the cash portion was paid October 11, 1932.

3/ £15,000,000 subscription guarantee paid November 3, 1932.

Conversion of 5 Percent War Loan, 1929-47.

On June 30, 1932 the British Chancellor of the Exchequer, Mr. Neville Chamberlain, announced the intention of the British Government to redeem at par on December 1, 1932 the 5 percent War Loan, 1929-47. The holders of this loan were invited to convert their holdings into a new 3 1/2 percent War Loan redeemable in 1952 or thereafter. Those who gave notice of conversion on or before July 31, 1932 were to receive a cash bonus of 1 percent payable within fourteen days of their assent. Holders who by September 30, 1932 had not expressed by written notice their desire to receive cash on December 1, 1932, were to be considered as having accepted conversion. The final results of the full operation showed that of the £2,085,000,000 outstanding 5 percent War Loan, £1,885,000,000 was converted in July and received the 1 percent cash bonus; £35,000,000 was converted subsequently without cash bonus; and £165,000,000 had to be redeemed in cash.

Conversion of additional securities on December 1, 1932.

Early in September, 1932 the British Government announced its intention to redeem on December 1 the £140,000,000 outstanding 4 1/2 percent Treasury Bonds of 1933-34 and the £13,000,000 4 1/2 percent War Loan of 1925-45. On October 11, 1932 the British Treasury announced the opening of subscriptions at par of a £150,000,000 issue of 2 percent Treasury Bonds, 1935-38. Holders of the 4 1/2 percent Treasury Bonds were asked to surrender their holdings, in whole or in part, for a like amount of the new 2 percent Treasury Bonds. Those accepting this offer were to receive a cash payment of 1/2 percent on the amount of the holdings surrendered as well as the usual interest on December 1.

All cash applications for the bonds were to be accompanied by a 5 percent cash payment at the time of application with the balance to be paid on December 1, 1932. The final results showed that approximately £74,000,000 of 4 1/2 percent Treasury Bonds were exchanged for the new 2 percent issue. Cash subscribers to the remaining £76,000,000 paid about £4,000,000 at the time of application in October, 1932, and £72,000,000 on December 1, 1932.

Redemptions on February 1, 1933.

On October 31, 1932 the British Government called for redemption on February 1, 1933, 5 percent Treasury Bonds of 1933-35 amounting to £115,000,000.

The redemption of £14,000,000 4 1/2 percent Treasury Bonds, 1933, also took place on February 1, 1933. The holders of this portion of the issue gave notice in January , 1932 that they would exercise their right of redemption. The provisions of this loan gave either the Treasury or the holders of the bonds the right to require redemption on February 1 in any one of the years 1929 to 1933 providing one year's notice was given in January of the year preceding redemption.

3 Percent Conversion Loan, 1948-53.

In order to provide the funds necessary to meet redemptions on February 1 and cover payments on the unconverted portion of the 5 percent War Loan on December 1, the British Government on November 3, 1932 invited subscriptions to £300,000,000 of a 3 percent Conversion Loan, 1948-53, at 97 1/2. Purchasers of this issue were required to pay 5 percent, or £15,000,000, at the time of application; 52.5 percent, or £158,000,000, on December 1, 1932; and the remaining 40 percent, or £120,000,000, on February 1, 1933. These installments total to £293,000,000, the approximate amount actually paid by subscribers to the issue, which was nominally for £300,000,000. The issue price of 97 1/2 gave a yield to maturity of slightly more than 3 1/8 percent.

2 1/2 Percent Conversion Loan.

With the idea of reducing the floating debt, which has increased by a third in the last twelve months from a total of £609,000,000 on March 23, 1932 to £815,000,000 on March 25, 1933, the Government has reverted to a form of financing in vogue in 1922-26, and has arranged to offer with each week's Treasury bills a varying amount of a new 2 1/2 percent Conversion Loan, redeemable at the Treasury's option between 1944-49. The loan is to be applied for by tender, and the exact procedure is that the Treasury fixes a maximum amount for the week's allotments of Treasury bills and Conversion Loan combined, and also a limit for the allotments of Conversion Loan alone. Separate tenders for bills and loan will, of course, have to be submitted, but the Treasury may vary allotments of bills and loan within these limits at its discretion, and will presumably be guided to some extent by the nature of the tenders.

For March 24, the combined offer was for a maximum amount of £45,000,000 with a limit of £5,000,000 for Conversion Loan, all of which was taken. The average price for the Conversion Loan instalment was slightly more than 94 1/2 giving a yield of slightly less than 3 percent, about 1/2 percent better than the market on British Government securities of longer maturity. On March 31 another £10,000,000 was offered of which £9,165,000 was allotted at an average rate of about 94 1/3. Of the £10,000,000 offered on April 7 only £8,220,000 was allotted, the average price being about 94 1/4.

The experience with the most recent weekly offers indicates that the pace cannot be forced too fast on this type of loan--advantageous though it is to the Government.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date April 10, 1933

To Mr. Goldenweiser

From Miss Bulla

BB Gov. Meyer

FILE

E. M.

Subject: Winter Wheat Estimate as of April 1

FEDERAL RESERVE BOARD FILE

244

244.211

Depression Stat

GPO 2—8495

The Department of Agriculture's estimate of the 1933 winter wheat crop, released April 10, is 334,000,000 bushels, a figure lower than any current estimate from private sources. The estimate compares as follows with preceding crops:

	Total	Winter Wheat	Spring Wheat
	(millions of bushels)		
1927-31 5 year average	873	619	254
1931	900	787	113
1932	727	462	265
1933 (est.)		p 334	

The low estimate is ascribed chiefly to exceptionally poor condition.

For CIRCULATION:

Mr. Hamlin
Mr. James
[redacted]
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note ~~initial~~
and return to GOVERNOR.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Gov Meyer

Date April 7, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson P. T.

244, 211

Depression Stat

2—8495

The return of currency from circulation since the holiday has been at a progressively slower rate. From March 13 to March 18 currency returned from circulation at the rate of more than $140,000,000 per day; during the next three business days it averaged about $85,000,000 per day; from March 22 to March 29 it averaged less than $50,000,000 per day and since that date the rate has dropped to an average of less than $20,000,000 per day.

Of the $1,320,000,000 of currency returned to the Federal reserve banks and the Treasury since March 13, about $760,000,000 was from the vaults of banks and about $560,000,000 was from the public. Of the currency withdrawn by the public during February and early March about three-fifths has been returned to the Federal reserve banks and Treasury; while of the currency taken by the banks and kept in vault about four-fifths has been returned.

The figures, in millions of dollars, are shown below:

	Money in circulation	Vault cash (Estimated)	Public demand for currency (Estimated)
Withdrawn Feb. 1 - March 13	+1,929	+960	+960
Returned March 13 - April 5	-1,320	-760	-560
Still unreturned April 5	609	200	400

The return of currency from circulation has been chiefly in gold coin, gold certificates and Federal reserve notes. Figures for significant dates follow:

MONEY IN CIRCULATION

(In millions of dollars)

	Total	Gold coin	Gold certificates	Federal reserve notes	Other
March 4	7,485	626	762	4,142	1,955
March 13	7,581	507	627	4,405	2,042
April 5	6,261	365	380	3,575	1,941
Changes					
Mar. 4 - April 5	-1,224	-261	-382	-567	-14
Mar. 13 - April 5	-1,320	-142	-247	-830	-101

The slowing down in the rate of return of currency from circulation cannot all be attributed to the lack of banking facilities. Of the currency withdrawn during the recent crisis and not yet returned, the major part is in the eastern and southeastern Federal reserve districts. In proportion to the amounts withdrawn the return flow has been slowest in the Boston district where nearly half of the banks did not reopen for unrestricted business, in the Cleveland and Richmond districts where the partial suspension of banking facilities involved, in some instances, conspicuous institutions; and in the New York and Atlanta districts where the percentage of banks that did not reopen was relatively low as compared with other districts. In the Chicago district, where less than half the banks reopened on an unrestricted basis, less than one-fourth of the amounts withdrawn had failed to come back by April 5.

The figures are shown in the following table:

DEMAND FOR CURRENCY - FEBRUARY 1, 1933 TO APRIL 5, 1933
CHANGES BY FEDERAL RESERVE DISTRICTS

(Amounts in millions of dollars except where otherwise indicated)

Federal reserve district	Outflow Feb. 1 to Mar. 13	Return Mar. 13 to April 5	Not returned by April 5 Amount	Not returned by April 5 Per cent of outflow	Banks not open for unrestricted operation Mar. 29 Per cent of all banks
Boston	+93	-40	53	57 %	45 %
New York	+622	-372	250	40 %	15 %
Philadelphia	+88	-66	22	25 %	18 %
Cleveland	+175	-106	69	39 %	26 %
Richmond	+137	-90	47	34 %	27 %
Atlanta	+77	-42	35	45 %	20 %
Chicago	+445	-346	99	22 %	57 %
St. Louis	+46	-46	0	-	31 %
Minneapolis	+42	-31	11	26 %	34 %
Kansas City	+56	-44	12	21 %	22 %
Dallas	+35	-30	5	14 %	8 %
San Francisco	+114	-110	4	4 %	23 %
Total	+1,929	-1,320	609	32 %	30 %

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date April 3, 1933

To Dr. Goldenweiser

Subject: Demand for Currency

From Mr. Thompson

244,211

Depression Stat

2—8495

60014

There was no net return of currency from circulation on Saturday.

The rate of return of currency from circulation has slowed up to the point where it now becomes desirable to measure the effects of seasonality ~~reasonability~~ upon that return flow.

Experimentally, therefore, we are again applying an adjustment factor to the demand for currency. Figures for Thursday, Friday and Saturday follow:

Changes in Demand for Currency

	Actual daily change	Adjusted for seasonal variation: Daily change	Adjusted for seasonal variation: Change since March 4
March 30 (Thursday)	-29	-47	-1,121
March 31 (Friday)	-10	-34	-1,155
April 1 (Saturday)	0	-16	-1,171

The peak of demand for currency was reached on Monday, March 13, but the increase from March 4 to March 13 arose entirely from the suspension of the banking system, so that it is probably correct to consider March 4 to mark the peak of "hoarding" by banks and the public. Since that date there has been a return of currency amounting to $1,171,000,000.

On Thursday and Friday increases in actual demand for currency were registered in both the Boston and New York districts, and on Friday, increases were also registered in the Cleveland, Atlanta, Minneapolis, Dallas and San Francisco districts. Figures for Saturday, by districts, are not yet available.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date April 1, 1933

To Governor Meyer

Subject: 244.211 Depression stat 244

From Mr. Goldenweiser

2—8495

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

3/14/33

Attached is an analysis of the report of the so-called Vanderlip Committee, prepared by Woodlief Thomas of the New York bank, which you and other members of the Board may like to look over.

FILE

E. M.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date March 30, 1933

To Mr. Goldenweiser

Subject: 244.211 Depression Stat

From Mr. Thompson

Demand for currency

GPO 2—8495

The rate of return of currency to the Federal reserve banks and Treasury has been slowing up. From March 13 to March 18 currency returned from circulation at the rate of more than $140,000,000 per day. During the next three business days the return flow averaged about $85,000,000 per day and since March 22 has averaged less than $50,000,000 per day. The reduction in volume of money in circulation since the peak of March 13 has been more than $1,200,000,000, and for the week ending March 29 was $255,000,000.

The peak of demand for gold coin and certificates was reached on March 4. The reduction in circulation of gold coin and certificates since that date has amounted to $620,000,000. Figures for significant dates follow:

MONEY IN CIRCULATION

(In millions of dollars)

	March 4	March 13	March 22	March 29	Change: Mar. 4 to Mar.29	Change: Mar.13 to Mar.29	Change: Mar.22 to Mar.29
Total	7,485	7,581*	6,608	6,353	-1,132	-1,228	-255
Gold coin	626*	507	379	364	-262	-143	-15
Gold certificates	762*	627	451	404	-358	-223	-47
F. R. notes	4,142	4,405*	3,834	3,665	-477	-740	-169
All other	1,955	2,042*	1,944	1,920	-35	-122	-24

*1933 peak

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date March 16, 1933

To Mr. Goldenweiser

Gov. Meyer

E.A.G.

Subject: 244.211 ~~Depression Stat~~

From Mr. Thompson

Demand for currency

GPO 2—8495

The statement will be very late today but a reduction for the week of about $240,000,000 in the demand for currency is indicated.

The volume of money in circulation reached a peak of $7,581,000,000 on Monday, March 3. The return flow amounted to $128,000,000 on Tuesday and to about $150,000,000 on Wednesday.

The peak of demand for gold was reached on March 4, the demand for currency thereafter being met by payment of Federal reserve notes, small denomination currency, subsidiary silver, and minor coin. Since March 4, the monetary gold stock has increased by $6,000,000 (Tuesday's figure) and approximately $180,000,000 of gold coin and probably not less than $200,000,000 of gold certificates have returned to the Treasury and Federal reserve banks.

This latter figure is a very rough estimate and will be corrected tomorrow.

For CIRCULATION:

Mr. Hamlin ✓
Mr. James ✓
Mr. Magee
Mr. Miller ✓
~~Mr. Pole~~
Mr. Harrison ✓
Mr. Morrill ✓
Mr. McClelland ✓
Mr. Wyatt ✓
Mr.
Mr.

Please note - ~~initial~~ and return to GOVERNOR.

Orig. to Gov. M.

March 16, 1933

Mr. Goldenweiser

Mr. Thompson

Demand for currency

The statement will be very late today but a reduction for the
269
week of about $240,000,000 in the demand for currency is indicated.

The volume of money in circulation reached a peak of $7,581,000,000 on Monday, March 3. The return flow amounted to $128,000,000 on
9
183
Tuesday and to about $150,000,000 on Wednesday.

The peak of demand for gold was reached on March 4, the demand for currency thereafter being met by payment of Federal reserve notes, small denomination currency, subsidiary silver, and minor coin. Since March 4, the monetary gold stock has increased by $6,000,000 (Tuesday's
168
figure) and approximately $180,000,000 of gold coin and probably not
about 250,000,000 — 250,000,000
less than $200,000,000 of gold certificates have returned to the Treasury
250
and Federal reserve banks.

This latter figure is a very rough estimate and will be corrected tomorrow.

Red ink figures revised March 17.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

600.4

Date March 15, 1933

To Mr. Goldenweiser

Subject: 244.211 Depression stat

From Mr. Thompson P.T.

Public demand for currency

GPO 2—8495

From the first of February to March 8 approximately $1,000,000,000 of currency went out to the public, and in addition $890,000,000 went into banks as vault cash. Weekly estimates follow:

ESTIMATED WEEKLY CHANGES IN PUBLIC DEMAND FOR CURRENCY

(In millions of dollars)

Week ending--	Money in circulation	Vault cash (Estimated)	Public demand for currency (Estimated)
February 8	+ 53	+ 50	--
15	+ 149	+ 100	+ 50
21	+ 134	+ 85	+ 50
March 1	+ 732	+ 235	+ 500
8	+ 818	+ 420	+ 400
Total	+ 1,886	+ 890	+ 1,000

Savings

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date March 15, 1933

To Mr. Parry

From Mr. Terborgh

Subject: The Small Saver in the Depression.

Depression Statistics

G.T.

It is a widely accepted theory that the operations of small savers as a class are roughly indicated by the movement of time deposits in banks, assets of building and loan associations, and assets of life insurance companies. One or the other of these three types of financial institution, it is said, is likely to receive the savings of those who are too timid, or have too little, to invest directly in securities or business undertakings.

It must be admitted that there is a good deal of validity to this common belief. While small savers invest large amounts directly (in residential real estate, for example) and while many wealthy people place funds in time deposits, life insurance policies, and building and loan memberships, it is nevertheless true, I think, that these forms of institutional investment represent largely and typically the savings of the millions of people of moderate means.

The number of savings pass book accounts in this country was until recently about 50,000,000, the number of life insurance policies over 60,000,000, and the number of building and loan memberships about 12,000,000. These figures include duplications, of course, but with all due allowance are none the less indicative of the coverage of these institutions and the source of the bulk of their funds. In the absence of anything better, we are justified, I think, in using the movement of time deposits and building and loan and life insurance assets as one indication, admittedly crude, of what has happened during the depression to small savers as a class.

In round numbers, the following are the recent high points reached by these items: time deposits, $28,500,000,000;1/ life insurance company assets, $21,000,000,000; building and loan association assets, $9,000,000,000. The highest level reached at any one time by the sum of the items was about $57,000,000,000.

During the five years preceding 1929 the average annual increase in time deposits was $1,750,000,000, in life insurance assets (excluding policy loans), $1,150,000,000; in building and loan assets, $800,000,000; and in the sum of the three, $3,700,000,000.2/ For the years of the depression net changes are shown in the following table.

1/ Including postal savings deposits. These are included in subsequent figures.

2/ This $3,700,000,000 compares with an annual increase averaging about $750,000,000 in the five years preceding the war.

from R+S Library

NET CHANGE DURING THE YEAR
(In millions of dollars)

Year	Total	Time Deposits1/	Life Insurance Assets2/	B. and L. Assets
1930	+1,350	+ 265	+ 950	+ 135
1931	+ 50	- 270	+ 730	- 410
1932	-4,285	-3,935	+ 50	- 4003/

1/ Year ending June 30. Includes loss of deposits due to bank suspensions. A.B.A. data.
2/ Excluding policy loans.
3/ Estimated.

From a net increase in these forms of saving amounting to nearly 4 billions annually before the depression, the balance had swung by 1932 to a net decrease of more than that amount.1/ This is not surprising, in view of widespread unemployment and distress. Indeed, I consider remarkable the tenacity with which small savers as a class have held on.

1/ The decrease in savings was probably greater than indicated, because of borrowings by members of building and loan associations for consumption purposes.

244.211
Depression Stat
March 14, 1933

Analysis of Report
of the
Committee for the Nation (Vanderlip Committee)

In the introduction to its interim report, this committee, which has the title of The Committee for the Nation to Rebuild Prices and Purchasing Power, explains that information regarding the present situation was obtained from reports prepared by the National Industrial Conference Board and from interviews with various industrialists, bankers, publicists, and financial experts. The study has not yet been completed but the committee expresses the view that "the pressure of the emergency is so great and is presented from so many directions that a complete breakdown might occur before the whole situation could be liquidated into balance at such a level as to find a secure base from which it might be rebuilt".

Suggestions - The committee summarizes subjects which up to the present time have been given special consideration and makes certain recommendations for immediate action. These are as follows:

(1) "Safeguarding the banking situation with a view to preventing the extension of further State Moratoriums, and a provision of means for keeping open as many as possible of the present banks." The committee recommends legislation which will permit banks to operate with deposits reduced to conform with their liquid assets.

(2) "Safeguarding our present monetary gold stock so that it shall not be further depleted by exports of gold abroad, earmarking, or domestic hoarding." The committee recommends that Congress should grant powers to the President permitting him to suspend specie payments and to embargo gold exports.

(3) "Raising the commodity price level to a point which will make the present volume of debt bearable." The committee rejects the inflation of cur-

currency and suggests direct devaluation of the currency standard. Devaluation by a fixed amount should not be effected simultaneously with a cessation of specie payments but rather some time after such cessation when currency value and commodity prices have become adjusted to the new situation.

(4) "Stimulation of the purchasing power of consumers so as to reduce unemployment and decrease the burden of supporting the unemployed." The committee does not discuss this subject in its report. Perhaps it considers that devaluation of the dollar would accomplish the ends envisaged in this title.

(5) "Stimulating a movement to balance both national and local governmental budgets through economies and increased taxation in order that the national credit and the credit of states and municipalities shall not be disastrously impaired." This is necessary because "sound government credit is the very foundation stone of economic confidence". Strict economies should be practiced by all governments but it will also be necessary to increase taxes. This should be accomplished through broadening the base of taxation. "The country will have to accept far more serious tax imposition than has yet been legislatively contemplated before the budget can be balanced."

In addition to these subjects, listed at the beginning, the report includes detailed analysis of the following topics:

(6) A new monetary standard involving a "compensated dollar" scheme to be operated so as to stabilize commodity prices.

(7) New banking legislation designed to separate commercial and investment banking.

Analysis of Suggestions

Safeguarding the banking situation. The report is dated February 26 and the proposals made in this field conform fairly closely to action that has been subsequently taken. It may be said that in the brief comments regarding this subject there is no indication that the committee appreciated the tremendous legal, administrative, and psychological complexities involved in such measures, or recognized the necessity for closing all banks for a period of time or the probability of the various difficulties regarding currency that have actually been experienced.

Safeguarding the present monetary gold stock. Under this heading the chief point made is that the rules for operation of the gold standard built up under the pre-war regime, when London was the world's banker, cannot operate effectively under the difficulties experienced in the post-war period. Special emphasis is placed upon the problem of internationally owned securities, which make possible disastrous flights of capital when investors' confidence becomes impaired. Such developments engender fear and lead to domestic gold hoarding. The report implies that these forces cannot be controlled by the usual means employed to restrict movements of gold caused by trade and money market factors.

Accordingly the committee recommends that Congress "should grant powers to the President permitting him to suspend specie payments and to embargo gold exports". This, of course, has been done as an emergency and precautionary measure, since this report was written. As will be discussed later, the committee would use this measure as a step toward permanent reduction in the gold content of the dollar. If this report can be considered as indicative of an influential sector of public opinion on this subject, there is danger that considerable pressure may be exerted to prevent the removal of the present gold embargo after the present emergency has passed.

Raising commodity price level. Two methods are discussed: (a) Currency inflation, and (b) devaluation of the currency standard.

Inflation of the currency is rejected because it is dangerous, because it would only result "in placing new currency in banks and would have but indirect and perhaps comparatively little influence in increasing purchasing power" of the consumer public, and because it would take a tremendous amount of currency to make up for the total devaluation that has taken place in bank deposits and in security values, which the committee fallaciously considers as money. (Readily marketable securities can ordinarily be freely exchanged for bank deposits or currency, but they do not represent purchasing power until this conversion has taken place and unless people with money are willing to convert, security prices will decline. There is no actual increase in the volume of money as the result of a rise in security prices, unless the volume of credit is thereby increased, or no decrease with declining prices unless credit is reduced. There may be changes in velocity of money under these conditions so as to affect the turnover of trade.)

Reduction in the gold content of the dollar is recommended by the committee as necessary to raise commodity prices and to adjust the volume of debt to existing conditions. The view is expressed that the courts would probably hold that gold contracts are impossible of performance and might in the public interest be abrogated. It is recognized that deliberate devaluation by some fixed amount is not customary. The committee, therefore, does not recommend that "immediately on the cessation of specie payments, there should simultaneously be a devaluation of the standard, but rather that time be given for adjustment of currency value and commodity prices to the new situation". The method of devaluation suggested by the committee is discussed below.

A new monetary standard is suggested by the committee in order to supply the need for a more precise and scientific measurement of value, just as the meter is more precise and scientific than the yard used to be. This is to be accomplished by changing the currency unit from a definite number of grains of metal to a varying number of grains so altered as to maintain a "definite relation to the value of all commodities", in other words a compensated dollar. The "precise" standard is to be some index number of prices, which, it is admitted, must be constantly refined and adjusted as new commodities are developed and changes in their weight are made necessary by social usage.

It seems to be assumed by the committee that prices can be raised and adjusted by this scheme. No effort is made to prove this important point or to elucidate the processes whereby this end will be accomplished. Since this is the central recommendation in the report it deserves careful analysis.

There are any number of weaknesses to any compensated dollar scheme. The most important is the assumption that prices can be affected by revaluing the gold supply. Events of the past twenty years have clearly indicated that prices may rise and decline by almost fantastic amounts without regard to the gold base. The quantity of money--gold, currency, or bank deposits--is a less important influence in determining movements of prices and trade than is the extent and manner of its use, which may be influenced by non-monetary factors such as wars, reconstruction, exploitation of new areas, development of new industries, etc.

With specific regard to the present situation, the probable effects of devaluing the dollar have already been discussed in detail in memoranda prepared in this bank. The important consideration is that this process increases the purchasing power only of those people who have gold or can obtain it on the old basis. Such demands could come from only a few European countries, which take only a relatively small portion of our exports and which would probably impose new and higher tariff restrictions in order to restrict such purchases. Residents of other countries would need to buy gold or dollars and their currencies would immediately readjust themselves to previous relations with the dollar.

Another permanent deficiency in the compensated dollar scheme lies in the inaccuracy and the unrepresentative character of almost any index number of prices that can be computed, not to mention differences of opinion as to whether the best index number for the purpose should be broadly comprehensive or narrowly limited in scope.

Finally the scheme rests on the assumption that price stability would cure all the ills of economic fluctuations. There are two sorts of price movements--speculative, which to a certain extent affect and are affected by monetary factors, and corrective, which reflect economic adjustments of a more fundamental nature, such as changes in technological factors, in social demands, etc. Stabilization of the latter type of movement would make it necessary for some other economic factor, probably volume of production, to make the adjustment to new conditions. It is better to stabilize production and employment.

<u>In conclusion</u>, it may be said that certain of the recommendations of this committee are well on the way to accomplishment--readjusting the banking situation, applying limitations on gold movements, and balancing public budgets--but that the recommendation for a new monetary standard, upon which most emphasis is placed, theoretically is unsound and practically does not solve the fundamental difficulties of the present economic situation. Before passing judgment on other subjects mentioned, it is necessary to know what specific measures will be suggested for "stimulating the purchasing power of consumers so as to reduce unemployment" and for new banking legislation to make commercial banking more commercial".

WT

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

243

FEDERAL RESERVE BOARD FILE

Date March 6, 1933

To Governor Meyer

Subject:

From Mr. Goldenweiser

244

GPO 2—8495

LEP

FILE

E. M.

244.211
Depression stat

PRELIMINARY ESTIMATES OF DAILY CHANGES IN CURRENCY OUTSTANDING,

WITH ALLOWANCE FOR SEASONAL CHANGE

Date	Change from preceding day (in millions)	Cumulative change from July 20
March 3	+ 446	+1612

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note ~~initial~~
and return to GOVERNOR.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date March 3, 1933

To Governor Meyer

Subject: Demand for Gold Coin

From Mr. Thompson D. T. [signature]

244.21

Depression stat

2—8495

Approximately $70,000,000 of United States gold coin was withdrawn from the reserve banks and Treasury by banks and the public during the week ending March 1, and the volume of gold coin officially "in circulation" was about $587,000,000 or more than at any time since the World War. All districts showed withdrawals. More than one-half of the demand was in the New York District.

The table below shows changes, by Federal reserve districts, in the domestic demand for United States gold coin for the past four weeks.

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

DOMESTIC DEMAND FOR UNITED STATES GOLD COIN
(In millions of dollars)

Federal Reserve District	Changes for Week Ending Wednesday			
	Feb. 8,1933	Feb.15,1933	Feb.22,1933	Mar. 1,1933
Boston	+0.2	+0.2	+0.8	+1.5
New York	+3.8	+5.8	+11.1	+39.7
Philadelphia	+0.3	+0.4	+1.5	+1.7
Cleveland	+0.1	+0.2	+0.3	+0.8
Richmond	+0.2	+0.5	-0.5	+2.2
Atlanta	+0.1	+0.1	+0.1	+0.2
Chicago	+0.8	+1.1	+3.8	+16.3
St. Louis	+0.4	+0.1	+0.2	+0.7
Minneapolis	+0.2	+0.1	+0.4	+1.2
Kansas City	+0.1	+0.1	+0.2	+0.4
Dallas	+0.1	+0.1	+0.1	+0.4
San Francisco	+0.6	+0.7	+1.3	+4.2
Total	+7.0	+9.4	+19.3	+69.3

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date March 2, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D.T.

244.211
Depression - Stat

2—8495

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note ~~initial~~ and return to GOVERNOR.

During the week ending Wednesday, March 1, the demand for currency increased by about $732,000,000, reflecting entirely emergency withdrawals by individuals and banks. Vault cash of reporting member banks in New York City and Chicago increased during the week by $66,000,000 so that it is possible that vault cash holdings of all banks in the country have increased by from $300,000,000 to $500,000,000.

Figures of daily changes during the past week in demand for currency are presented in the following table. Seasonal adjustments are not significant at the present time and are not shown.

Daily Changes in Demand for Currency
(In millions of dollars)

Thursday	(February 23)	+ 56
Friday	(February 24)	+ 59
Saturday	(February 25)	+ 57
Monday	(February 27)	+190
Tuesday	(February 28)	+195
Wednesday	(March 1)	+175
Total		+732

The District of Columbia and Vicinity

Currency withdrawals by the banks and public in the city of Washington and vicitity amounted to about $42,000,000 for the past week. Figures by days follow:

Demand for Currency -- District of Columbia
(In millions of dollars)

		Amount	
Thursday	(February 23)	+ 1.3	
Friday	(February 24)	+ 0.9	
Saturday	(February 25)	+ 5.5	
Monday	(February 27)	+ 3.8	
Tuesday	(February 28)	+18.3	(Suspension of Commercial National)
Wednesday	(March 1)	+12.0	
Total		+41.8	

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

+

Date February 28, 1933

To Governor Meyer

From Mr. Thompson D.T

Subject: 244.211 Depression stat

Demand for currency

GPO 2—8495

Since last Wednesday currency withdrawals from the reserve banks and the Treasury have been in unusually heavy volume. On Thursday, Friday, and Saturday they averaged about $57,000,000, per day and on Monday increased to $190,000,000. Total withdrawals during the four days amounted to $362,000,000, compared with an average withdrawal for previous years of about $20,000,000, so that our figure of demand for currency adjusted for seasonal variation shows an increase of $341,000,000, and is now about $560,000,000 above the peak of last July.

Withdrawals of United States gold coin have also been unusually heavy, amounting to $40,000,000 for the period. We now estimate the increase in hoarding of gold coin since last October at more than $100,000,000.

Changes by days in demand for currency are shown in the following table:

Changes in Demand for Currency

(In millions of dollars)

	All forms of currency			Gold coin--actual change
	Actual change	Average for previous years	Change--adjusted for seasonal variations	
Thursday, Feb. 23	+56	+18	+38	+6.5
Friday, Feb. 24	+59	+8	+51	+8.0
Saturday, Feb. 25	+57	-8	+65	+4.1
Monday, Feb. 27	+190	+3	+187	+21.8
Total	+362	+21	+341	+40.4

The withdrawals both of gold coin and of other forms of currency were widespread throughout the country but were heaviest in the New York, Chicago, Cleveland, Richmond, Philadelphia, and San Francisco districts. The figures follow:

Demand for Currency by Federal Reserve Districts--
Changes from February 22 to 27, 1933--in millions
of dollars.

	All forms of currency			U.S. Gold coin--actual change
	Actual change	Average for previous years	Change--adjusted for seasonal variations	
Boston	+ 11	+ 1	+ 10	+ 0.8
New York	+ 130	+ 7	+ 123	+ 22.5
Philadelphia	+ 18	+ 1	+ 17	+ 1.1
Cleveland	+ 61	+ 2	+ 59	+ 0.5
Richmond	+ 29	+ 2	+ 27	+ 1.4
Atlanta	+ 3	-	+ 3	+ 0.1
Chicago	+ 76	+ 5	+ 71	+ 10.9
St. Louis	+ 7	+ 1	+ 6	+ 0.3
Minneapolis	+ 3	-	+ 3	+ 0.7
Kansas City	+ 3	-	+ 3	+ 0.2
Dallas	+ 3	-	+ 3	+ 0.2
San Francisco	+ 18	+ 2	+ 16	+ 1.6
Total	+ 362	+ 21	+ 341	+ 40.4

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date February 24, 1933

To Governor Meyer Gov Meyer

Subject: Demand for Gold Coin

From Mr. Thompson

244.211

Depression Stat

GPO 2—8495

During the six days ending February 21, the domestic demand for United States gold coin increased by $19,000,000. As in previous weeks, the withdrawals were general throughout the country but were heaviest in the New York and Chicago districts. We now estimate the total movement of gold coin into hoards since early October of last year at from $65,000,000 to $70,000,000.

The table below shows changes, by Federal reserve districts, in the domestic demand for United States gold coin for the past five weeks.

DOMESTIC DEMAND FOR UNITED STATES GOLD COIN
(In millions of dollars)

Federal Reserve District	Changes for Week Ending Wednesday Jan.25,1933	Feb. 1,1933	Feb. 8,1933	Feb.15,1933	Feb.22,1933
Boston	+0.2	----	+0.2	+0.2	+0.8
New York	+1.4	+2.1	+3.8	+5.8	+11.1
Philadelphia	+0.1	+0.1	+0.3	+0.4	+1.5
Cleveland	+0.1	+0.1	+0.1	+0.2	+0.3
Richmond	+0.1	+0.1	+0.2	+0.5	-0.5
Atlanta	----	----	+0.1	+0.1	+0.1
Chicago	+2.1	+1.2	+0.8	+1.1	+3.8
St. Louis	+0.1	+0.1	+0.4	+0.1	+0.2
Minneapolis	+0.1	+0.1	+0.2	+0.1	+0.4
Kansas City	+0.1	+0.1	+0.1	+0.1	+0.2
Dallas	+0.1	+0.1	+0.1	+0.1	+0.1
San Francisco	+0.6	+0.7	+0.6	+0.7	+1.3
Total	+5.1	+4.7	+7.0	+9.4	+19.3

Some of the demand in recent weeks is believed to reflect the earmarking by New York banks in their own vaults of United States gold coin for foreign account.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Circulate

Date February 24, 1933

To Governor Meyer

Subject: 244

From Mr. Smead

244.211
Depression Stat

FILE

E. M.

In accordance with your telephone request we have prepared two statements one showing the amount of short-term Treasury securities held in the special investment account, arranged according to maturities and the other the amount of the various issues of Treasury certificates, Treasury bills and Treasury notes outstanding and the amount of each issue held in the System special investment account.

It will be noted from the first mentioned statement that on February 15, 1933, the System held in the special investment account slightly more securities having a maturity within seven months than they held on August 3, 1932; that the amount maturing within one year was approximately $150,000,000 less than on August 3, 1932; and that the amount maturing in from one to five years was $418,000,000 on February 15, 1933, as compared with $201,000,000 on August 3, 1932.

On August 3, 1932, the System held $746,000,000 of securities which have since matured. In replacing these securities the Federal reserve banks have confined their purchases largely to the shorter term securities but to the extent of approximately $88,000,000 have increased their holdings of Treasury notes having a maturity in excess of three years.

For CIRCULATION:
Mr. Hamlin ✓
Mr. James ✓
~~Mr. Meyer~~
Mr. Miller ✓
~~Mr. Pole~~
Mr. Harrison ✓
Mr. Morrill ✓
Mr. McClelland ✓
Mr. Wyatt ✓
Mr.
Mr.

Please note - ~~initial~~
and return to GOVERNOR.

Holdings of Treasury hotes maturing after February 1936 held on August 3, 1932, and weekly changes therein since that date were as follows:

	Amount held	Weekly changes
1932		
August 3	$23,825,000	
" 10	28,325,000	+$4,500,000
" 17	30,825,000	+ 2,500,000
Sept. 21	57,825,000	+27,000,000
" 28	55,325,000	-2,500,000
Oct. 12	49,608,500	- 5,716,500
" 19	11,108,500	-38,500,000
" 26	---	-11,108,500
Dec. 21	14,880,000	+14,880,000
" 28	19,880,000	+ 5,000,000
1933		
Feb. 1	31,420,000	+11,540,000
" 8	84,220,000	+52,800,000
" 15	112,770,500	+27,550,500

The only United States Government bonds held in Special Investment Account are Liberty bonds of which $335,616,000 were held both on August 3, 1932 and February 15, 1933. During this period $48,000,000 of First Liberty 3-1/2 per cent bonds were replaced by $6,000,000 of First Liberty 4-1/4 per cent and $42,000,000 of Fourth Liberty 4-1/4 per cent bonds, as indicated by the table below:

UNITED STATES BONDS HELD IN SPECIAL INVESTMENT ACCOUNT
ON AUGUST 3, 1932, AND FEB. 15, 1933

	Aug. 3, 1932	Feb. 15, 1933
1st Liberty 3-1/2*	$73,025,000	$25,025,000
1st Liberty 4-1/4*	23,000,000	29,000,000
4th Liberty 4-1/4#	239,591,000	281,591,000
Total	335,616,000	335,616,000

*Mature June 15, 1947, callable on any interest payment date on 6 months notice.
#Mature Oct. 15, 1938 callable on any interest payment date on 6 months notice.

Governor Meyer - #3

The amounts of United States Government securities held by the Federal reserve banks outside the Special Investment Account on December 31, 1931 and December 31, 1932 were given to you with Mr. Van Fossen's memorandum of February 21.

MATURITY OF TREASURY NOTES, CERTIFICATES OF INDEBTEDNESS AND TREASURY BILLS HELD IN SYSTEM SPECIAL INVESTMENT ACCOUNT ON AUGUST 3, 1932, AND FEBRUARY 15, 1933

	August 3, 1932	Feb. 15, 1933
Maturing within -		
1 month	$192,056,000	$220,975,000
2 months	416,508,500	274,825,000
3 months	619,342,000	449,322,000
4 months	619,342,000	582,347,000
5 months	733,039,000	582,347,000
6 months	746,314,000	582,347,000
7 months	746,314,000	772,880,000
8 months	899,839,000	772,880,000
9 months	1,002,991,500	772,880,000
10 months	1,002,991,500	850,984,000
11 months	1,098,066,500	850,984,000
1 year	1,098,066,500	850,984,000
2 years	1,197,566,500	1,065,536,000
3 years	1,275,166,500	1,156,013,000
4 years	1,298,991,500	1,195,443,000
5 years	1,298,991,500	1,268,783,500
Total maturing after 1 year	200,925,000	417,799,500
" " " 2 years	101,425,000	203,247,500
" " " 3 years	23,825,000	112,770,500

TREASURY BILLS, CERTIFICATES OF INDEBTEDNESS AND TREASURY NOTES OUTSTANDING, BY ISSUES, ON JANUARY 31, 1933, AND AMOUNTS THEREOF HELD IN SYSTEM SPECIAL INVESTMENT ACCOUNT ON FEBRUARY 15, 1933

	Outstanding Jan. 31, 1933	In System Special Investment Account
Treasury bills		
Maturing 2-23-33	$60,000,000	$40,000,000
3- 1-33	100,000,000	30,000,000
3-29-33	100,000,000	24,400,000
4-12-33	75,100,000	30,000,000
4-19-33	75,000,000	29,000,000
4-26-33	80,000,000	31,100,000
5-10-33	**75,200,000	100,000
5-17-33	#75,200,000	15,300,000

**Outstanding on Feb. 8, 1933 (date of issuance)
#Outstanding on Feb. 15, 1933 (date of issuance)

	Outstanding Jan. 31, 1933	In System Special Investment Account
Certificates of indebtedness		
3-3/4 per cent 3-15-33	660,700,000	151,000,000
2 " 3-15-33	33,600,000	--
2 " 5-2-33	239,200,000	114,300,000
1-1/2 " 6-15-33	373,900,000	117,700,000
1-1/4 " 9-15-33	451,400,000	190,500,000
3-4 " 12-15-33	254,400,000	78,100,000
Treasury notes		
3 per cent 5-2-34	244,200,000	92,000,000
2-1/8 " 8-1-34	345,300,000	122,500,000
3 " 6-15-35	416,600,000	90,500,000
3-1/4 " 8-1 -36	365,100,000	12,100,000
2-3/4 " 12-15-36	360,500,000	27,400,000
3 " 4-15-37	508,300,000	24,200,000
3-1/4 " 9-15-37	834,400,000	32,800,000
2-5/8 " 2-1 -38	*277,500,000	16,400,000

*Outstanding on February 1, 1933 (date of issuance).

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date February 23, 1933

+

To Governor Meyer

Subject: Demand for currency

From Mr. Thompson

244.211

Depression Start

The volume of money in circulation increased by $134,000,000 during the six-day period ending February 21, compared with an average increase for the corresponding period of previous years of $38,000,000, so that our figure of demand for currency adjusted for seasonal variation shows an increase of $96,000,000 for the week and is more than $200,000,000 above the figure for July 20.

Reviewing the events of the past two weeks, it now becomes evident that of the increase of $135,000,000 in our adjusted figure for the week ending February 15, about $85,000,000 to $90,000,000 probably reflected demand for vault cash and about $45,000,000 to $50,000,000 demand by the public in part because of a lack of banking facilities in Michigan but chiefly for hoarding. During the past two weeks hoarding has been most pronounced in the Chicago, New York, and San Francisco districts. There was a substantial outflow of currency in the Richmond District during the past week following the suspension in Baltimore of the $5,000,000 Title Guarantee and Trust Company.

The following table shows by Federal reserve districts for the six-day period ending February 21, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Six days Ending Tuesday, February 21, 1933

Federal Reserve District	Changes in Demand for Currency (Amounts in millions of dollars) Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Bank Suspensions Number	Deposits (In millions of dollars)
Boston	+ 6	+ 5	+ 1	-	---
New York	+27	+14	+13	-	---
Philadelphia	+ 9	+ 4	+ 5	-	---
Cleveland	+ 6	+ 6	---	-	---
Richmond	+ 8	---	+ 8	3	5.1
Atlanta	+ 1	+ 1	---	-	---
Chicago	+63	+ 6	+57	8	12.5
St. Louis	+ 1	+ 1	---	3	0.3
Minneapolis	+ 4	---	+ 4	1	0.04
Kansas City	+ 2	---	+ 2	1	0.1
Dallas	+ 1	+ 1	---	-	---
San Francisco	+ 7	---	+ 7	3	1.1
Total	+134	+38	+96	19	19.2

National Bank Notes

Issues of new national bank notes during the week amounted to about $1,000,000. Total new issues since passage of the Home Loan Bank Bill amount to $170,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to February 22, 1933, Inclusive

(In thousands of dollars)

Boston	$3,608
New York	21,765
Philadelphia	9,779
Cleveland	8,624
Richmond	5,553
Atlanta	8,332
Chicago	24,815
St. Louis	5,593
Minneapolis	6,425
Kansas City	16,228
Dallas	5,615
San Francisco	53,489
Total	$169,829

National bank notes retired--including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to February 22, 1933, inclusive	$23,789
Increase in national bank notes outstanding July 22, 1932, to February 22, 1933	$146,040
National bank notes outstanding, February 22, 1933	$880,394

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date February 18, 1933

To Dr. Goldenweiser

Subject: Demand for Currency

From Mr. Thompson

244.211

C-16 Depression Stat

Examination of our daily figures of changes in demand for currency convinces me that the unusual currency withdrawals from the reserve banks of the past three days, while largest in the Chicago, New York, and Cleveland districts, are widespread throughout the country.

Increases in demand for currency were registered on Tuesday by all districts except Atlanta, which showed no change, and on Wednesday by all districts without exception. Ordinarily, all districts should register decreases on Tuesday and Wednesday. On Thursday, there were larger than seasonal increases in all districts.

It is impossible, of course, to tell at the present time to what extent this outflow represents public demand and to what extent it represents the uneasiness of banks and the preparation by them for emergencies.

Approximately $8,000,000 of gold coin has been paid out in New York during the past three days, of which about $2,000,000 is known to be for foreign account.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date February 16, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D. T. Foley

244.211

Depression Stat

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - ~~initial~~ and return to GOVERNOR.

RECEIVED
FEB 17 1933
OFFICE OF THE GOVERNOR
FEDERAL RESERVE BOARD

2—8495

At the close of business on Wednesday, February 15, the volume of money in circulation was $5,854,000,000 or more than at any previous time. The increase for the past week was $149,000,000, compared with an average increase in previous years of from $15,000,000 to $20,000,000, so that our figure of demand for currency adjusted for seasonal variation shows an increase of $135,000,000 for the week and is now higher than the previous peak of last July.

The greater than seasonal increase for the week represents in part an increase in bank holdings of cash, in part hoarding by the public, and in part increased use of cash due to absence of banking facilities in Michigan. Increases in our adjusted figures were concentrated chiefly in the Chicago, New York, and Cleveland districts, but considerable increases were also recorded in the Richmond and San Francisco districts. The increases in the Chicago and Cleveland districts were a reflection primarily of the Michigan situation and occurred on Tuesday and Wednesday. Chicago banks withdrew $14,000,000 to fortify their vault cash position against possible emergencies and large amounts have undoubtedly been withdrawn for similar reasons by banks in Toledo and elsewhere in the Cleveland and Chicago districts. Considerable cash is also reported to have been paid out by the Detroit Branch directly to large business concerns in Michigan because of the absence of normal

Mr. Tilton, Third Assistant Postmaster General, told me today that more money was taken in at the Detroit Post office yesterday than was paid out.
2/17/33
[initials]

banking facilities. Withdrawals from postal savings in Michigan are also reported to have been considerable, reflecting inability to obtain cash from banks.

The increase in the New York District was chiefly in and about New York City and northern New Jersey and included substantial withdrawals of gold coin. To our knowledge, very little currency has actually been shipped from New York to other districts, and vault cash holdings of New York City banks have increased by $~~6~~4,000,000, so that most of the increase in demand in the New York District probably reflects chiefly the effect of suspensions in New Jersey and the nervousness of the financial center during periods of stress. In the past, important banking disturbances in other parts of the country have generally been attended by unusual currency withdrawals in New York.

This week the usual estimates of hoarding since Christmas by districts are omitted. It will not be possible to make satisfactory estimates until more detailed data become available.

The following table shows by Federal reserve districts for the week ending February 15, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Week Ending Wednesday, February 15, 1933

Federal Reserve District	Changes in Demand for Currency (Amounts in millions of dollars): Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Bank Suspensions: Number	Deposits (In millions of dollars)
Boston	+ 4	- 1	+ 4	-	---
New York	+43	+ 6	+37	4	3.2
Philadelphia	+10	+ 5	+ 5	1	1.8
Cleveland	+26	+ 4	+22	1	0.1
Richmond	+ 8	+ 1	+ 7	2	2.9
Atlanta	- 2	- 3	+ 1	1	0.6
Chicago	+49	+ 4	+45	4	2.1
St. Louis	+ 2	+ 1	+ 2	5	1.6
Minneapolis	+ 2	---	+ 3	1	0.3
Kansas City	+ 1	---	+ 1	3	0.8
Dallas	---	- 1	+ 1	1	0.1
San Francisco	+ 8	---	+ 8	6	3.5
Total	+149	+14	+135	29	16.9

U. S. Gold Coin

During the week ending Wednesday, February 15, the domestic demand for United States gold coin increased by $9,000,000. The increase was general throughout the country but was largest in the New York and Chicago districts. Approximately $45,000,000 of gold coin has gone into hoards in this country since early October of last year.

The table below shows changes, by Federal reserve districts, in the domestic demand for United States gold coin for the past four weeks. The figures for New York and for the country as a whole, for the weeks ending February 1 and February 8, have been revised.

DOMESTIC DEMAND FOR UNITED STATES GOLD COIN

(In millions of dollars)

Federal Reserve District	Changes for Week Ending Wednesday			
	Jan. 25, 1933	Feb. 1, 1933	Feb. 8, 1933	Feb. 15, 1933
Boston	+0.2	----	+0.2	+0.1
New York	+1.4	+2.1 r/	+3.8 r/	+5.8
Philadelphia	+0.1	+0.1	+0.3	+0.4
Cleveland	+0.1	+0.1	+0.1	+0.2
Richmond	+0.1	+0.1	+0.2	+0.5
Atlanta	----	----	+0.1	+0.1
Chicago	+3.0	+1.2	+0.8	+1.1
St. Louis	+0.1	+0.1	+0.4	+0.1
Minneapolis	+0.1	+0.1	+0.2	+0.1
Kansas City	+0.1	+0.1	+0.1	+0.1
Dallas	+0.1	+0.1	+0.1	+0.1
San Francisco	+0.6	+0.7	+0.6	+0.7
Total	+6.0	+4.7 r/	+7.0 r/	+9.4

r/ --Revised

National Bank Notes

Issues of new national bank notes during the week amounted to less than $1,000,000. Total new issues since passage of the Home Loan Bank Bill amount to $169,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to February 15, 1933, Inclusive

(In thousands of dollars)

Boston	$3,608
New York	21,515
Philadelphia	9,779
Cleveland	8,619
Richmond	5,538
Atlanta	8,322
Chicago	24,815
St. Louis	4,893
Minneapolis	6,425
Kansas City	16,208
Dallas	5,538
San Francisco	53,489
Total	$168,749

National bank notes retired--including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to February 15, 1933, inclusive	$22,912
Increase in national bank notes outstanding July 22, 1932, to February 15, 1933	$145,837
National bank notes outstanding, February 15,1933	$880,191

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date February 10, 1933

To Gov Governor Meyer

From Mr. Thompson D. T.

Subject: Domestic Demand for United States Gold Coin

244

2—8495

244.211 Depression Stat

During the week ending Wednesday, February 8, the domestic demand for United States gold coin increased by nearly $10,500,000, of which $7,400,000 was in the New York District. All districts, however, showed some increase in demand. The amount of gold coin officially designated as "in circulation" is now larger than at any time since 1919.

We estimate the increase in hoarding of gold coin since early October of last year at not less than $45,000,000, or nearly half of the total amount absorbed by the earlier hoarding movement during the fifteen months from May, 1931, to July, 1932. Of this amount, approximately $10,000,000 went into hoards in October and November, $25,000,000 in December and January, and $10,000,000 during the first week of February.

The accompanying table shows changes in the domestic demand for United States gold coin by Federal reserve districts for the past three weeks:

For CIRCULATION:

Mr. Hamlin
Mr. James
~~Mr. Magee~~
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr. File
Mr.

Please note ~~initial~~
~~and return to GOVERNOR.~~

DOMESTIC DEMAND FOR UNITED STATES GOLD COIN

(In millions of dollars)

Federal Reserve District	Changes for Week Ending Wednesday January 25, 1933	February 1, 1933	February 8, 1933
Boston	+0.2	--	+0.2
New York	+1.4	+6.5-	+7.4
Philadelphia	+0.1	+0.1	+0.3
Cleveland	+0.1-	+0.1	+0.1
Richmond	+0.1-	+0.1	+0.2
Atlanta	--	--	+0.1
Chicago	+3.0	+1.2	+0.8
St. Louis	+0.1	+0.1	+0.4
Minneapolis	+0.1	+0.1	+0.2
Kansas City	+0.1-	+0.1	+0.1
Dallas	+0.1	+0.1	+0.1
San Francisco	+0.6	+0.7	+0.6
Total	+6.0	+9.1	+10.5-

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date February 9, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D.T.

244.211

Depression. Stat

GPO 2—8495

CEP

Demand for currency increased by $53,000,000 during the week ending Wednesday, February 8, compared with an average increase for the corresponding period of previous years of from $5,000,000 to $10,000,000, so that our figure of changes in demand for currency, adjusted for seasonal variation, shows an increase of about $47,000,000 for the week. The adjusted figure now stands at about the peak of last July, notwithstanding the fact that vault cash holdings of all banks in the United States have declined over the period by more than the estimated seasonal amount.

We have no evidence pointing to an increased active demand for currency over the seven-months period. The influence of the tax on checks was probably as great in July, 1932, as in February, 1933; approximately $40,000,000 of currency has been received from abroad by New York City banks since last July; factory payrolls are no larger than seven months ago; department store sales have declined from the level of last July by considerably more than the estimated seasonal amount; and retail prices are lower than they were last summer. All of these factors indicate that hoarding is greater than in July, 1932.

Since Christmas, the return of currency to the reserve banks has been considerably less than the average of previous years, reflecting in part the fact that the post-holiday return of currency was much smaller than usual because of the smaller than usual outflow in December before Christmas. We now estimate the increase since Christmas in real hoarding at $200,000,000 distributed as follows:

District	Amount	Cause
New York	$25,000,000	Unknown
Atlanta	15,000,000	Banking disturbances
Chicago	45,000,000	Banking disturbances
St. Louis	40,000,000	Banking disturbances
Minneapolis	10,000,000	Steady gradual withdrawals
Kansas City	15,000,000	Banking disturbances
San Francisco	35,000,000	Banking disturbances
Other districts	15,000,000	---
Total	$200,000,000	

The increase in demand for currency during the week ending February 8, was general throughout the country and reflected chiefly the movement of currency into hoards. The movement was most conspicuous in the Atlanta District, accompanying the disturbances in New Orleans on Friday and Monday (Saturday was a holiday there by proclamation of the Governor of Louisiana), and in the Chicago and New York districts. Hoarding in the New York District during recent months has probably been greater than was previously estimated. The large and erratic fluctuations from week to week in demand for currency in that district make it difficult to measure accurately their significance, but the sharp actual increases there in demand for all kinds of currency during the past two weeks, coupled with a persistent demand for gold coin, is evidence of the feeling of uneasiness prevailing in that center.

The following table shows by Federal reserve districts for the week ending February 8, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Week Ending Wednesday, February 8, 1933

Federal Reserve District	Changes in Demand for Currency (Amounts in millions of dollars): Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Bank Suspensions: Number	Deposits (In millions of dollars)
Boston	+ 2	+ 2	- 1	-	---
New York	+ 5	+ 1	+ 4	1	0.8
Philadelphia	+ 4	- 2	+ 6	1	0.3
Cleveland	+ 5	- 3	+ 8	-	---
Richmond	+ 1	- 1	+ 2	-	---
Atlanta	+13	+ 2	+12	1	0.3
Chicago	+12	+ 3	+ 9	13	3.8
St. Louis	---	- 1	+ 1	10	2.3
Minneapolis	+ 2	+ 1	+ 1	8	2.7
Kansas City	+ 3	+ 1	+ 2	8	1.6
Dallas	+ 1	+ 1	---	-	---
San Francisco	+ 4	+ 2	+ 2	1	0.1
Total	+53	+ 6	+47	43	11.9

National Bank Notes

Issues of new national bank notes during the week amounted to less than $1,000,000. Total new issues since passage of the Home Loan Bank Bill amount to $168,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to February 8, 1933, Inclusive

(In thousands of dollars)

Boston	$3,578
New York	21,419
Philadelphia	9,744
Cleveland	8,614
Richmond	5,435
Atlanta	8,322
Chicago	24,810
St. Louis	4,843
Minneapolis	6,423
Kansas City	16,166
Dallas	5,485
San Francisco	53,489
Total	$168,332

National bank notes retired--including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to February 8, 1933, inclusive	$22,199
Increase in national bank notes outstanding July 22, 1932, to February 8, 1933	$146,133
National bank notes outstanding, February 8,1933.	$880,487

FEDERAL RESERVE

For CIRCULATION:

Mr. Hamlin
Mr. James
~~Mr. Magee~~
Mr. Miller
~~Mr. Platt~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - ~~initial~~
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Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

550

FEDERAL RESERVE BOARD FILE

Date February 3, 1933

To Governor Meyer

Subject: Domestic Demand for United States Gold Coin

From Mr. Thompson

2—8495

244.211 Depression Stat

During the week ending Wednesday, February 1, the American public withdrew $9,000,000 of United States gold coin from the Federal reserve banks and Treasury, of which $6,500,000 was withdrawn in the New York District alone.

The increase in demand for gold coin during the first three weeks of December was of full seasonal proportions and since Christmas an additional $16,000,000 has been paid out by the reserve banks and Treasury, whereas in the past a decrease in public demand of from $10,000,000 to $12,000,000 has been customary in January. We estimate, therefore, that not less than $25,000,000 of gold coin has gone into hoards during the past two months.

The accompanying table shows changes in the domestic demand for United States gold coin by Federal reserve districts for each of the five weeks since Christmas.

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note ~~initial~~ and return to ~~GOVERNOR.~~ File.

DOMESTIC DEMAND FOR UNITED STATES GOLD COIN

(In millions of dollars)

Federal Reserve District	Changes for Week Ending Wednesday				
	Jan. 4,1933	Jan.11,1933	Jan.18,1933	Jan.25,1933	Feb. 1,1933
Boston	-0.4	-0.3	-0.1	+0.2	--
New York	-1.2	-0.9	+0.7	+1.4	+6.5-
Philadelphia	-0.2	-0.1-	--	+0.1	+0.1
Cleveland	-0.1	--	--	+0.1-	+0.1
Richmond	--	+0.1	+0.1-	+0.1-	+0.1
Atlanta	--	--	--	--	--
Chicago	+0.2	+0.8	+1.1	+3.0	+1.2
St. Louis	--	--	+0.2	+0.1	+0.1
Minneapolis	--	--	+0.1	+0.1	+0.1
Kansas City	--	+0.1-	+0.1-	+0.1-	+0.1
Dallas	--	--	--	+0.1	+0.1
San Francisco	+0.2	+0.1	+0.1	+0.6	+0.7
Total	-1.6	--	+2.2	+6.0	+9.1

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date February 2, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D.T.

244.211
Depression stat

CIRCULATION:
Hamlin ✓
James
Magee
Miller ✓
Harrison ✓
Morrill
McClelland
Wyatt ✓
Snead ✓

Please note - initial & return to GOVERNOR

The volume of money in circulation increased by $41,000,000 during the week ending February 1, compared with an avêrage increase for the corresponding week in previous years of from $10,000,000 to $15,000,000, so that our figure of the change in demand for currency adjusted for seasonal variation shows an increase of about $30,000,000 for the week. The adjusted figure now shows a decline of little more than $50,000,000 from the peak of last July and is higher than in February, a year ago.

The increase for the week in the demand for currency reflects in part the influence of the tax on checks, which always influences the volume of currency around the first of the month, but chiefly hoarding in the Philadelphia, Chicago, and Kansas City districts. In the San Francisco District, where during the week ending January 25 the hoarding movement was most pronounced, there was a contra-seasonal return flow during the present week.

We now estimate the increase in real hoarding since Christmas at not less than $140,000,000, distributed as follows:

District	Amount	Cause
Chicago	$35,000,000	Banking disturbances
St. Louis	40,000,000	Banking disturbances in mid-January
Minneapolis	5,000,000	Steady gradual withdrawals
Kansas City	15,000,000	Banking disturbances in late January
San Francisco	30,000,000	Banking disturbances, week of Jan. 25
Other districts	15,000,000	Banking disturbances in Philadelphia and Atlanta districts, and small hoarding movements in New York, Dallas, and possibly Cleveland and Richmond districts
Total	$140,000,000	

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The following table shows by Federal reserve districts for the week ending February 1, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Week Ending Wednesday, February 1, 1933

Federal Reserve District	Changes in Demand for Currency (Amounts in millions of dollars): Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Bank Suspensions: Number	Deposits (In millions of dollars)
Boston	+ 3	+ 3	---	-	---
New York	+19	+10	+ 9	-	---
Philadelphia	+ 5	+ 1	+ 4	2	13.0
Cleveland	---	- 4	+ 4	1	1.2
Richmond	+ 4	+ 3	+ 1	4	1.7
Atlanta	+ 1	- 1	+ 2	3	0.3
Chicago	+ 7	---	+ 7	9	3.0
St. Louis	- 1	- 1	---	12	4.1
Minneapolis	+ 2	---	+ 2	2	1.7
Kansas City	+ 5	---	+ 5	8	1.8
Dallas	---	- 1	+ 1	-	---
San Francisco	- 2	+ 2	- 4	3	0.6
Total	+41	+12	+29	44	27.5-

National Bank Notes

Issues of new national bank notes during the week amounted to less than $1,000,000. Total new issues since passage of the Home Loan Bank Bill amount to $168,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to February 1, 1933, Inclusive

(In thousands of dollars)

Boston	$3,543
New York	21,149
Philadelphia	9,669
Cleveland	8,557
Richmond	5,405
Atlanta	8,322
Chicago	24,785
St. Louis	4,843
Minneapolis	6,423
Kansas City	16,166
Dallas	5,485
San Francisco	53,479
Total	$167,829

National bank notes retired--including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to February 1, 1933, inclusive	$21,025
Increase in National bank notes outstanding July 22, 1932, to February 1, 1933	$146,804
National bank notes outstanding, February 1, 1933	$881,158

Form No. 131 Governor

Office Correspondence

FEDERAL RESERVE BOARD

Date January 28, 1933

To Mr. Goldenweiser

Subject: Damage to Argentine Corn Crop

From Miss Bulla

244

FILE

Gov. Meyer EAG

244.211

Depression stat

2—8495

Severe damage by locusts to the growing corn crop in Argentina is reported in a cable of January 23 to the Department of Agriculture. The possible reduction in the crop is estimated as high as 20 to 25 per cent by the Department's representative after a tour of the chief corn area.

The Argentine corn crop ranges from 9 to 18 per cent of the United States crop. As Argentina exports almost its entire production, it is one of the chief factors in the international trade in corn. Whether the visible damage to the crop can be made up before harvesting remains to be seen. The possibility of a temporary stimulus to United States exports of corn is mentioned by the Department of Agriculture.

Recent production and exports of Argentine and United States corn are shown below. The Argentine crop of 1930-31 was the record production.

For CIRCULATION:

Mr. Hamlin ✓ CSH
Mr. James ✓ GRJ
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt ✓
Mr.
Mr.

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	United States		Argentina
Corn crop--	(In millions of bushels)		
1930	2,060	1930-31	373
1931	2,567	1931-32	285
1932	2,908	1932-33	No estimate
Exports--			
Years beginning Nov. 1			
1930-31	3		355
1931-32	6		313
1932-			
Nov. 1 -- Dec. 24	2		30

Official Argentine estimates of acreage and production are not due until February and March, respectively. High acreage and excellent weather conditions were reported at the end of December.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 28, 1933

To Governor Meyer

From Mr. Goldenweiser

Subject: Domestic Demand for United States Gold Coin

2—8495

244.211
Depression Stat

During recent weeks, the domestic demand for United States gold coin has increased, reflecting chiefly demand throughout the mid-west, particularly in Chicago. Since Christmas, demand has absorbed nearly $7,000,000, of which $6,000,000 was paid out by the reserve banks during the past week. In previous years, a decrease of from $10,000,000 to $12,000,000 has been customary in January.

The post-holiday increase in demand for gold coin this year follows upon a Christmas demand that was as large as in previous years, despite the fact that the Christmas demand for other forms of cash was considerably smaller than usual.

The accompanying table shows changes in the domestic demand for United States gold coin by Federal reserve districts for each of the four weeks since Christmas.

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note ~~initial~~
~~and~~ return to GOVERNOR.

DOMESTIC DEMAND FOR UNITED STATES GOLD COIN

(In millions of dollars)

Federal Reserve District	Changes for Week Ending Wednesday Jan. 4,1933	Jan.11,1933	Jan.18,1933	Jan.25,1933
Boston	-0.4	-0.3	-0.1	+0.2
New York	-1.2	-0.9	+0.7	+1.4
Philadelphia	-0.2	-0.1-	--	+0.1
Cleveland	-0.1-	--	--	+0.1-
Richmond	--	+0.1	+0.1-	+0.1-
Atlanta	--	--	--	--
Chicago	+0.2	+0.8	+1.1	+3.0 x
St. Louis	--	--	+0.2	+0.1
Minneapolis	--	--	+0.1	+0.1
Kansas City	--	+0.1-	+0.1-	+0.1-
Dallas	--	--	--	+0.1
San Francisco	+0.2	+0.1	+0.1	+0.6
Total	-1.6	--	+2.2	+6.0

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 26, 1933

To Governor Meyer

Subject: Articles in British Press

From Mr. Parry

244.211
Depression Stat

GPO 2—8495

I attach summaries, selected from Miss Evans' forthcoming Weekly Review of Periodicals, of certain recent articles in the British press.

They are from the London Financial Times, the London Financial News, the Manchester Guardian, and the Montagu Weekly Review. Titles follow:

Dollar and franc

Swedish Government reduces interest on deposits

Report of the Reichs-Kredit-Gesellschaft

Lloyds Bank pays less

Stock exchange opinions on South Africa off gold

Dollar and franc.
London Financial News, January 12, page 4.

The fact that even the City, which has always been the principal stronghold of the adherents of the gold standard, is now fully indorsing the attitude of the Government, should remove all hopes in Washington and Paris that they will be able to persuade us to change our policy.

Both France and the United States have indeed good reason for urging us to stabilize sterling. Once stabilized, sterling will become once more the most vulnerable of the leading gold currencies, and both franc and dollar would be left alone for a while. London would become once more the shock-absorber, and it is not certain whether she would be able to stand the shocks. Sterling would struggle once more against destructive influences which would be diverted from the dollar and the franc. The pressure caused on sterling through inadequate settlement of the war debts or inadequate arrangements made for safeguarding the gold standard would then be regarded with equanimity in Paris and Washington.

As, however, we are determined not to stabilize until the war debts are settled, it is for the United States to see that this condition is fulfilled. Meanwhile, both dollar and franc remain vulnerable. It is worth noting that both forward dollar and forward franc are at a heavy discount, not only in relation to sterling but also in relation to the Swiss franc and the Dutch florin. These latter currencies are at a premium in relation to sterling, which shows that the premium on forward sterling in relation to dollars and francs is not due exclusively to bull speculation in sterling, but also to a great extent to a pessimistic view regarding the two principal gold currencies.

SWEDEN

Swedish Government reduces interest on deposits.
Montagu Weekly Review, January 5, page 11.

On the recommendation of the Riksbank, the Government decided on December 30 to reduce the interest paid on deposits in the Post Office Savings Bank from 3 to 2 1/2 per cent as from January 2, 1933. This is part of a general plan to cheapen money in Sweden, and to force some of the money accumulating in the banks into Government securities. The commercial banks are falling into line by reducing their deposit rate by 1/2 per cent, and their charge for advances by the same percentage.

The Riksbank has also recommended the introduction of a new type of Government security in small denominations on somewhat the same lines as British savings certificates, with a currency of from 20 to 30 years, in order to broaden the basis of State loans. Careful preparations are being made to prevent any increase in interest rates, owing to the fairly extensive State loans which the ministry is expected to issue shortly after the New Parliament meets on January 10.

GERMANY

Report of the Reichs-Kredit-Gesellschaft.
Montagu Weekly Review, January 5, page 16.

The report of the Reichs-Kredit-Gesellschaft on economic conditions in Germany during 1932 is more encouraging then for a number of years past. It states that the year was marked by a fall of about 12 per cent in wages, the general price level, and the cost of living. Easier monetary conditions increased the confidence in the currency. The fall in prices and the revival of political confidence brought about an increase in home demand which largely offset a fall in exports. The improvement became particularly apparent during the last few months of the year. The index of production, after having touched 55 per cent in the first quarter, rose to 62.9 per cent in November. Other indexes also showed advances. Improved liquidity of trade and industry, and return of hoarded money brought about a further fall in interest rates. The monthly returns of the Reichsbank and the clearing banks showed a steady reduction of the note issue, the bill portfolio, and advances against collateral; these repayments enabled the banks to reduce their obligations abroad.

The report states that in spite of this improvement in the credit position, the liquidation of frozen credits has still to go a very long way, particularly in the field of trade and municipal credits.

Lloyds Bank pays less.
Manchester Guardian, January 7, page 18.

Lloyds Bank, which was the first of the "Big Five" to ask shareholders to accept dividends commensurate with a lower rate of earnings, reducing its final dividend for the year 1930 from the previously usual rate of 16 2/3 per cent to 13 1/3 per cent per annum, is the first of them to propose a further cut in respect of the past year. With a final payment of 5 1/3 per cent, it is reducing its payment to 12 per cent per annum for 1932.

Barclays Bank, which has paid 14 per cent per annum throughout the slump, announced the maintenance of this rate for yet another year. The Midland Bank is repeating its 1931 distribution of 16 per cent.

On a three-year comparison, the declines in profits for Barclays and the Midland are approximately one-third, while those of Lloyds are nearly 40 per cent. The discrepancy in profits is, however, attributable to some extent to a difference of method in providing for bad and doubtful debts. The Midland certainly, and Barclays presumably, have written off these items against inner reserves. On general grounds there appears to be no reason why Lloyds Bank should be more adversely affected by trade depression and low money rates than any other of the larger joint stock banks. Lloyds is also acting independently of Barclays and the Midland in another direction, by restoring to the reserve fund £500,000 of the £2,500,000 withdrawn a year ago to write down investment to market value.

Stock exchange opinions on South Africa off gold, and on sterling's growing power. London Financial Times, January 9, page 1.

The effect of South Africa's departure from the gold standard, whereby immense quantities of low-grade ore can now be profitably treated, and a much greater output of gold is assured, is a reason for anticipating more flexible conditions in world trade, according to one of the ablest stock exchange reviews. The increase in the output of gold, together with the continuance of the heavy -- and now regular -- supplies of Indian gold hoards, will tend more and more to pump the necessary oxygen into the world's debilitated economic machine, and slowly but gradually restore the circulation.

The review says that while such gold currencies as Swiss francs, French francs and American dollars are firmly fixed in gold, yet the growing power of sterling is reacting on them in much the same way as an encroaching sea erodes sandy cliffs. In the opinion of the review, it is only a question of time before these currencies will be forced off their present parities. Our own country can not return to the gold standard at present, not having sufficient gold to do so, but when this takes place the reaction will be to force the remaining gold standard countries off their existing parities.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 26, 1933

To Mr. Goldenweiser

From Mr. Garfield

Subject: Farm Income in Minnesota

244

FILE

244.211

Depression Stat

GPO 2—8495

A recent study at the University of Minnesota estimates that the gross cash income of Minnesota farmers was only 175 million dollars in 1932. This represents a decrease of 209 million dollars from 1929. The gross cash income of Minnesota farmers in 1932 was the lowest since 1912.

Cash expenditures of Minnesota farmers have also been reduced during the past three years, but not by as large a proportion as cash income, since many of the cash expenses of farming, notably taxes and interest, and automobiles are relatively fixed. The proportionately greater shrinkage in cash receipts reduced the net cash income available for living expenses, debt payments and investment to 26 million dollars in 1932 as compared with 185 million dollars in 1929, and an average of 86 million dollars from 1910 to 1914. Detailed figures are shown on the following table:

For CIRCULATION:

Mr. Hamlin

Mr. James

Mr. Magee

Mr. Miller

~~Mr. Pole~~

Mr. Harrison

Mr. Morrill

Mr. McClelland

Mr. Wyatt

Mr.

Mr.

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RECEIVED
JAN 27 1933
OFFICE OF THE GOVERNOR
FEDERAL RESERVE BOARD

CASH INCOME AND EXPENSES OF MINNESOTA AGRICULTURE
(In millions of dollars)

Year	Gross cash income	Expenses less taxes & interest	Taxes and interest	Net cash income
1910-14 avg	168	56	26	86
1918	451	118	48	285 (high)
1921	229	111	76	42 (low)
1924-28 avg	374	113	78	182
1929	384	120	79	185
1930	332	94	77	161
1931	233	87	72	74
1932	175	80	69	26

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 26, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D.T.

244.211

Depression Stat

2—8495

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr. Pole
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note and return to GOVERNOR.

The volume of money in circulation increased by $9,000,000 during the week ending Wednesday, January 25, compared with an average decrease in previous years of about $35,000,000, so that our figure of changes in demand for currency, adjusted for seasonal variation, shows an increase ~~of~~ about $45,000,000 for the week.

This week, the increase is the result chiefly of a hoarding movement in California, which was conspicuous on Saturday, Monday, and Tuesday, and, to some extent, of hoarding in the Kansas City and Chicago districts.

Since the Christmas peak, the volume of money in circulation has been reduced by $150,000,000. In the past, the return flow during the 30-day period after Christmas has averaged from $425,000,000 to $475,000,000, so that our adjusted figure of demand for currency shows an increase for the period of about $300,000,000. While we cannot measure accurately the extent to which this increase reflects real hoarding, it is probable that the amount is not less than $120,000,000, distributed approximately as follows:

District	Amount	Cause -- banking disturbances
Chicago	$30,000,000	About year-end and subsequently
St. Louis	40,000,000	About mid-January
San Francisco	35,000,000	Week of January 25
Other districts	15,000,000	A conservative minimum for Atlanta, Minneapolis, and Kansas City
Total	$120,000,000	

The following table shows by Federal reserve districts for the week ending January 25, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Week Ending Wednesday, January 25, 1933

Federal Reserve District	Changes in Demand for Currency (Amounts in millions of dollars)			Bank Suspensions	
	Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Number	Deposits (In millions of dollars)
Boston	- 2	0	- 2	-	-
New York	-13	- 9	- 4	-	-
Philadelphia	- 2	- 2	0	-	-
Cleveland	- 1	+ 1	- 2	1	0.4
Richmond	- 3	- 4	+ 2	1	0.4
Atlanta	-	- 2	+ 2	5	10.8
Chicago	+ 9	- 4	+13	14	7.0
St. Louis	- 4	- 3	- 1	7	1.8
Minneapolis	+ 1	- 1	+ 2	1	0.2
Kansas City	+ 4	- 2	+ 6	9	4.5
Dallas	- 1	- 3	+ 2	1	0.6
San Francisco	+21	- 6	+27	9	35.8
Total	+ 9	-35	+44	48	61.6

National Bank Notes

Issues of new national bank notes during the week amounted to less than $500,000. Total new issues since passage of the Home Loan Bank Bill amount to $167,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to January 25, 1933, Inclusive

(In thousands of dollars)

Boston	$3,533
New York	21,099
Philadelphia	9,599
Cleveland	8,522
Richmond	5,370
Atlanta	8,314
Chicago	24,595
St. Louis	4,843
Minneapolis	6,423
Kansas City	16,156
Dallas	5,460
San Francisco	53,167
Total	$167,084

National bank notes retired--including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to January 25, 1933, inclusive	$19,993
Increase in National bank notes outstanding July 22, 1932, to January 25, 1933	$147,091
National bank notes outstanding, January 25,1933.	$881,445

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 19, 1933

To Governor Meyer

From Mr. Goldenweiser

Subject: Demand for Currency

244.211

Depression Stat

There was considerable hoarding of currency during the week ending Wednesday, January 18. The volume of money in circulation increased by $13,000,000, compared with an average decrease in previous years of about $60,000,000, so that our figures of changes in demand for currency, adjusted for seasonal variation, show an increase of about $75,000,000 for the week.

The increase is, in large part, a reflection of currency hoarding that has accompanied banking disturbances in different parts of the country. The suspension of several ~~large~~ banks in St. Louis and vicinity on Friday, Saturday, and Monday, was accompanied by a withdrawal on those three days of nearly $40,000,000 of currency, $5,000,000 of which came back on Tuesday and Wednesday. On Monday, the suspension of four banks in the Chicago District led to a contrary-to-seasonal run-out of currency and on that same day the failure in New York State of the First National Bank of Mamaroneck, coupled with relatively numerous failures in the mid-west, is believed to have been responsible in no small degree for checking the normal return of currency to the reserve bank. Bank suspensions in the Minneapolis, Kansas City, and Dallas districts, while not numerous, have led to some hoarding in parts of those districts.

The following table shows by Federal reserve districts for the week ending January 18, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Week Ending Wednesday, January 18, 1933
(Amounts in millions of dollars)

Federal Reserve District	Changes in Demand for Currency: Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Bank Suspensions: Number	Deposits
Boston	- 4	- 5	+ 1	-	---
New York	- 8	- 13	+ 5	1	1.8
Philadelphia	- 2	- 7	+ 5	1	0.3
Cleveland	- 4	-11	+ 7	3	0.2
Richmond	---	- 1	+ 1	-	---
Atlanta	---	- 3	+ 3	1	0.05-
Chicago	+ 3	- 9	+12	10	4.2
St. Louis	+33	- 2	+35	22	17.2
Minneapolis	---	- 1	+ 2	6	2.6
Kansas City	---	- 2	+ 2	7	1.8
Dallas	---	- 2	+ 2	2	1.5
San Francisco	- 4	- 4	---	5	2.8
Total	+13	-60	+73	58	32.4

In the St. Louis District, approximately $45,000,000 has gone into hoards since Christmas, or more than was hoarded at the time of the BancoKentucky failure.

Daily changes during the week in demand for currency with and without adjustment for seasonal variations are shown in the following table:

Daily Changes in Demand for Currency
(In millions of dollars)

	Actual Changes	Average Changes in Previous Years	Changes Adjusted for Seasonal Variation
Jan. 12 (Thursday)	+ 1	+ 3	- 2
13 (Friday)	+21	- 1	+22
14 (Saturday)	+ 9	0	+ 9
16 (Monday)	+14	-17	+31
17 (Tuesday)	-14	-32	+18
18 (Wednesday)	-18	-13	- 5
Total	+13	-60	+73

According to reports in the press, a two-weeks' banking holiday has been declared by the mayors of Rock Island, Moline, and East Moline, Illinois, and a three-weeks' business holiday has been declared in Muscatine, Iowa.

National Bank Notes

Issues of new national bank notes during the week amounted to less than $1,000,000. Total new issues since passage of the Home Loan Bank Bill amount to $167,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to January 18, 1933, Inclusive

(In thousands of dollars)

Boston	$3,473
New York	21,014
Philadelphia	9,439
Cleveland	8,442
Richmond	5,345
Atlanta	8,314
Chicago	24,595
St. Louis	4,843
Minneapolis	6,423
Kansas City	16,111
Dallas	5,460
San Francisco	53,152
Total	$166,614

National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to January 18, 1933, inclusive	$19,088
Increase in National bank notes outstanding July 22, 1932, to January 18, 1933	$147,526
National bank notes outstanding, January 18,1933.	$881,880

For CIRCULATION:

Mr. Hamlin

Mr. James

Mr. Magee

Mr. Miller

~~Mr. Platt~~

Mr. Harrison

Mr. Morrill

Mr. McClelland

Mr. Wyatt

Mr.

Mr.

Please note - initial and return to GOVERNOR.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 17, 1933

To Governor Meyer

Subject: Hoarding in the St. Louis District

From Mr. Thompson P. T.

244

244.211
Depression Stat

File

On Friday and Saturday, approximately $30,000,000 of currency went into hoards in the St. Louis District, accounting for practically all of the increase in the United States on those two days and bringing the total for St. Louis to nearly $40,000,000 since Christmas, or more than occurred in the winter of 1930 and 1931 at the time of the BancoKentucky failure.

From December 28, 1932, up to the close of business on Monday, January 16, 1933, about 37 banks with deposits of approximately $26,000,000 have suspended in the St. Louis District. For the United States as a whole, bank suspensions numbered 129, involving deposits of $63,000,000.

On Monday, January 16, about 10 banks with deposits of $10,000,000 are reported to have suspended in the St. Louis District, equal to about half of the number and deposits of banks suspending on that day in the country as a whole. Some further increase in hoarding in the St. Louis District will probably be shown for that day.

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 14, 1933

To Governor Meyer

Subject: Census of Manufactures

From Miss Joy

a.J. Rolls

244

File 244.2-11 Depression Stat.

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr. Pole
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.
Please note - initial and return to GOVERNOR.

The Census of Manufactures for 1931 is just out in preliminary form, with most comprehensive information on manufacturing industries. Since 1929 the mortality rate has been heavy, both because of actual disappearances from business and dwindling size of operations,* so that in 1931 there were 17.5 per cent fewer factories of all kinds than in 1929. Heavy as is this recent decline, the mortality rate among banks was even larger--19 per cent from the end of 1929 to the end of 1931. In the two-year period 1919-1921 there was a mortality among factories of 8.5 per cent. This is not the best possible comparison because 1920, not 1919, represented the peak of operations comparable with 1929; and the trough of the 1921 depression was reached in that year, while 1932 has proved to be even worse than 1931.

In factories that survived into 1931, cost of materials, containers, etc., went down 44 per cent and of wages 38 per cent as compared with 1929. At the same time, the gross value of those products at the factory declined by 41 per cent.

---

* The Census takes reports only from establishments with products valued at $5,000 or more. A considerable number went below this deadline in 1931.

The table shows the course of manufactures in two depressions.

(000 omitted)

	1931	1929	Per cent decline 1929-1931	1921	1919	Per cent decline
Number of establishments	174	211	-17.5	196	214	- 8.5
Wage earners (average for the year)	6,512	8,839	-26.3	6,947	9,000	-22.8
Wages	$7,225,587	$11,620,973	-37.8	$8,200,324	$10,533,400	-22.1
Cost of materials, containers, fuel, etc. 1/	$21,420,124	$38,549,580	-44.4	$25,336,617	$37,376,380	-32.2
Value of products (gross) 2/	$41,333,109	$70,434,863	-41.3	$43,653,283	$62,418,079	-30.1
Value added by manufacture	$19,912,985	$31,885,284	-37.5	$18,316,666	$25,041,698	-26.9

1/ Census of 1919 and 1921 included cost of materials only. Not strictly comparable with 1929 and 1931.

2/ Selling price at factory. Includes duplications because goods made in one industry enter into another as "materials".

Circulate

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

File

551

Date January 13, 1933

To Governor Meyer

Subject: Article on Silver

From Mr. Goldenweiser

244.2/1

Depression Statistics

2—8495

I transmit herewith, as a matter of possible interest to you at this time, a summary of Handy and Harman's "Annual Review of the Silver Market" that has just been prepared by Miss Evans in connection with her work in reviewing periodicals.

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr. Pole
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

RECEIVED
JAN 13 1933
OFFICE OF THE GOVERNOR
FEDERAL RESERVE BOARD

Review of the silver market for 1932. Handy and Harman.

After a featureless silver market had prevailed for nearly eleven months, the New York market sank to new record lows during the last week of November and again in December. The fact that the silver market closed the year 1931 at 30 1/4 cents, and that the monthly averages for the first quarter of 1932 were approximately 30 cents, seemed to indicate that silver was establishing a price level safely below the low point of 25 3/4 recorded on February 16, 1931.

The high quotation for 1932 was 31 cents, recorded on February 23 and 24 and on March 1. These rates were caused by the scarcity of offerings and not by good buying. Then the market declined as a result of lack of demand from the Far East, and the fact that about June 1 the Continent turned seller after having been a small but steady buyer. After a sharp but short-lived rally early in August the market returned to its quiet tone.

The last four months of the year brought successively lower monthly averages and closing prices; but this trend was so gradual in its early stages that it was hardly worthy of note, and silver gave a false appearance of steadiness due to the scantiness of offerings and an improved demand from China. By the middle of November, however, sterling had dropped below $3.30, and a further sharp decline to $3.14 1/2 on the 29th was precipitated by the discussion of the December 15 war debt payments due the United States. Realization of the adverse effect of declining sterling rates upon world trade and commodity prices caused further liquidation of speculative silver accounts, which was supplemented by sales from India and the Continent. China continued to lend support, but only by taking offerings without bidding for the metal, with the result that silver sank quickly. On December 29 a record low price of 24 1/4 cents was quoted, and 1932 closed with the market only 1/8 cent higher. Large stocks of silver were on hand in the various centers of the world at the end of the year.

During 1932, the total amount of silver arising from demonetization and Indian Government sales was 46,600,000 ounces which, added to the production estimate of 160,000,000 ounces, makes total offerings of 207,200,000 ounces. Corresponding figures for 1931 show total offerings of 262,300,000 ounces, of which 193,800,000 ounces was derived from newly mined metal and 68,500,000 ounces from other supplies.

Not since 1924 has there been so extensive a demand for silver in coinage as in 1932. We estimate the year's consumption in this field at 47,700,000 ounces. Germany continued the minting of subsidiary pieces; the Mexican Government acquired 23,200,000 ounces to be coined into pesos; towards the end of the year Yugoslavia requested tenders on slightly over 5,000,000 ounces, though we can learn of only 500,000 ounces actually bought; France is replacing the 5, 10, and 20 franc notes of the Bank of France, but from bullion available in the hands of the Government, so that no purchases were necessary; and Turkey has decided to renew silver coinage, although the amount involved will probably be small. No Hong Kong dollars were coined during the year.

Industrial demand declined materially in 1932. The United States and Canada show a decrease of nearly 28 per cent from the 1931 estimates; England's consumption declined from 10,000,000 to 8,000,000 ounces.

Indian demand is hard to estimate , both because of the large amount of silver smuggled into the country, and the "distress silver" which has been shipped in considerable volume from the interior to the bazaars. Reports from native sources vary from 10,000,000 ounces to 15,000,000 ounces. We have taken the figure of 12,000,000 ounces.

Unlike the situation with respect to India, bullion movements into and from China have constituted a fairly accurate basis for determining Chinese demand. Our estimate for that country, including Hong Kong, is 40,000,000 ounces, a decline of slightly over 32 per cent from last year's figure.

Such strength as the market showed last year was due almost entirely to speculative buying, but these purchases alone were unable to sustain the advanced price level. The paramount factor affecting silver was the tremendous shrinkage in demand from the Orient. Ordinarily India and China absorb some 75 per cent of the world production of new silver. In 1929, when production reached its peak of 260,900,000 ounces, the net imports of these two countries amounted to nearly 84 per cent. Similar percentages for 1930 and 1931 were 88 and 60 per cent. During the past year it was only 32 per cent.

If these countries were exporters of silver, their purchasing power would have been adversely affected by the low silver prices. But, under normal conditions they are large importers of silver, and therefore their purchases of bullion should have increased when silver prices were the lowest in history, if their ability to buy had not been curtailed by some other cause. Such cause is the shrinkage in the value obtainable in world markets for those products which India and China export, and not the shrinkage in the value of silver.

Eliminating from consideration the enhancement of silver by remonetization, an economically sound higher level for the metal depends solely upon an increased demand for it from the Far East, and such demand can arise only when India and China can sell their products in greater volume and at higher prices in the world markets. A revival of trade and higher levels for commodities, therefore, would appear to be essential for the improvement of silver.

Perhaps replacement demand will be sufficient to produce an upturn in commodities; possibly a realization of the strangling effect upon trade of tariffs, quotas and embargoes will change the present nationalistic attitude and permit a freer exchange of goods between countries; war debts may be revised, with consequent beneficial results to currencies, exchange and purchasing power; perhaps the Economic Conference in 1933 will find a solution to the many problems confronting us.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 12, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson

2—8495

244. 211

Depression Stat

The volume of money in circulation declined by $80,000,000 during the week ending Wednesday, January 11, compared with an average decline for the corresponding period of previous years of about $140,000,000, so that our figures of demand for currency adjusted for seasonal variations show an increase of $60,000,000 for the week, bringing the total increase since Christmas to more than $200,000,000.

As stated in previous memoranda, the less than seasonal reduction since Christmas in demand for currency shown by our figures is a reflection in large part of the smaller than usual demand for currency for holiday trade in December.

From mid-September to the middle of December, the volume of money outside the Federal reserve banks and the Treasury fluctuated between $5,600,000,000 and $5,700,000,000. During December there was a pre-holiday increase in demand for currency of about $140,000,000. Since the Christmas peak the return of currency to the reserve banks has amounted to about $170,000,000, which is in line with our previous forecasts of a return this year of more than $200,000,000 from Christmas to the end of January. In previous years the December increase in demand for currency has averaged about $250,000,000 or more, and the subsequent decrease to mid-January has averaged more than $350,000,000.

In all Federal reserve districts except St. Louis the return of currency from circulation since Christmas has been smaller in amount than in previous years. In the St. Louis District there has been a contrary to seasonal increase in demand for currency, reflecting, no doubt, some hoarding there accompanying bank suspensions. Recent increases in the number of bank suspensions in the middle west have influenced currency demands in those regions, but there is no reason to believe that the hoarding movement is widespread throughout the country.

The following table shows by Federal reserve districts for the week ending January 11, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Week Ending Wednesday, January 11, 1933

(Amounts in million of dollars)

Federal Reserve District	Changes in Demand for Currency			Bank Suspensions	
	Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Number	Deposits
Boston	- 8	- 14	+ 6	--	--
New York	-35	- 55	+20	1	0.6
Philadelphia	- 6	- 8	+ 2	--	--
Cleveland	- 4	- 4	--	3	1.2
Richmond	- 5	- 10	+ 5	1	0.1
Atlanta	- 4	- 5	+ 1	1	0.6
Chicago	- 8	- 20	+12	13	2.5
St. Louis	--	- 5	+ 5	13	3.2
Minneapolis	- 1	- 2	+ 1	5	0.8
Kansas City	- 1	- 2	+ 1	12	1.5
Dallas	- 2	- 4	+ 2	1	0.5
San Francisco	- 7	- 10	+ 3	3	1.3
Total	-80	-140	+60	53	12.3

National Bank Notes

Issues of new national bank notes during the week amounted to less than $2,000,000. Total new issues since passage of the Home Loan Bank Bill amount to $166,000,000. These issues were distributed by Federal Reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to January 11, 1933, Inclusive

(In thousands of dollars)

Boston	$3,338
New York	20,970
Philadelphia	9,334
Cleveland	8,432
Richmond	5,345
Atlanta	8,314
Chicago	24,540
St. Louis	4,843
Minneapolis	6,373
Kansas City	16,031
Dallas	5,460
San Francisco	53,047
Total	$166,030

National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to January 11, 1933, inclusive	$18,140
Increase in national bank notes outstanding July 22, 1932, to January 11, 1933	$147,890
National bank notes outstanding, January 11, 1933	$882,244

Form No. 131

Office Correspondence

FEDERAL RESERVE
BOARD

Date January 9, 1933

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson P. T.

244

244.211
Depression stat

Preliminary figures on department store sales for December, 1932, throw additional light on changes in the demand for currency during December and early January. On the basis of these preliminary figures we estimate that from November to December the demand for currency for retail trade, insofar as department store trade is concerned, probably was only one-half to two-thirds as great as in previous years, notwithstanding the increased proportion of cash sales this year. The total demand for currency during the first 24 days of December increased by less than one-half of the usual amount for that period and since Christmas has decreased by less than one-half of the usual amount.

For CIRCULATION:

Mr. Hamlin ✓
Mr. James ✓
Mr. Magee ✓
Mr. Miller
~~Mr. Pole~~ ✓
Mr. Harrison ✓
Mr. Morrill ✓
Mr. McClelland ✓
Mr. Wyatt ✓
Mr.
Mr.

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F E D E R A L   R E S E R V E   B O A R D

January 9, 1933
r&s rtp - 97

For release in evening papers
Wednesday, January 11

DEPARTMENT STORE SALES IN DECEMBER, 1932
Preliminary report

Preliminary figures on the value of department store sales show an increase from November to December of somewhat less than the estimated seasonal amount. The Federal Reserve Board's index, which makes allowance both for number of business days and for usual seasonal changes, was 62 in December on the basis of the 1923-1925 average as 100, compared with 65 in November and 71 in October.

In comparison with a year ago the value of sales for December, according to the preliminary figures, was 23 per cent smaller. The aggregate for the year 1932 as a whole was 23 per cent smaller than for the year 1931.

PERCENTAGE INCREASE OR DECREASE FROM A YEAR AGO

	December*	12 months ending December 31*	Number of reporting stores	Number of cities
Total	- 23	- 23	487	215
Federal reserve district:				
Boston	- 19	- 20	97	26
New York	- 23	- 21	52	28
Philadelphia	- 21	- 21	33	14
Cleveland	- 27	- 27	37	17
Richmond	- 22	- 20	50	22
Atlanta	- 24	- 24	22	14
Chicago	- 28	- 25	56	33
St. Louis	- 25	- 23	18	9
Minneapolis	- 24	- 20	13	7
Kansas City	- 25	- 22	23	13
Dallas	- 22	- 24	18	8
San Francisco	- 20	- 25	68	24

* December figures preliminary; in most districts the month had the same number of business days this year and last year.

January 6, 1933

Mr. Goldenweiser

Mr. Thompson

Demand for Currency in New York

I talked with Mr. Roelse by phone this morning regarding the contrary to seasonal increase in demand for currency in the New York District. He reported that the usual amount of large denomination currency was withdrawn by or for the account of savings banks for year-end window dressing. The return flow of currency from other sources, on the other hand, has been so much smaller than usual that the net outflow of large denomination currency on December 30 and 31 was not offset.

He knew of no developments in the New York District that would account for a hoarding movement.

Demand for gold coin in that district was reduced by more than $1,200,000 during the week.

From R&S Library

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 6, 1933

To Mr. Goldenweiser Gov. Meyer

From Mr. Thompson D. T.

Subject: Demand for Currency in New York

244.211 Depression Stat.

2—8495

I talked with Mr. Roelse by phone this morning regarding the contrary to seasonal increase in demand for currency in the New York District. He reported that the usual amount of large denomination currency was withdrawn by or for the account of savings banks for year-end window dressing. The return flow of currency from other sources, on the other hand, has been so much smaller than usual that the net outflow of large denomination currency on December 30 and 31 was not offset.

He knew of no developments in the New York District that would account for a hoarding movement.

Demand for gold coin in that district was reduced by more than $1,200,000 during the week.

For CIRCULATION:

Mr. Hamlin ✓
Mr. James ✓
Mr. Magee ✓
Mr. Miller ✓
~~Mr. Pole~~ ✓
Mr. Harrison ✓
Mr. Morrill ✓
Mr. McClelland ✓
Mr. Wyatt ✓
Mr.
Mr.

Please note - initial and return to GOVERNOR.

Form No. 131

Office Correspondence

For CIRCULATION:
FEDERAL RESERVE BOARD
Mr. James
Mr. Magee
Mr. Miller
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
and return to GOVERNOR.

Date January 6, 1933

To Governor Meyer

From Mr. Goldenweiser

Subject: Demand for Currency

244. 211
Depression Stat
2—8495

The volume of money in circulation declined by only $18,000,000 during the week ending Wednesday, January 4. In previous years the decline for this period has averaged more than $100,000,000, so that our figure of demand for currency adjusted for seasonal variation shows an increase of $85,000,000 for the week.

Following less than the seasonal decreases on Tuesday, Wednesday, and Thursday, after the Christmas holiday, the volume of money in circulation actually increased on Friday, Saturday, and Tuesday, the increase on the two later days being contrary to the usual seasonal tendency, and then declined on Wednesday, January 4, by considerably less than the estimated seasonal amount. Our daily figures of changes in demand for currency adjusted for seasonal variation have therefore shown continuous increases since Christmas. These figures are shown in the table below. The erratic fluctuations in the seasonally adjusted figures are a reflection of the difficulty of estimating accurately what the normal seasonal changes should be each day, particularly when there are double holidays.

Daily Changes in Demand for Currency

(In millions of dollars)

	Actual Changes	Average Changes in Previous Years	Changes Adjusted for Seasonal Variation
Dec. 27 (Tuesday)	- 9	-33	+24
28 (Wednesday)	-48	-92	+44
29 (Thursday)	-21	-26	+ 5
30 (Friday)	+ 7	+ 6	+ 1
31 (Saturday)	+ 2	- 6	+ 8
Jan. 3 (Tuesday)	+ 3	-41	+44
4 (Wednesday)	- 9	-36	+27

For the week as a whole, increases in the seasonally adjusted figures occurred in all districts but have been particularly conspicious in the Chicago District, where bank failures have recently become more numerous, and in the Boston, New York, and Cleveland Districts. Ordinarily, the return flow of currency to the reserve banks is heaviest in these districts, but this year the return of currency has been very light throughout the country and in some districts -- New York, St. Louis (where suspensions also have increased), Minneapolis, and San Francisco -- there have been actual increases in demand for currency during the week. The fact that after Christmas all districts showed increases, when allowance is made for usual seasonal variation, whereas before Christmas the reverse was true, indicates that a considerable part of the less than usual reduction for the week in demand for currency was the sequel to the less than seasonal increase in holiday demands before Christmas. While there has probably been some hoarding in specific localities, recent developments have not been of a character to produce a nation-wide movement of this kind.

The following table shows by Federal reserve districts for the week ending January 4, changes in demand for currency with and without adjustment for seasonal variations and the number and deposits of banks suspending operations.

Bank Suspensions and Demand for Currency
Week Ending Wednesday, January 4, 1933
(Amounts in millions of dollars)

Federal Reserve District	Changes in Demand for Currency: Actual Change for Week	Average Change in Previous Years	Change This Year Adjusted for Seasonal Variation	Bank Suspensions: Number	Deposits
Boston	- 4	- 14	+10	---	---
New York	+ 4	- 10	+14	---	---
Philadelphia	- 7	- 13	+ 6	---	---
Cleveland	- 7	- 23	+16	---	---
Richmond	- 4	- 8	+ 4	---	---
Atlanta	- 1	- 8	+ 7	4	1.8
Chicago	- 1	- 13	+12	27	31.8
St. Louis	---	- 6	+ 6	7	6.5
Minneapolis	+ 1	- 1	+ 2	5	1.6
Kansas City	---	- 2	+ 2	11	1.4
Dallas	- 1	- 3	+ 2	1	0.1
San Francisco	+ 4	- 2	+ 6	1	0.2
Total	-18	-103	+85	56	43.3

United States Gold Coin

The demand for gold coin was reduced by about $1,600,000 during the week as a result chiefly of a reduction in New York. There was a further slight increase in demand in Chicago. Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
December 7	+ 4.8	+ 1.6	+ 1.6
14	+ 5.7	+ 2.7	+ 0.7
21	+ 6.8	+ 3.5	+ 1.1
28	- 1.1	- 1.7	+ 0.2
January 4	- 1.6	- 1.2	+ 0.2

National Bank Notes

Issues of new national bank notes during the week were negligible. Total new issues since passage of the Home Loan Bank Bill amount to $164,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to January 4, 1933, Inclusive
(In thousands of dollars)

Boston	$3,238
New York	20,000
Philadelphia	9,214
Cleveland	8,397
Richmond	5,225
Atlanta	8,304
Chicago	24,540
St. Louis	4,793
Minneapolis	6,323
Kansas City	16,021
Dallas	5,310
San Francisco	53,015
Total	$164,382

National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22, 1932, to January 4, 1933, inclusive	$17,630
Increase in national bank notes outstanding July 22, 1932, to January 4, 1933	$146,752
National bank notes outstanding, January 4, 1933	$881,106

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date January 5, 1933

To Governor Meyer

Subject: Bankers' Balances

From Mr. Riefler

244

244.211

E. M.

Depression Stat.

2—8495

The following table shows the highest and lowest level of bankers' balances at reporting member banks for recent years, subdivided according to their location at New York City banks, at Chicago banks, and at reporting banks outside these cities. The lower part of the table shows the number of weeks each year in which these balances exceeded their recent highest level. While the figures are not in all cases exactly comparable, owing to shifts in membership, the table indicates that in New York City these balances have reached new high levels in recent weeks, but that outside New York City they are not exceptionally high as compared with other years.

DUE TO BANKS
(Reporting member banks, in millions of dollars)

	1932	1931	1930	1929	1928	1927	1926	1925	1924
New York City Banks									
High	1,480	1,427	1,317	1,389	1,473	1,437	1,193	1,322	1,325
Low	804	819	844	754	1,061	1,046	987	986	942
Chicago Banks									
High	318	405	378	369	402	386	405	445	496
Low	226	235	299	295	314	338	338	337	320
Other Reporting Banks									
High	1,573	2,273	2,115	1,855	2,064	2,007	1/	1/	1/
Low	1,232	1,273	1,545	1,335	1,539	1,660	1/	1/	1/
All Reporting Member Banks									
High	3,335	3,994	3,664	3,418	3,940	3,758	1/	1/	1/
Low	2,262	2,385	2,729	2,389	2,953	3,093	1/	1/	1/
Number of weeks in each year in which balances due to banks were in excess of largest volume held in 1932									
N.Y.C. Banks		0	0	0	0	0	0	0	0
Chicago Banks		28	44	19	51	48	52	52	53
Other Reporting Banks		39	47	20	48	48	1/	1/	1/

1/ Figures not available.

FEDERAL RESERVE

FILE

E. M.

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Gov.~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

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Form No. 131 Circulate

Office Correspondence

FEDERAL RESERVE BOARD

Date December 30, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D. T. RCC

244.211

Depression Stat. 2—8495

From December 21 to December 28 the volume of money in circulation declined by $43,000,000, or about the usual seasonal amount. All districts showed declines in demand for currency except Chicago where there was a non-seasonal increase of $5,000,000 accompanying the suspension of 15 banks with $10,000,000 of deposits. For the country as a whole, 30 banks with $14,000,000 of deposits suspended during the week.

Revised figures of changes by days in demand for currency adjusted for seasonal variation are shown in the following table:

Demand for Currency Adjusted for Seasonal Variation

(In millions of dollars)

December 22	(Thursday)	- 33 r
23	(Friday)	- 18 r
24	(Saturday)	- 20 r
27	(Tuesday)	+ 24
28	(Wednesday)	+ 44
	Week	- 3

r -- revised

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr. Pole
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

The volume of money in circulation increased on Thursday and Friday but declined on Saturday, Tuesday, and Wednesday. As was expected, the return of currency to the Reserve banks since Christmas has thus far been at a slower rate than in past years. The smaller than usual post-holiday return flow follows the less than seasonal outflow of the first 24 days of December, which reflected chiefly the smaller than usual increase in the dollar volume of holiday retail sales and also to some extent, no doubt, a return of currency from hoards.

From the end of November to December 24 the domestic demand for currency increased by about $120,000,000, whereas in earlier years the increase has averaged about $275,000,000. On Tuesday and Wednesday of this week, the volume of money in circulation was reduced by $57,000,000, whereas in previous years this return flow has averaged about $125,000,000.

United States Gold Coin

During the week ending December 28, the domestic demand for gold coin was reduced for the first time since the middle of October. The decrease was the result almost entirely of a large reduction in New York, nearly all of the other districts showing slight increases. From October 19 to December 21 the demand for gold coin amounted to $27,000,000. The increase in late October and in November was more than seasonal, while that for December was approximately seasonal in amount.

Figures of changes for recent weeks are given in the following table:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
November 16	+ 2.2	+ 1.0	+ 0.8
23	+ 2.8	+ 1.7	+ 0.4
30	+ 2.1	+ 1.1	+ 0.5
December 7	+ 4.8	+ 1.6	+ 1.6
14	+ 5.7	+ 2.7	+ 0.7
21	+ 6.8	+ 3.5	+ 1.1
28	- 1.1	- 1.7	+ 0.2

National Bank Notes

Issues of new national bank notes amounted to less than $1,000,000 during the week. The rate of new issues reached a peak late in August of $19,000,000 for the week ending August 31, and has been declining since then. It averaged $12,000,000 per week in September, $8,000,000 per week in October, $4,000,000 per week in November, and $2,000,000 per week in December. The slowing-up in the rate of issue of national bank notes particularly during November and December may be a reflection of improvement in the banking situation -- indicated, in part also, by the growth of bankers' balances with city banks and by relative stability in demand and time deposits in these banks.

The Chase National Bank has deposited lawful money with the Treasury to retire its $21,000,000 of notes.

Total new issues of national bank notes since passage of the Federal Home Loan Bank Bill amount to $164,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to December 28, 1932, Inclusive
(In thousands of dollars)

Boston	$3,228
New York	19,822
Philadelphia	8,962
Cleveland	8,357
Richmond	5,205
Atlanta	8,304
Chicago	24,481
St. Louis	4,793
Minneapolis	6,313
Kansas City	16,021
Dallas	5,280
San Francisco	52,765
Total	$163,533

National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22 to December 28, 1932, inclusive	$17,062
Increase in national bank notes outstanding July 22 to December 28, 1932, inclusive	$146,471
National bank notes outstanding, December 28, 1932	$880,825

Form No. 131

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Office Correspondence

FEDERAL RESERVE BOARD

Date December 23, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson

244,211

Depression Stat

GPO 2—8495

The volume of money in circulation increased by $34,000,000 less than usual during the week ending December 21. The actual increase was $66,000,000 compared with an average of $100,000,000 for previous years. Revised figures of changes by days in demand for currency adjusted for seasonal variations are shown in the following table:

Demand for Currency Adjusted for Seasonal Variation

(In millions of dollars)

December 15 (Thursday)	-5	r
16 (Friday)	-8	r
17 (Saturday)	-6	r
19 (Monday)	-8	r
20 (Tuesday)	-1	r
21 (Wednesday)	-6	
Week	-34	

r — revised

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

Since December 1, the domestic demand for currency has increased by about $105,000,000 compared with an average increase in earlier years for the first 21 days of December of about $195,000,000. The less than seasonal increase this year probably reflects both a withdrawal of currency from hoards for use during the holiday season and a smaller than usual increase in holiday expenditures. To the extent that dehoarding accounts for the smaller than usual increase in currency, this would have no effect on diminishing the usual return flow after the holidays. To the extent, however, that it reflects smaller holiday trade, it will tend to reduce the volume of this return flow. Fragmentary reports indicate that this year December retail sales will not show the full seasonal increase over November.

National Bank Notes

National bank note issues amounted to less than $2,000,000 during the past week. Total new issues since passage of the Federal Home Loan Bank Bill amount to $163,000,000. These issues were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to December 21, 1932, Inclusive

(In thousands of dollars)

Boston	$ 3,218
New York	19,630
Philadelphia	8,632
Cleveland	8,292
Richmond	5,205
Atlanta	8,233
Chicago	24,441
St. Louis	4,733
Minneapolis	6,281
Kansas City	16,011
Dallas	5,235
San Francisco	52,675
Total	$162,588

National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22 to December 21, 1932, inclusive	$ 16,258
Increase in national bank notes outstanding July 22 to December 21, 1932, inclusive	$146,330
National bank notes outstanding, December 21, 1932	$880,684

United States Gold Coin

Domestic demand for United States gold coin increased by nearly $7,000,000 during the week, bringing the total increase for the first three weeks of December to $17,000,000, or approximately the usual seasonal amount. Demand was well distributed throughout the country.

Figures of changes for recent weeks are given in the following table:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
November 16	+ 2.2	+ 1.0	+ 0.8
23	+ 2.8	+ 1.7	+ 0.4
30	+ 2.1	+ 1.1	+ 0.5
December 7	+ 4.8	+ 1.6	+ 1.6
14	+ 5.7	+ 2.7	+ 0.7
21	+ 6.8	+ 3.5-	+ 1.1

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date December 16, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Rhodes

244.211

Depression stuff

File

Currency demand was reduced by $5,000,000 during the week ending December 14. In previous years there has been an increase during the corresponding period averaging about $35,000,000, attributable largely to Christmas demand for money. The non-seasonal decrease of nearly $40,000,000 indicates some further release of currency from hoards and an unusually small demand for currency for holiday buying. That trade is smaller than usual is indicated by the figures of department store sales for November, which declined, contrary to seasonal trend.

In the Richmond, Atlanta, Minneapolis, and Dallas Federal reserve districts the change in demand for currency during the week was of seasonal proportions; in all other districts less than seasonal increases or non-seasonal decreases occurred.

Daily changes in the demand for currency, adjusted for seasonal variation, are shown for the past week in the following table:

Demand for Currency Adjusted for Seasonal Variation

(In millions of dollars)

December 8	(Thursday)	-13
9	(Friday)	-22
10	(Saturday)	- 8
12	(Monday)	- 4
13	(Tuesday)	+ 7
14	(Wednesday)	+ 1
Week		-39

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.
Please note - initial and return to GOVERNOR

File

Thirty-five banks with total deposits of $22,857,000 were reported as suspended during the week. Of these banks 13 with deposits of $18,868,000 were located in Nevada, and were institutions that had previously taken advantage of the banking holiday proclaimed by the Governor on November 1 and which is still in effect. All but one of the suspended Nevada banks are identified with the "Wingfield" chain. The fact that these banks had closed their doors last month probably accounts for the absence of a non-seasonal increase in currency demand in the San Francisco District.

United States Gold Coin

An increase of $5,700,000 in domestic demand for United States gold coin occurred during the week ending December 14 and was general throughout all Federal reserve districts. This increase reflects the banks' anticipation of holiday demand, bringing the total increase for the first two weeks of December to $10,500,000.

Figures of changes for recent weeks are given in the following table:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
November 16	+ 2.2	+ 1.0	+ 0.8
23	+ 2.8	+ 1.7	+ 0.4
30	+ 2.1	+ 1.1	+ 0.5
December 7	+ 4.8	+ 1.6	+ 1.6
14	+ 5.7	+ 2.7	+ 0.7

National Bank Notes

Issues of national bank notes amounted to $2,000,000 during the week. New issues since the passage of the Federal Home Loan Bank Act amount to $161,000,000, and are distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to December 14, 1932, inclusive

(In thousands of dollars)

Boston	$ 2,958
New York	19,225
Philadelphia	8,291
Cleveland	8,249
Richmond	5,160
Atlanta	8,082
Chicago	24,019
St. Louis	4,719
Minneapolis	6,241
Kansas City	15,859
Dallas	5,210
San Francisco	52,615
Total	$160,630

National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22 to December 14, 1932, inclusive .... $ 15,604

Increase in national bank notes outstanding July 22 to December 14, 1932, inclusive $145,026

National bank notes outstanding, December 14, 1932 ... $879,380

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

File

Date December 9, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Rhodes

JBR

244

2—8495

244.211

Depression Stat

Money in circulation showed an increase of $21,000,000 during the week ending December 7 and in addition $22,000,000 of gold certificates, previously earmarked for a Canadian bank, was released from earmark at New York. The domestic demand for currency, therefore, increased by $43,000,000 during the week, as compared with an increase of $60,000,000 for the corresponding week in previous years.

Greater-than-seasonal increases for the week were shown in the Atlanta, St. Louis, Minneapolis, and Dallas reserve districts; seasonal or less-than-seasonal increases occurred in all other districts.

Daily changes in the demand for currency, adjusted for seasonal variation, are shown for the past week in the following table:

Demand for Currency Adjusted for Seasonal Variation

(In millions of dollars)

December 1 (Thursday)	- 12*
2 (Friday)	+ 1
3 (Saturday)	+ 2
5 (Monday)	- 4
6 (Tuesday)	+ 2
7 (Wednesday)	- 6
Week	- 17

* Revised.

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.
Please note - initial and return to GOVERNOR

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FEDERAL RESERVE BOARD

Thirty-one small banks, with deposits of $7,250,000, suspended during the week; only one having been reported with deposits in excess of $1,000,000. Thirteen of these banks were located in the Chicago district, and eight and six, respectively, in the Minneapolis and Kansas City districts.

United States Gold Coin

Domestic demand for United States gold coin increased by $4,800,000 during the week ending December 7. This increase was general throughout most Federal reserve districts, and probably reflects the banks' preparation for the holiday demands of the public. An increased demand for gold coin of $15,000,000 to $20,000,000 is not unusual at Christmas time.

Figures for recent weeks of changes in domestic demand for United States gold coin are shown in the following table:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
October 5	- 0.5	- 0.5	...
12	+ 1.0	+ 0.9	...
19	- 0.3	- 0.3	...
26	+ 0.5-	+ 0.2	+ 0.2
November 2	+ 0.7	...	+ 0.5-
9	+ 1.7	+ 0.4	+ 0.5
16	+ 2.2	+ 1.0	+ 0.8
23	+ 2.8	+ 1.7	+ 0.4
30	+ 2.1	+ 1.1	+ 0.5
December 7	+ 4.8	+ 1.6	+ 1.6

National Bank Notes

Issues of national bank notes amounted to $3,000,000 during the week, bringing the new issues since the passage of the Federal Home Loan Bank

Act to $159,000,000, which were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to November 30, 1932, inclusive

(In thousands of dollars)

Boston	$ 2,953
New York	19,003
Philadelphia	7,898
Cleveland	8,021
Richmond	5,110
Atlanta	8,025
Chicago	23,947
St. Louis	4,613
Minneapolis	6,097
Kansas City	15,399
Dallas	5,160
San Francisco	52,560
Total	$158,788

National bank notes retired--including redemptions against which new issues have not yet been made (partly estimated) July 22 to December 7, 1932, inclusive	$ 14,837
Increase in national bank notes outstanding July 22 to December 7, 1932, inclusive	143,951
National bank notes outstanding, December 7, 1932	878,305

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date December 3, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson

~~244~~
244.211
Depression – Stat

The volume of money in circulation, as officially defined, increased by $13,000,000 during the week ending November 30, reflecting an earmark of $15,000,000 of gold certificates by the Federal Reserve Bank of New York for the account of a Canadian bank. Domestic demand for currency is estimated to have declined by about $2,000,000. In previous years demand has declined on the average by about $6,000,000 during this period, and our figure, adjusted for seasonal variation, shows an increase of about $5,000,000 for the week. Demand for currency showed non-seasonal or greater-than-seasonal increases in the New York, Cleveland, and Richmond districts, and showed either the usual seasonal changes or greater-than-seasonal reductions in the other districts.

Recent changes by days in demand for currency, adjusted for seasonal variation, are shown in the following table:

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

File

Demand for Currency Adjusted for Seasonal Variation

(In millions of dollars)

November	23 (Wednesday)	r/- 11
	24 (Thursday)	Holiday
	25 (Friday)	r/- 18
	26 (Saturday)	r/- 7
	28 (Monday)	+ 3
	29 (Tuesday)	+ 12
	30 (Wednesday)	+ 14
December	1 (Thursday)	- 8

r/ Revised.

The adjusted figures show declines on Friday and Saturday following Thanksgiving, but on Monday, Tuesday, and Wednesday, with the approach of the month-end, the figures show substantial increases, due, in part no doubt, to the tax on checks.

Twenty-seven small banks, with deposits of $8,000,000, are reported to have closed their doors during the week; only two of the institutions had deposits in excess of $1,000,000 each. All but one of the suspending banks were located in those districts that did not show unusual increases in demand for currency.

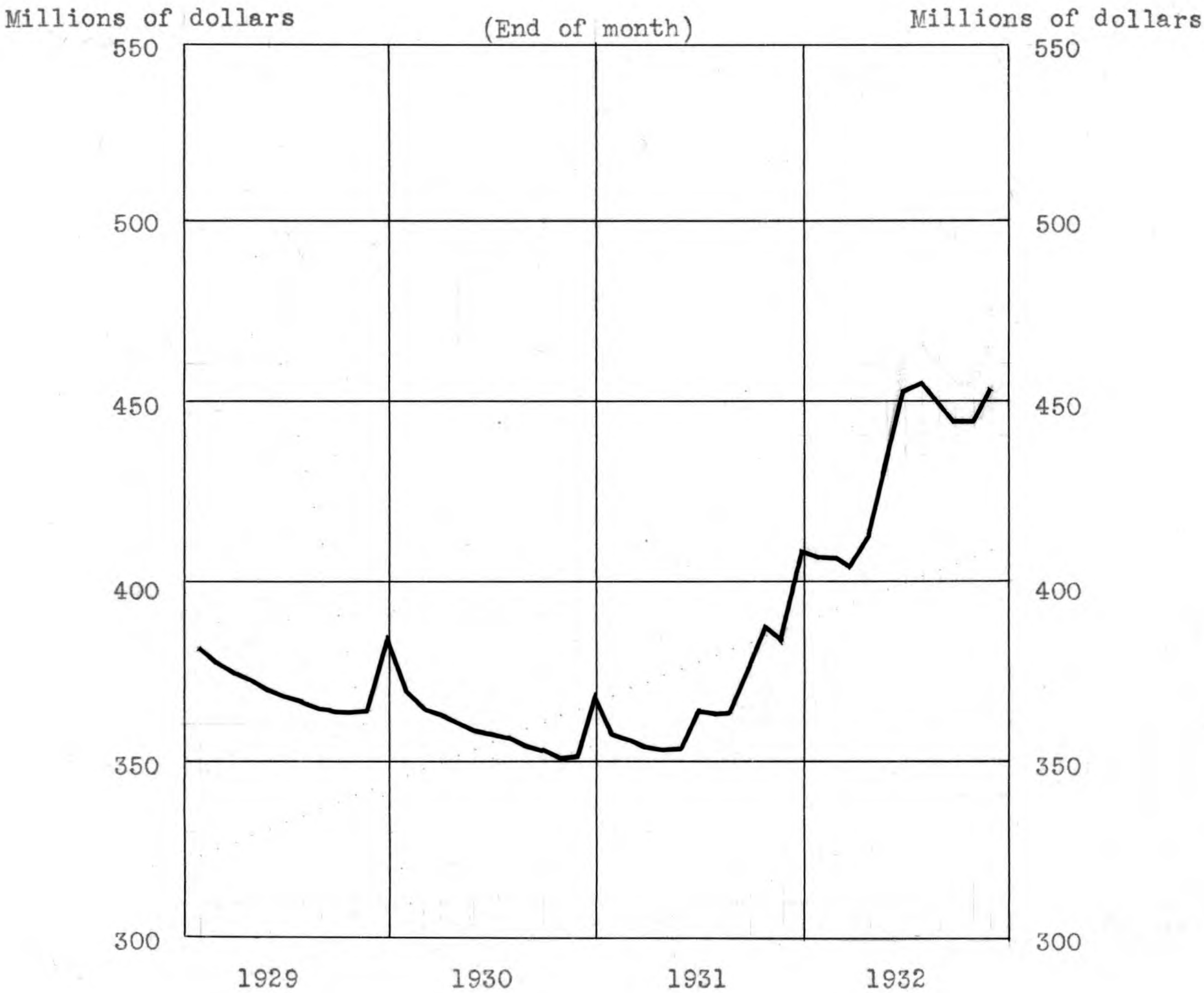
United States Gold Coin

Domestic demand for United States gold coin increased by about $2,000,000 during the week ending November 30. For the month as a whole the demand for gold coin increased by about $10,000,000. Ordinarily, less than $1,000,000 in gold coin is withdrawn from the Federal reserve banks and Treasury during November. The demand for gold coin usually increases by from $15,000,000 to $20,000,000 at Christmas time, but this is too early for that movement. It is more probable that the coin has gone into hoards, and in that case, the hoarding of gold coin in this country is now probably as great as at any time in recent years.

The increase in domestic hoarding of gold coin, which from May, 1931 to July, 1932 had amounted to about $100,000,000, accompanied the hoarding of other forms of currency and became most pronounced during the periods in which foreign withdrawals of gold were heaviest--September, 1931 and May and June, 1932.

During August, September, and the first few days of October there was a return of gold coin from hoards, but since the week of October 5 gold coin has again been going into hoards, while domestic hoarding of

UNITED STATES GOLD COIN
OUTSIDE TREASURY AND FEDERAL RESERVE BANKS



other forms of coin and currency has not increased and gold has been coming into this country from abroad.

The changes in demand for gold coin are revealed by the accompanying chart which shows as of the end of each month from January, 1929 to November, 1932, the amount gold coin designated officially as in circulation, i.e., outside the Treasury and Federal reserve banks and not known to have been exported from this country. The figures, which have not been adjusted for seasonal variation, show that following the heavy domestic demand for gold coin during September and October, 1931 the Christmas demand was of about seasonal proportions but that the usual post-holiday return did not occur.

Figures for recent weeks of changes in domestic demand for United States gold coin are shown in the following table:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
October 5	- 0.5	- 0.5	...
12	+ 1.0	+ 0.9	...
19	- 0.3	- 0.3	...
26	+ 0.5	+ 0.2	+0.2
November 2	+ 0.7	...	+0.5
9	+ 1.7	+ 0.4	+0.5
16	+ 2.2	+ 1.0	+0.8
23	+ 2.8	+ 1.7	+0.4
30	+ 2.1	+ 1.1	+0.5

National Bank Notes

National bank note issues amounted to only $2,000,000 during the week, bringing the total new issues since the passage of the Federal Home Loan Bank Act to $156,000,000, which was distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to November 30, 1932, inclusive

(In thousands of dollars)

Boston	$ 2,853
New York	18,524
Philadelphia	7,808
Cleveland	7,811
Richmond	5,060
Atlanta	7,350
Chicago	23,550
St. Louis	4,563
Minneapolis	5,886
Kansas City	14,945
Dallas	5,012
San Francisco	52,295
Total	$155,658

National bank notes retired--including redemptions against which new issues have not yet been made (partly estimated) July 22 to November 30, 1932, inclusive	$14,131
Increase in national bank notes outstanding July 22 to November 30, 1932, inclusive	$141,527
National bank notes outstanding, November 30, 1932	$875,881

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date November 30, 1932

To Governor Meyer

From Mr. Goldenweiser

Subject: Conference with delegates to preparatory commission for international conference.

File

244.211 Depression Stat

By invitation received through Mr. Feis I attended today a meeting in the office of the Secretary of State with the two American delegates to the preparatory commission for the international conference. Present were Secretary Stimpson, Secretary Chapin, Secretary Mills, Assistant Secretary Bundy, Assistant Secretary Rogers, Mr. Feis, Mr. Klots, and Messrs. Williams and Day.

Mr. Day and Mr. Williams made a brief report on the conference along the lines of their written report, which you have. The substance of what they said is that three problems are crucial in the matter of improving international conditions: (1) Exchange stabilization, meaning a return to gold; (2) Settlement of international debts, public and private; and (3) Removal or relaxation of trade restrictions. The fourth subject, and the one on which the British particularly insisted, was the necessity of a rise in the price level and the possibility of concerted action to that end. There appeared to be no concrete suggestion on that subject, except the one that all methods for easing the money market have so far been restricted to the short-term money market and that something that would improve the capital market would be desirable. British experience in refunding their debt at a lower rate is cited as an example of possible action. This operation, by making Government securities less attractive, has made corporate bonds relatively more so.

Mr. Mills said that the conclusions of the experts lead to an impassable barrier of political difficulties. Thereupon there was a good deal of discussion of a method of reaching Mr. Roosevelt and engaging his interest in the imperative necessity of early action. It was mentioned incidentally that the French realize that Roosevelt is not anxious to have an extra session and that without such a session there will be no way to do anything about the June 15 payments. This is a disturbing consideration.

It was brought out that Mr. Norman Davis wants to have the minutes of the organization committee include a statement to the effect that political difficulties should not prevent the committee from stating the facts of the case. He also indicated that the organization committee should meet late in January and should at that time have the final report of the preparatory committee. Our delegates felt that it would be futile for them to go to a second conference in January unless they could get some indication of the attitude of the American Government. It was finally stated by Mr. Mills that the great opportunity was for President Hoover in his final message to Congress to state clearly all the facts in the international situation carrying a step further his recent statement after the conference with Mr. Roosevelt. Mr. Stimpson spoke very vigorously in favor of that procedure, indicating that that was an opportunity for Mr. Hoover to make a real contribution to international improvement.

Secretary Chapin repeatedly spoke of the fact that business is bad and getting worse since a week before election. It was stated that the matter of inter-allied debts had never been properly presented to the American public, since it has always been presented as an alternative of having the foreigners pay or to pay ourselves. There seemed to be a general feeling that, if the public were led to think in terms of the effect of sterling exchange on the sale of wheat and cotton, it would not be violently opposed to settlement of the debt problem. It was cited that the public had responded to the appeal made at the time of the Hoover moratorium.

Mr. Williams made it clear that he thought that the international conference would be a success, if an Anglo-American agreement as to policies were reached in advance, and if the war-debt problem were either solved or on the way to solution. Otherwise, not.

At one time during the meeting I asked Mr. Williams whether he did not believe that the British were using the equalization fund chiefly for the purpose of preventing too much of a rise in sterling with undesirable repurcussions on their foreign trade and price level. He said he thought that was so, but that they were also interested in reducing fluctuations. Later on I asked him whether he did not believe that the British are of the opinion that the rest of the world is more anxious to have England back on the gold standard than England is itself and that for that reason they are not committing themselves on this subject in order to use it as a trading point. Williams said that he definitely had that impression.

At the conclusion of the meeting it was agreed that Messrs. Day and Williams would finish their report tonight and submit it to the cabinet officers tomorrow morning.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date November 26, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D. T.

244.211

CEP

CONFIDENTIAL

Depression Statistics

This year, the Thanksgiving demand for currency apparently was not so large as in earlier years. The increase for the week ending November 23 was $6,000,000, which is $34,000,000 less than the average of $40,000,000 recorded for this period in previous years. In the Boston, New York, Philadelphia, and Cleveland districts the increase in demand for currency was less than seasonal in amount. In the Richmond District there was a contrary-to-seasonal decline; and in the Chicago District there was practically no change whereas ordinarily an increase of about $7,000,000 is to be expected. Atlanta and St. Louis showed the usual seasonal declines. There was little change in the other Federal reserve districts.

Changes by days during the past week in demand for currency adjusted for seasonal variation are shown in the following table:

Demand for Currency Adjusted for Seasonal Variation
(In millions of dollars)

November 17 (Thursday)	- 4
18 (Friday)	-14
19 (Saturday)	- 6
21 (Monday)	- 1
22 (Tuesday)	- 5
23 (Wednesday)	- 4
Week	-34

For CIRCULATION: 11/28/32
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison absent
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note ~~initial~~ and return to GOVERNOR.

National bank notes

Less than $2,500,000 of new national bank notes were issued against the deposit of bonds during the past week. The issues were well distributed over nine districts. Up to the close of business on Wednesday, November 23, total issues since July 22 of new national bank notes against bonds, including those issued against those bonds that bore the circulation privilege prior to passage of the Federal Home Loan Act, amounted to $153,499,000, and were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to November 23, 1932, inclusive
(In thousands of dollars)

Boston	$ 2,810
New York	18,133
Philadelphia	7,592
Cleveland	7,621
Richmond	5,035
Atlanta	7,162
Chicago	23,283
St. Louis	4,393
Minneapolis	5,859
Kansas City	14,839
Dallas	4,815
San Francisco	51,956
Total	$153,499
National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22 to November 23, 1932, inclusive	$ 14,095
Increase in national bank notes outstanding July 22 to November 23, 1932, inclusive	$139,404
National bank notes outstanding, November 23, 1932	$873,758

United States gold coin

Domestic demand for United States gold coin amounted to nearly $3,000,000 during the week. In recent years demand has usually increased during November, but the increase this year -- about $7,000,000 for the month to date -- is considerably in excess of that of previous years.

Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin
(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
October 5	- 0.5	- 0.5	--
12	+ 1.0	+ 0.9	--
19	- 0.3	- 0.3	--
26	+ 0.5-	+ 0.2	+ 0.2
November 2	+ 0.7	--	+ 0.5-
9	+ 1.7	+ 0.4	+ 0.5
16	+ 2.2	+ 1.0	+ 0.8
23	+ 2.8	+ 1.7	+ 0.4

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date November 18, 1932

To Governor Meyer

From Mr. Thompson D.T. [signature]

Subject: Demand for Currency

244.211

Depression Stat.

2—8495

CONFIDENTIAL

Demand for currency was reduced by $22,000,000 during the week ending November 16. During previous election years the return flow of money from circulation at this time of year has averaged about $44,000,000, and our figure of demand for currency adjusted for seasonal variation shows an increase of $22,000,000 for the week. The increase was particularly marked in the New York and Cleveland districts; and reflected in part the effect of the tax on checks noticeable about the first and middle of each month, to which reference has been made in previous memoranda, and in part banking disturbances which resulted in the suspension throughout the United States of 28 banks with $24,000,000 of deposits, of which 3 banks with $17,000,000 of deposits were in Pittsburgh. The suspension in the Kansas City District of 9 banks with nearly $3,500,000 of deposits resulted in only a slight non-seasonal increase in demand for currency.

Changes by days during the past week in demand for currency adjusted for seasonal variation are shown in the following table:

Demand for Currency Adjusted for Seasonal Variation
(In millions of dollars)

November 10	(Thursday)	+ 3
11	(Friday)	-12
12	(Saturday)	- 2
14	(Monday)	+ 4
15	(Tuesday)	+20
16	(Wednesday)	+ 9
Week		+22

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

National bank notes

New national bank note issues during the week amounted to $3,367,000, of which $2,000,000 went to the Bank of America National Trust and Savings Association in California. Since the enactment of the Federal Home Loan Bank Bill, issues of new national bank notes have amounted to $151,000,000, and were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to November 16, 1932, inclusive

(In thousands of dollars)

Boston	$ 2,765
New York	17,751
Philadelphia	7,418
Cleveland	7,125
Richmond	4,720
Atlanta	7,044
Chicago	23,248
St. Louis	4,355
Minneapolis	5,560
Kansas City	14,723
Dallas	4,750
San Francisco	51,581
Total	$151,041
National bank notes retired -- including redemptions against which new issues have not yet been made (partly estimated) July 22 to November 16, 1932, inclusive	$ 12,824
Increase in national bank notes outstanding July 22-November 16, 1932, inclusive	$ 138,217
National bank notes outstanding, November 16, 1932	$ 872,571

Governor Meyer

 November 18, 1932

United States gold coin

The domestic demand for United States gold coin is again increasing, approximately $5,000,000 having been paid out during the past four weeks. Demand has been concentrated chiefly in the Chicago and New York districts. Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District	Chicago District
October 5	-0.5	-0.5	--
12	+1.0	+0.9	--
19	-0.3	-0.3	--
26	+0.5-	+0.2	+0.2
November 2	+0.7	--	+0.5-
9	+1.7	+0.4	+0.5
16	+2.2	+1.0	+0.8

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date November 16, 1932

To Dr. Goldenweiser

From Mr. Thompson D. T.

Subject: Demand for Currency

The increase for November 15 of $20,000,000 in demand for currency, adjusted for seasonal variation, brings the total increase since last Wednesday to $13,000,000. Increases after adjustment for seasonal variation during the week were particularly noticeable in the New York, Cleveland (Bank failures), Atlanta, and Dallas districts. Some increase occurred in the Kansas City (bank failures.) District, but in comparison with the national totals, the figures are small.

Since mid-October there has been a progressive increase in domestic demand for United States gold coin. Figures for recent weeks follow:

Domestic Demand for United States Gold Coin
(In millions of dollars)

	United States	New York	Chicago
October 19	- 0.3	- 0.3	-----
26	+ 0.5-	+ 0.2	+ 0.2
November 2	+ 0.7	-----	+ 0.5
9	+ 1.7*	+ 0.4	+ 0.5

*The remainder of this increase was well scattered throughout the country.

The attached chart shows the volume of United States gold coin in circulation at the end of each month from January, 1929 to October, 1932. I should like to have this chart back for inclusion in a memorandum to Governor Meyer.

From R+S Library

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date November 11, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D. T. E. A. G.

244.211 Depression Statistics

2—8495

CONFIDENTIAL

During the week ending November 9 the volume of money in circulation increased by $35,000,000, or about $15,000,000 more than the average for this period in earlier years, reflecting the increased demand for currency that usually accompanies presidential elections (similar increases occurred in 1924 and 1928), which are holidays in many parts of the country.

Changes by days during the past week in demand for currency adjusted for seasonal variation are shown in the following table:

Demand for Currency Adjusted for Seasonal Variation
(In millions of dollars)

November	3 (Thursday)	+ 9
	4 (Friday)	- 5
	5 (Saturday)	- 4
	7 (Monday)	+ 5
	8 (Tuesday)	+ 6
	9 (Wednesday)	+ 3
	Week	+14

The increase for the week in demand after allowance for seasonal variation was general in all districts except Philadelphia, Cleveland, and Richmond, which showed declines, and St. Louis which showed no change.

National bank notes

New issues of national bank notes during the week amounted to $8,000,000, of which the Bank of America National Trust and Savings Association, with head office in San Francisco, took $5,000,000. Since the passage of the Federal Home Loan Act, this institution has taken $27,000,000, making use of the privilege to reduce its borrowings and to improve its cash position. Between

June 30 and September 30, the only recent dates for which comprehensive figures are available, this bank obtained funds as follows:

a) Issue of national bank notes	$15,500,000
b) Reduction in vault cash	2,000,000
c) Reduction in balances with correspondents	2,000,000
d) From sale of U. S. Securities -- net*	12,000,000
Total	$31,500,000

*Amounts received in excess of deposits withdrawn by U.S. Treasurer.

These funds were used chiefly to reduce borrowings and repurchase agreements, which declined by $25,000,000 during the period, and to meet net withdrawals of deposits, other than United States Government, of $5,000,000.

Total new issues of national bank notes against bonds since the passage of the Federal Home Loan Bank Bill approximate $150,000,000. These issues have been distributed by districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to November 9, 1932, inclusive

(In thousands of dollars)

Boston	2,765
New York	17,377
Philadelphia	7,391
Cleveland	7,005
Richmond	4,645
Atlanta	6,922
Chicago	23,132
St. Louis	4,333
Minneapolis	5,558
Kansas City	14,345
Dallas	4,643
San Francisco	49,556
Total	147,674
Increase in National Bank Notes outstanding since July 22,1932	135,778
Change from preceding Wednesday	+7,129
National Bank Notes Outstanding November 9, 1932	870,264

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date November 4, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson

244.211

Depression Statistics

CONFIDENTIAL

The increase of $32,000,000 in demand for currency during the week ending November 2 was $6,000,000 less than the average increase for this period in other years. Daily changes during the week in demand for currency after adjustment for seasonal variation are shown in the following table:

Demand for Currency Adjusted for Seasonal Variation
(In millions of dollars)

October 27 (Thursday)	- 10
28 (Friday)	- 16
29 (Saturday)	- 4 r
31 (Monday)	+ 4
November 1 (Tuesday)	+ 11
2 (Wednesday)	+ 9
Week	- 6

r - revised.

During recent weeks there has been a tendency for our adjusted daily figures to show decreases on Thursday and Friday and increases on Monday, Tuesday, and Wednesday. Furthermore, in August, September, October, and November our adjusted figures have increased around the first of the month. These recurring movements indicate that the daily seasonal pattern of demand for currency has changed from that characteristic of the period used in computing our seasonal adjustment factors. As explained in previous memoranda the change probably reflects in part the effect of the tax on checks and in part the current small volume of wage payments.

After adjustment for seasonal changes, demand for currency during the week increased in the Philadelphia, Cleveland, and San Francisco districts; declined in the New York, Richmond, Chicago, and St. Louis districts; and showed negligible changes in the other districts. Of the industrial districts, Boston, New York, Philadelphia, Cleveland, and Chicago have shown fairly consistent reductions in demand for currency since July, after allowance for usual seasonal changes, but in the San Francisco District there has been no such reduction. Weekly changes since October 22, 1930, in demand for currency in the San Francisco District, with and without adjustment for seasonal variation, are shown on the accompanying chart. The maintenance there of the demand for currency at approximately peak levels seems to be a reflection of uncertainty concerning the banking situation in certain parts of the district, notably in Oregon where a number of banks are reported to be operating under terms of private moratoriums, and in rural sections of Utah.

United States Gold Coin

Demand for United States gold coin increased during the week by $700,000, of which approximately $500,000 was paid out by the Federal Reserve Bank of Chicago. Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin
(In millions of dollars)

Week ending Wednesday		United States	New York District
September	21	- 1.0	- 0.8
	28	- 1.9	- 1.2
October	5	- 0.5	- 0.5
	12	+ 1.0	+ 0.9
	19	- 0.3	- 0.3
	26	+ 0.5-	+ 0.2
November	2	+ 0.7	--

National bank notes

Issues of new national bank notes amounted to less than $5,000,000, of which more than $2,000,000 was to banks in the San Francisco District. Total of new issues against bonds since the passage of the Federal Home Loan Bank Bill approximate $140,000,000. These issues have been distributed by districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to November 2, 1932, inclusive

(In thousands of dollars)

Boston	2,680
New York	16,601
Philadelphia	7,243
Cleveland	7,005
Richmond	4,445
Atlanta	6,795
Chicago	22,862
St. Louis	4,323
Minneapolis	5,533
Kansas City	13,688
Dallas	4,568
San Francisco	44,070
Total	139,816

CHANGES IN DEMAND FOR CURRENCY IN THE 12th FEDERAL RESERVE DISTRICT

Changes for weeks ending Wednesday with and without adjustment for seasonal variation. Figures cumulated from Oct. 22, 1930.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date November 3, 1932

To Governor Meyer

From Mr. Parry

Subject: Comment by Mr. Benjamin Baker

244.211

Depression statistics

FILE

E. M.

Mr. Benjamin Baker, Editor of the Annalist, in his signed editorial in the issue for October 28, included a paragraph of critical comment on one of the statements made in the October Bulletin, the statement about the decrease of hoarding. This paragraph as clipped from the Annalist, together with the preceding paragraph which indicates the context, is attached below:

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

Among the incidents of President Hoover's eleventh-hour campaigning which catch the attention of the statisticians are sundry loose, if not completely misleading, references to recent and current records. Among these, in a recent speech by the President, was something closely approaching a misstatement of the movement of building contracts, which is progressively downward instead of being upward as seemed to be declared. The movement of freight loadings was also somewhat inaccurately described. Mr. Hoover's assertion that the depression in this country followed after the beginning of the same depression in Europe is dealt with in a short article on another page, with evidence which seems to run counter to the President's contention. The President is, of course, not personally responsible for these inaccuracies of statement; they illustrate the fact that he has apparently been ill served by those whose duty it is to supply him with statistical facts; and we may well enough let them go as rather stupid errors originating with his secretariat.

It is a little more disconcerting, however, to find in the Federal Reserve Bulletin issued last week a statement about the decrease of hoarding for which there seems to be no justification. It makes the statement that: "Since July 20 there has also been a *release of currency* (italics this writer's) from hoarding estimated at $250,000,000." The Bulletin then explains that this total is reached by adding to a decrease in money in circulation amounting to about 130 millions something more than 110 millions which would under other conditions have been added to the amount in circulation, but which in fact was not added. It is a little astonishing to see the absence of a seasonal expansion described as a release of currency from hoarding. In this writer's opinion the statement involves an obliquity of reasoning for which the Reserve Board ought not to accept responsibility.

The October Bulletin was released for publication Monday, October 24, and on the following Thursday afternoon, which was Thursday of last week, Mr. Baker called on the telephone from New York to register his objection, which he did politely but earnestly, and to indicate that he intended to publish some critical comment in the forthcoming issue of the Annalist. I listened to his statement, explained briefly the basis of the estimate, noted his objections, and promised to take the matter under advisement and refer it to Mr. Goldenweiser, who was at the moment out of the office. A few minutes later, after I had seen Mr. Goldenweiser and been requested by him to do so, I called up Mr. Baker and gave him the data and the reasoning by which the Bulletin statement is substantiated. He expressed his appreciation, and indicated that if the original statement in the Bulletin had been accompanied by the substantiating material he might possibly have seen no reason to criticize it, but he added that he was still not altogether satisfied.

The comment as it appeared, affirming our statement to be "disconcerting," "a little astonishing," and to exhibit "obliquity of reasoning," was less thorough-going than his original comment to me, which characterized our procedure as "seriously inaccurate," constituting "a gross misuse of statistics," and involving "a violent assumption."

My explanation to him was along the following lines: The period under discussion is July 20-September 30, 1932. During this period the net amount of money returned to the Treasury and Federal reserve banks was $130,000,000. At the same time, according to our estimates, the money in active circulation--i.e., outside of hoards--increased by more than $110,000,000, the usual seasonal amount.

That the active circulation has usually increased by this amount at this season is supported by the figures for the corresponding period in years when no unusual factors--e.g., hoarding occasioned by bank failures--

were exerting any important influence on currency movements. In these years, according to our records, the seasonal increase in active circulation has been accompanied by seasonal increases in retail trade, as indicated by growth of department store sales, and in wage payments, as indicated by growth of factory payrolls. Retail trade and wage payments, furthermore, are the principal types of transactions in which currency, as distinguished from checks, is largely used for making payments. Consequently it is fair to conclude that the seasonal growth of these two factors between July and September has caused the increase at this season in active circulation. Finally, during the period under immediate discussion, July-September, 1932, both department store sales and factory payrolls did in fact increase by at least the usual seasonal amount. Department store sales increased by 53 per cent, whereas they usually increase but 49 per cent, and factory payrolls increased by more than 6 per cent, whereas they usually increase by less than 5 per cent. Our index numbers--adjusted for usual seasonal variations--accordingly increased for department store sales from 67 in July to 70 in September and for factory payrolls (unpublished) from 41.0 in July to 41.6 in September, on the basis of the 1923-1925 average as 100.

In appraising the effect on currency demand of changes in retail trade and wage payments, there is a consideration, to which I called Mr. Baker's attention, that has become applicable this year for the first time. It is that since the tax on checks went into effect the public has been resorting more largely than usual to the use of cash, both for paying current bills at stores and for meeting payroll requirements. As the tax went into effect toward the end of June, they were doing this in July as well as in

September, but because of this change in practice the increase in aggregate retail trade and aggregate wage payments between July and September, including both cash transactions and check transactions, must have registered more largely than usual upon the demand for cash.

To conclude from the facts presented that there was a decrease in hoarding between July 20 and September 30, in the amount of $250,000,000 involves putting together the $130,000,000 that was actually returned from "circulation as officially defined" and the $110,000,000 or thereabouts that was added, according to our estimates, to the "active circulation." The reasoning by which this procedure is justified, though quite simple in itself, was unfamiliar to Mr. Baker and had to be explained. If $130,000,000 came into the Federal reserve banks and the Treasury at a time when the active circulation did not decrease, where did it come from? Since it could not have come from active circulation it must have come from hoardings, as the two categories together make up the whole of "circulation as officially defined." And if $110,000,000 went into active circulation at a time when the Treasury and Federal reserve banks did not furnish any additions, this amount must also have come from hoards.

In my talk with Mr. Baker, I undertook to make clear that the method by which the estimate in question was arrived at, when employed as it was on this occasion with due regard to all the relevant data, gives reliable results. These results are approximations, of course, like other estimates, and we make for them no claim of precise accuracy. He showed no disposition to be captious about accuracy, however.

Form No.

Office Correspondence

FEDERAL RESERVE BOARD

4

Date October 31, 1932

To Governor Meyer

Subject: Business luncheon of A.T.&T. at Railroad Club in New York

From Mr. Garfield

FILE

E. M.

244.211

Depression Statistics

GPO 2—8495

The general tone of the discussion at the A.T.&T. luncheon Friday noon was decidedly bearish and the stated grounds for pessimism related to other matters than the security markets, except for Mr. Hughes' report. There was considerable talk concerning the international situation, which was regarded as quite discouraging for the near term at least. Mr. Falk, an Englishman invited to the luncheon by Mr. Randolph Burgess, outlined the situation with respect to sterling, current interest rates in England, and problems of preference. He is apparently interested in British insurance companies and investment trusts and speaks as one having knowledge. He spoke of disappointment at the failure of exports to expand accompanying the decline in sterling and indicated his judgment that further possible declines in the value of sterling would be met by further price cuts by competitors in other countries. He discussed imports of gold from India, which he said no one had predicted and which so far have stopped whenever sterling advanced to 3.65. He pointed to the deficit in their international income account, excluding capital transfers. His judgment was that the present weakness in sterling reflected in part the very low level of gold and foreign exchange holdings of the exchange equalization fund. Payment of the December debt requirements he thought would be quite disastrous and he hoped something would be done after the elections in this country. Discussing prevailing low interest rates in England, he said the buying of American shares at the low this summer reflected the timing of conversion operations rather than astuteness on the part of British investors in judging the American market. Present substantial holdings of preferred shares might prove to be a factor of importance in the American market later. Regarding tariffs he said the present policy was one of compromise whereas policy should be aimed to bring about a reorganization of economic life on a protective basis or to enforce the rigors of competition on a free trade basis.

Dr. ~~Rife~~ Reif mentioned the growth of nationalism and the multiplication of protective devices of one sort or another in foreign and domestic affairs. Eventually the props must be removed and developments at that stage might be very significant. He referred to the present competition of exporting countries for the little wheat trade available and the consequent reduction in wheat prices which has featured recent developments, particularly those in Canada. In the domestic situation he viewed with concern the large holdings of governments by the reserve banks and the increasing deficit of the national government. He also reported that wages of men hired to work on his furnace were still $1.25 per hour, and he looked for many readjustments to come.

Mr. Richter reported that international factors, including U. S. and British tariffs, complicated the present situation in copper and that competition in that industry would be severe with very low prices prevailing for a long time after demand for copper had increased substantially. Mr. Hayford, in discussing the prospects for the automobile industry, did not even mention exports, once an important factor in this industry.

Consideration of domestic problems brought out very little discussion of credit developments. Colonel Rorty suggested that the easy money policy of the reserve banks had brought the country from panic levels to depression levels and that it remained to be seen whether it would do more than that. He seemed doubtful and suggested that current experiences were teaching us something about credit theory. Mr. Burgess said we could only wait to see whether ease in the short-term markets would be followed by ease in the long-term markets. Mr. Hughes, who had canvassed the figures a long way back, reported that it was always necessary for second-grade bonds to reach record high levels before stocks could advance; consequently he was much worried by the recent declines in the bond market and predicted a period of at least three to six months of inactivity in the stock market.

Mr. Richter presented some figures on railroad traffic, gross earnings and net operating income with a view to showing that through tremendous recent economies railroads were in a position to operate very cheaply and to carry more freight with little increase in costs. The figures seemed too decisive to be accurate for so short a period but the point is probably important to consider in appraising railroad earnings prospects. Colonel Ayres reported that he had just returned from a long trip of inspection and that the railroads were really in better shape physically than he had supposed possible. Economies have been achieved by cutting out non-essentials. By using their larger locomotives only, certain Western roads have been able to haul freight without carrying through projects for cutting down grades and curves. By operating lines as single-track systems and using the other for storage or switching purposes they have cut down maintainance.

Mr. Andrew reported for the A.T.&T. that their index of business activity in recent months showed the following percentages below normal: July 54.1; August 51.7; September 47.5, and October 46.5. This index includes various items such as miscellaneous freight-car loadings which are not in the Board's index of industrial production; the Board's index may show an increase from September to October, but the increase, if any, will probably be smaller than that shown by the A.T.&T. index.

The group showed very little interest in the statistical history of the recent past and was much more concerned about the fundamental character of the present position. There was little in the discussion to change the appraisal of the building situation presented at the recent conference at the Treasury. Mr. Tower was absent and there was little said about the steel industry. Mr. Hayford was much puzzled concerning the situation in the automobile industry, reporting favorable developments in retail sales in recent months as compared with the June-July level, exceptionally low stocks of cars in the hands of manufacturers and dealers, and, on the other hand, a prospect of small incomes. In his opinion the level of retail buying this summer was lower than prevailing income justified, on account of the fear of worse things to come. For this year he thought the total for the U. S. and Canada would be about 1,440,000 cars and for next year his best guess was 1,800,000, with the probable range between 1,500,000 and 2,000,000. Concerning the textile boom, Mr. Belcher, of the A.T.&T., stated his opinion that the peak had been reached and that a dip was likely--sometime.

A statement by Mr. Walker that retail trade this year for Christmas might equal last season in quantity, although it would be 12 to 15 per cent smaller in value, did not arouse much comment.

During lunch Mr. Smith's Boston speech was discussed; later political discussion centered on the prospects of Congressional action this winter.

There was nothing new in this; probably this factor was more important in the attitudes of these men than is indicated by the limited mention made of it here.

4

FEDERAL RESERVE

FEDERAL RESERVE BOARD FILE

FILE

E. M.

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial
and return to GOVERNOR.

FORM No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date October 28, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson

244.211

Depression Statistics

CONFIDENTIAL

During the week ending October 26 demand for currency in the United States declined by $37,000,000. During previous years the reduction for this period has averaged only $17,000,000, and the decrease, therefore, is $20,000,000 in excess of seasonal. Since July 20 the return of currency from circulation, after allowance for usual seasonal changes, has approximated $260,000,000. The reduction in actual demand during the past week was general throughout the country with only the Boston and San Francisco districts failing to show a decline after adjustment for seasonal variations.

Daily changes during the past week in demand for currency, adjusted for seasonal variation, are presented in the following table:

Demand for Currency Adjusted for Seasonal Variation
(In millions of dollars)

October	20	- 1
	21	-16
	22	- 6
	24	- 4
	25	+ 5
	26	+ 2

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr. ~~Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.
Please note - initial and return to GOVERNOR.

National bank notes

New national bank note issues continue at about the rate of recent weeks, the total for the week ending October 26 being slightly in excess of $8,000,000, of which the Bank of America National Trust and Savings Association took $2,000,000, and other banks in the San Francisco District $2,500,000. Since the passage of the Federal Home Loan Bank Bill, total new issues against bonds have amounted to $135,000,000.

Figures by Federal reserve districts follow:

New National Bank Notes Issued Against Bonds
July 22 to October 26, 1932, inclusive

(In thousands of dollars)

Boston	2,645
New York	16,229
Philadelphia	7,133
Cleveland	6,755
Richmond	4,268
Atlanta	6,473
Chicago	22,745
St. Louis	3,878
Minneapolis	5,528
Kansas City	12,988
Dallas	4,568
San Francisco	41,920
Total	135,132

United States Gold Coin

There was a slight increase in domestic demand for United States gold coin during the past week. Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin
(In millions of dollars)

Weekending Wednesday		United States	New York District
September	21	- 1.0	- 0.8
	28	- 1.9	- 1.2
October	5	- 0.5	- 0.5
	12	+ 1.0	+ 0.9
	19	- 0.3	- 0.3
	26	+ 0.5	+ 0.2

~~Form No.~~ 131

Office Correspondence

FEDERAL RESERVE BOARD

Date October 21, 1932

To Governor Meyer

From Mr. Thompson D. P. T.

Subject: Demand for currency

244.211

FILE Depression Statistics

CONFIDENTIAL

E. M.

The demand for currency was reduced by $30,000,000 during the week ending October 19. In previous years the decline has averaged from $35,000,000-$40,000,000 and our estimates of so-called hoarding show an increase of about $9,000,000 for the week. Revised figures of daily changes during late September and during October in demand for currency adjusted for seasonal variations are shown in the table below. The revision relates to the period from October 6 to October 17, inclusive, and results from improved adjustments for the effect of Columbus Day on the normal demand for currency.

Demand for Currency Adjusted for Seasonal Variation--Revised

(In millions of dollars)

September	29	- 13
	30	- 8
October	1	+ 2
	3	+ 7
	4	+ 18
	5	+ 8
	6	- 3
	7	- 8
	8	- 5
	10	- 8
	11	- 1
	12	h/ 0
	13	+ 2
	14	- 6
	15	- 1
	17	- 1
	18	+ 9
	19	+ 6

h/ Partial holiday.

For CIRCULATION:
Mr. Hamlin ✓
Mr. James ✓
Mr. Magee ✓
Mr. Miller ✓
~~Mr. Pole~~
Mr. Harrison ✓
Mr. Morrill ✓
Mr. McClelland ✓
Mr. Wyatt ✓
Mr.
Mr.

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OCT 21 1932
OFFICE OF THE GOVERNOR
FEDERAL RESERVE BOARD

The figures show that the decline in hoarding which had been almost continuous from week to week since July 20, and which had amounted to $250,000,000-$260,000,000 by the end of September, was checked in October. There is evidence, however, to support the conclusion that the return of currency from private hoards has not ceased. Bank failures have been moderate and the financial situation generally has shown no deterioration. The figures in the table show increases immediately after the first and fifteenth of the month, which were practically offset by the reductions that characterized the intervening period and by the decline in late September. They probably reflected in part the effect of the tax on checks and larger industrial payrolls. Increased wage payments would call for more currency and the recipients of the wages may be husbanding their resources in currency to a greater extent relatively than before the depression, holding expenditures to the minimum, with the result that the return of currency paid out would be materially slower than in earlier years.

During the three weeks ending October 19, the increase in the demand for currency was contrary to the tendency of previous years in those districts whose currency movements follow a predominantly industrial pattern--Boston, New York, Philadelphia, Cleveland, Chicago, and San Francisco--whereas in the agricultural districts--Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, and Dallas--the increase in demand was of less than seasonal proportions. The figures follow:

Change in Demand for Currency in the United States from
September 28, 1932 to October 19, 1932

(In millions of dollars)

	Actual change	Average for previous years	Change adjusted for seasonal variations
Industrial districts 1/	+ 1	- 6	+ 7
Agricultural districts 2/	+ 15	+ 20	- 5
Total	+ 16	+ 14	+ 2

1/ Boston, New York, Philadelphia, Cleveland, Chicago, and San Francisco.
2/ Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, and Dallas.

National bank notes

Issues of new national bank notes against bonds during the week ending October 19 were at about the same daily rate as in the preceding week--$1,500,000 per day. Total new issues since the passage of the Federal Home Loan Bank Bill and up to the close of business on October 19 were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to October 19, 1932, Inclusive

(In thousands of dollars)

Boston	2,610
New York	15,696
Philadelphia	6,917
Cleveland	6,432
Richmond	4,018
Atlanta	5,948
Chicago	22,127
St. Louis	3,842
Minneapolis	5,487
Kansas City	11,996
Dallas	4,448
San Francisco	37,414
Total	126,935

United States gold coin

There was practically no change in the domestic demand for gold coin during the week. Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday		United States	New York District
September	21	-1.0	-0.8
	28	-1.9	-1.2
October	5	-0.5	-0.5
	12	+0.9	+0.9
	19	-0.3	-0.3

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date October 14, 1932

To Governor Meyer

Subject: Demand for currency

From Mr. Thompson D. T.

FILE

E. M.

244.211 Depression Statistics

CONFIDENTIAL

Money in circulation on Wednesday, October 12, amounted to $5,651,000,000, an increase of $2,000,000 for the week, as compared with an expected increase of about $42,000,000, and we estimate the decline in hoarding for the week at about $40,000,000. The decline was continuous throughout the week until Wednesday. Ordinarily on Wednesday a decline of about $15,000,000 in circulation is to be expected, but this week Wednesday was Columbus Day, a legal holiday in many states and districts and money in circulation instead of declining actually increased by $1,000,000--the result of shipments of new national bank notes by the Comptroller of the Currency. We have estimated, therefore, that there was no change in hoarding on Wednesday. Figures of daily changes for the past week in demand for currency adjusted for seasonal variations are shown in the following table:

Demand for Currency Adjusted for Seasonal Variation

(In millions of dollars)

October 6	-7
7	-13
8	-8
10	-8
11	-4
12	0 h/

h/ Partial holiday.

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
~~Mr. Harrison~~
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

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For the week as a whole, the decline in hoarding was general throughout the country but was most pronounced in those districts--New York, Philadelphia, Cleveland, and Chicago--in which hoarding has been greatest.

National bank notes

Issues of new national bank notes against bonds were at the rate of about $1,500,000 per day during the week. Since the passage of the Federal Home Loan Bank Bill, total new issues against bonds have amounted to about $117,000,000, of which 60 per cent has been taken by 36 banks. Total issues since the law was amended were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to October 12, 1932, inclusive

(In thousands of dollars)

Boston	2,494
New York	15,417
Philadelphia	6,700
Cleveland	6,199
Richmond	3,918
Atlanta	5,358
Chicago	19,494
St. Louis	3,438
Minneapolis	3,752
Kansas City	11,596
Dallas	4,158
San Francisco	34,921
Total	117,444

United States gold coin

Demand for gold coin increased during the week for the first time since last July. The increase was in New York. Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York District
September 21	-1.0	-0.8
28	-1.9	-1.2
October 5	-0.5	-0.5
12	+0.9	+0.9

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date October 13, 1932

To Governor Meyer

Subject:

From Mr. Goldenweiser

~~244~~

2—8495

244.211

Depression Statistics

FILE

E. M.

Following is a telegram which I received from the Statistician of the Philadelphia bank that might interest you:

"Pennsylvania factory employment increased almost four and payrolls eight per cent from August to September. Except chemicals and transportation equipment all groups increased with textiles rising thirteen per cent employment and thirty per cent payrolls."

(Signed) C. A. Sienkiewicz

For CIRCULATION:

Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

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OCT 13 1932

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date October 7, 1932

To Governor Meyer

From Mr. Rhodes

Subject: Demand for currency

FILE

E. M.

244.211 Depression Statistics

2—8495

CONFIDENTIAL

Demand for currency increased by $44,000,000 during the week ending October 5, an increase of $15,000,000 more than usual. There is no evidence that this more-than-seasonal increase represents hoarding. There have been no important bank suspensions in recent weeks, and we have had no reports of other serious banking difficulties. It seems probable that the increased use of cash has been due in large part to the tax on checks, which has caused similar increases following the middle and end of each recent month. The concurrence in this week of the month-end and the end of the quarterly period may account for the larger increase in the use of cash at this month-end. Another factor may be the use of cash in connection with moving on October 1, which was probably larger than usual this year.

While little statistical evidence is yet available, increased payrolls in several lines of industry may have had some part in the increased circulation, as may also the unusual volume of sales reported by retail establishments, particularly in the eastern area.

There was a more-than-seasonal increase of $10,000,000 in the New York district and smaller increases were shown for the Philadelphia and Cleveland districts. In Chicago there was a decrease of $2,000,000, continuing the net return of cash from hoards which has been under way in that district since mid-July. Changes in currency demand in districts other than those mentioned were negligible during the past week.

Revised figures of daily changes for the past week in demand for currency adjusted for seasonal variations are shown in the following table:

Demand for Currency Adjusted for Seasonal Variations
(In millions of dollars)

September	29	- 13
	30	- 8
October	1	+ 2
	3	+ 7
	4	+ 18
	5	+ 8

United States Gold Coin

Gold coin continued to return from hoards. Figures follow:

Changes in Domestic Demand for United States Gold Coin
(In millions of dollars)

Week ending Wednesday		United States	New York District
September	7	- 1.2	- 1.0
	14	- 1.3	- 0.7
	21	- 1.0	- 0.8
	28	- 1.9	- 1.2
October	5	- 0.5	- 0.5

National bank notes

New issues of national bank notes against bonds were in smaller volume than in any recent week, averaging about $1,000,000 per day. Total new issues since July 22, 1932, and up to the close of business on Wednesday, October 5, amounted to $108,598,000, and were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22 to October 5, 1932, inclusive
(In thousands of dollars)

Boston	$ 2,333
New York	15,161
Philadelphia	6,500
Cleveland	5,668
Richmond	3,468
Atlanta	4,557
Chicago	17,909
St. Louis	3,410
Minneapolis	3,438
Kansas City	10,763
Dallas	3,853
San Francisco	31,537
Total	$108,598

FEDERAL RESERVE BOARD FILE

File

For CIRCULATION:

Mr. Hamlin
Mr. James absent
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

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Form No. 131

Gov. Meyer

Office Correspondence

FEDERAL RESERVE BOARD

Date October 6, 1932

To Mr. Goldenweiser

From Mr. Garfield

Subject: Agricultural exports, 1931-32 season

244.211

Depression Statistics

FILE

E. M.

2—8495

The current Foreign Crops and Markets carries a review of the agricultural export situation during the crop year ending June 30; the developments which interested me are summarized below:

1. The volume of agricultural exports was larger in the 1931-32 season than in the preceding year, but prices declined further and value decreased by one-fourth, from one billion to 750 million dollars. The 1926-27 level was about 1,850 million.

2. The continued decline in value of agricultural exports was accompanied by a more rapid decrease in value of non-agricultural exports and as a consequence the share of agricultural exports in the total increased from 34 to 39 per cent, a proportion larger than in other years since ~~1925-28~~ 1926-27. Value figures since 1919 are shown below:

UNITED STATES EXPORTS: TOTAL AND AGRICULTURAL

Year ended June 30	Total (In billion dollars)	Agricultural* Total (In billion dollars)	Agricultural* Share of total (In per cent)
1919-20	7.95	3.86	49
1920-21	6.39	2.61	41
1921-22	3.70	1.92	52
1922-23	3.89	1.80	46
1923-24	4.22	1.87	44
1924-25	4.78	2.28	48
1925-26	4.66	1.89	41
1926-27	4.87	1.91	39
1927-28	4.77	1.82	38
1928-29	5.28	1.85	35
1929-30	4.62	1.50	32
1930-31	3.03	1.04	34
1931-32 Prel	1.91	.75	39

*Excluding forest products

Source: Foreign Agricultural Service

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.
Please note - initial and return to GOVERNOR.

3. The decline of a quarter of a billion dollars from 1930-1931 reflected chiefly decreases of 86 million for cotton; 62 for animal products; 56 for tobacco, and 29 for fruits.

4. These lower values reflect, in the aggregate, lower prices since shipments of agricultural products were in larger volume than in 1930-1931. The increase in quantity, however, was limited to cotton, which was exported in unusually large amounts to the Orient; the index of exports of other agricultural commodities declined to the lowest point in many years while cotton exports were the largest since 1913-14, except for 1926-27.

5. Since the years immediately following the war there have been marked changes in the character of our agricultural exports. Changes in aggregate value are indicated in the table above. The quantity of cotton and fruits exported has increased but there have been large reductions in shipments of grains, cattle and meat products, and dairy products so that in the aggregate exports are down considerably, as shown in the following table:

AGRICULTURAL EXPORTS
(Indexes of quantity; 1910-1914 average = 100)

Year ended June 30	All agricultural commodities	All commodities except cotton	Cotton fiber	Grains and products	Cattle and meat products	Dairy products	Fruit	Tobacco unmanufactured
1919-20	134	207	80	218	185	1,275	122	165
1920-21	127	212	64	329	154	524	108	129
1921-22	137	218	76	317	153	571	105	118
1922-23	112	182	59	246	169	406	121	116
1928-29	117	141	99	174	102	243	372	144
1929-30	97	117	82	130	104	221	216	153
1930-31	90	101	81	104	74	190	337	150
1931-32 Prel	98	91	103	104	63	123	305	110

Source: Foreign Agricultural Service

6. Between the 1930-31 and 1931-32 seasons there were substantial changes in the volume of export of various commodities other than grains and fruits. Exports of wheat showed a slight increase. China and Brazil took large quantities of Farm Board wheat; in fact China was the principal market for wheat with the United Kingdom second and Brazil third. Exports of cotton increased from 7 million to 9 million bales ~~sharply~~ in spite of well known difficulties of the period. Cotton is an essential raw material and prices were much lower than in preceding years; moreover American cotton was cheap relative to Indian and Chinese cotton, reflecting the influence of supply factors. Japan took nearly 2½ million bales and China over 1 million, a total of 3½ million for the Orient, twice as much as in the preceding year. Thus Japan was the leading market for cotton and China for wheat. There was a reduction in sales of meat products to the United Kingdom which has been buying more from Denmark, Poland, and Canada. Exports of tobacco, which had been at unusually high levels in the years 1929-30 and 1930-31, also declined substantially. There was a large decrease in shipments of dairy products but the amount of money involved in this is no longer large.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date September 30, 1932

To Governor Meyer

Subject: Demand for currency

From Mr. Thompson D. T.

FILE 244.211 Depression Statistics

2—8495

CONFIDENTIAL

E. M.

Contrary to the usual seasonal tendency, demand for currency declined by $37,000,000 during the week ending Wednesday, September 28. Ordinarily there is an increase of about $16,000,000 at this time of year, and consequently our estimates of hoarding show a reduction of from $50,000,000 to $55,000,000 for the week. The reduction in hoarding was general throughout the country, and was particularly pronounced in the New York, Philadelphia, Cleveland, Chicago, and San Francisco districts.

Revised figures of daily changes for the past week in demand for currency adjusted for seasonal variations are presented in the following table:

Demand for Currency Adjusted for Seasonal Variations
(In millions of dollars)

September 22	- 11 r
23	- 22 r
24	- 9 r
26	- 4 r
27	- 4
28	- 3

r - revised

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
~~Mr. Harrison~~
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.
Please note - initial and return to GOVERNOR.

United States Gold Coin

Gold coin continues to return from hoards. Figures follow:

Changes in Domestic Demand for United States Gold Coin
(In millions of dollars)

Week ending Wednesday	United States	New York District
September 7	- 1.2	- 1.0
14	- 1.3	- 0.7
21	- 1.0	- 0.8
28	- 1.9	- 1.2

National bank notes

New issues against bonds of national bank notes continue at the rate of about $2,000,000 per day. Total new issues since July 22, 1932, and up to the close of business on Wednesday, September 28, amounted to $102,000,000 and were distributed by Federal reserve districts as follows:

New National Bank Notes Issued Against Bonds
July 22, 1932, to September 28, 1932, inc.
(In thousands of dollars)

Boston	$ 2,269
New York	14,891
Philadelphia	5,989
Cleveland	4,948
Richmond	3,123
Atlanta	4,050
Chicago	17,611
St. Louis	3,279
Minneapolis	1,896
Kansas City	9,599
Dallas	3,380
San Francisco	31,290
Total	$102,322

Form No. 131

42

Office Correspondence

FEDERAL RESERVE BOARD

Date September 24, 1932

To Governor Meyer

Subject: Demand for Currency

From Mr. Thompson D. T. [illegible]

FILE

E. M.

244

244.211
Depression Statistics

GPO 2—8495

CONFIDENTIAL

Demand for currency was reduced by $26,000,000 during the week ending Wednesday, September 21. The decrease was in excess of the usual decline for this time of the year, and our estimates of hoarding show a reduction of $14,000,000 for the week. There was an apparent slowing up in the rate of return of currency from hoards as the week progressed. On Thursday and Friday -- the 15th and 16th -- the return flow was well sustained, but on Saturday it was moderate, and on Monday, Tuesday, and Wednesday of this week there was practically no change in hoarding. On the next day, Thursday, however, there was a reduction in hoarding of $10,000,000, bringing the total decline since the peak of July 20 to about $200,000,000.

Estimated daily changes in the demand for currency, adjusted for seasonal variations are shown in the following table:

Demand for Currency Adjusted for Seasonal Variations
(In millions of dollars)

September 15 (Thursday)	- 4
16 (Friday)	- 7
17 (Saturday)	- 2
19 (Monday)	- 1
20 (Tuesday)	0
21 (Wednesday)	0
22 (Thursday)	-10

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.
Please note - initial and return to GOVERNOR.

The recent decline in hoarding has been general throughout the country.

United States Gold Coin

As in previous weeks, practically all of the return of gold coin to the Federal reserve banks during the past week was in New York. Figures for recent weeks follow:

Changes in Domestic Demand for United States Gold Coin
(In millions of dollars)

Week ending Wednesday	United States	New York District
September 7	- 1.1	- 1.0
14	- 1.3	- 0.7
21	- 1.0	- 0.8

National Bank Notes

New national bank note issues continue at the rate of about $2,000,000 per day. The distribution by Federal reserve districts of new issues since the passage of the Federal Home Loan Bank Bill and up to the close of business on September 21 was as follows:

New National Bank Notes Issued Against Bonds

July 22, 1932 to September 21, 1932, inclusive

(In thousands of dollars)

Boston	$ 1,667
New York	14,377
Philadelphia	5,787
Cleveland	4,237
Richmond	2,048
Atlanta	3,440
Chicago	13,479
St. Louis	1,677
Minneapolis	1,643
Kansas City	6,511
Dallas	3,355
San Francisco	30,904
Total	$89,123

Mr McClelland

~~244~~

September 17, 1932

244.211
Depression Statistics

To: Governor Meyer

From: Mr. Goldenweiser

CONFIDENTIAL

THE CREDIT SITUATION

Demand and supply of reserve funds

During the past year this country lost $900,000,000 of gold that went abroad and in addition $630,000,000 of currency was withdrawn, largely for hoarding. Both the demand for gold from abroad and for additional currency at home constituted demands on the member banks for reserve bank funds. These demands were met by the use of funds derived from the following sources: $1,100,000,000 from an increase in Federal reserve credit, all of which was supplied through the purchase of Government securities by the reserve banks; $200,000,000 from a decrease in deposits of foreign central banks with the reserve banks;[1/] and $150,000,000 from a decrease in member bank reserve balances. These figures indicate that the increase in reserve bank credit during the year restored to the member banks somewhat less than the total amount of reserve funds employed in meeting the gold and currency drains, and that the difference was met by the member banks by drawing on their reserve balances to the extent of $150,000,000. Notwithstanding this decrease in reserve balances, however, the member banks on September 7 had excess reserves of over $300,000,000, because their reserve requirements had diminished much more than their reserves, owing to the great reduction in deposits. Decrease in net demand plus time deposits of member banks for

---

1/ Last autumn foreign central banks had $207,000,000 on deposit with the reserve banks; this year the amount is $11,000,000. When the deposits were built up here during the summer of 1931, the effect was similar to that of gold exports, while the subsequent release of these funds was an offset to gold exports, similar in effect to a release of earmarked gold.

the past year approximated $6,000,000,000 and required reserves diminished sufficiently to enable member banks to reduce their reserves by $150,000,000 and still have over $300,000,000 of excess reserves.

A table follows showing factors of demand for reserve bank credit both for the last year and for the three-year period of the depression. If the entire three-year period be considered, the decrease in the monetary gold stock was only $250,000,000, since during the first two years of the depression there was a growth in the stock of gold that was exceeded by the loss during the

RESERVE BANK CREDIT AND PRINCIPAL FACTORS IN CHANGES
(In millions of dollars)

	Sept. 7, 1932	Change from --	
		A year ago	Three years ago
Reserve bank credit	2,319	+ 1,103	+ 905
Monetary gold stock	4,105	- 895	- 259
Money in circulation	5,725	+ 633	+ 934
Foreign deposits at reserve banks	11	- 196	+ 4
Member bank reserve balances	2,142	- 148	- 218
Excess reserves	323	+ 253	+ 288

past year by this amount. When this three-year period is considered as a whole, the growth in reserve bank credit of about $900,000,000 has been approximately equal to the growth in money in circulation, which represents primarily hoarding, while the decrease in member bank reserves has been approximately equal to the decline in the stock of gold. During this period member bank indebtedness diminished by $550,000,000 and the reserve banks' holdings of bills by $190,000,000, while security holdings of the reserve banks increased by $1,700,000,000. It would appear, therefore, that funds arising from security purchases of the reserve banks since the depression began have been used to the extent of $750,000,000 in the reduction of the reserve banks' holdings of discounted and purchased bills and to the extent of $950,000,000 in meeting the increased demand for currency.

From the point of view of appraising the effects of Federal reserve credit policy since the autumn of 1929, the significant fact is that at a time of abnormal demands for gold from abroad and for currency at home open-market purchases by the reserve banks have enabled the member banks to meet these demands and at the same time to reduce their indebtedness to the reserve banks from the high level prevailing in the autumn of 1929, as well as to build up a considerable volume of excess reserves. All of these developments have been in the direction of easing credit conditions and, therefore, of facilitating for the member banks the financing of business recovery.

Change in direction of gold flow

Improvement in financial conditions has become pronounced in recent months. Since the middle of June, when the large outflow of gold came to an end, there has been a return of gold amounting to about $200,000,000, shown by countries below:

ADDITIONS TO UNITED STATES GOLD STOCK:
JUNE 16 TO SEPTEMBER 14, 1932 1/

(In thousands of dollars)

	Total	$ 219,250
From:	France	108,854
	Czechoslovakia	22,519
	China	14,110
	Canada	14,013
	Belgium	10,021
	Mexico	4,451
	Japan	4,197
	England	3,948
	Australia	2,947
	Switzerland	2,032
All other		32,158

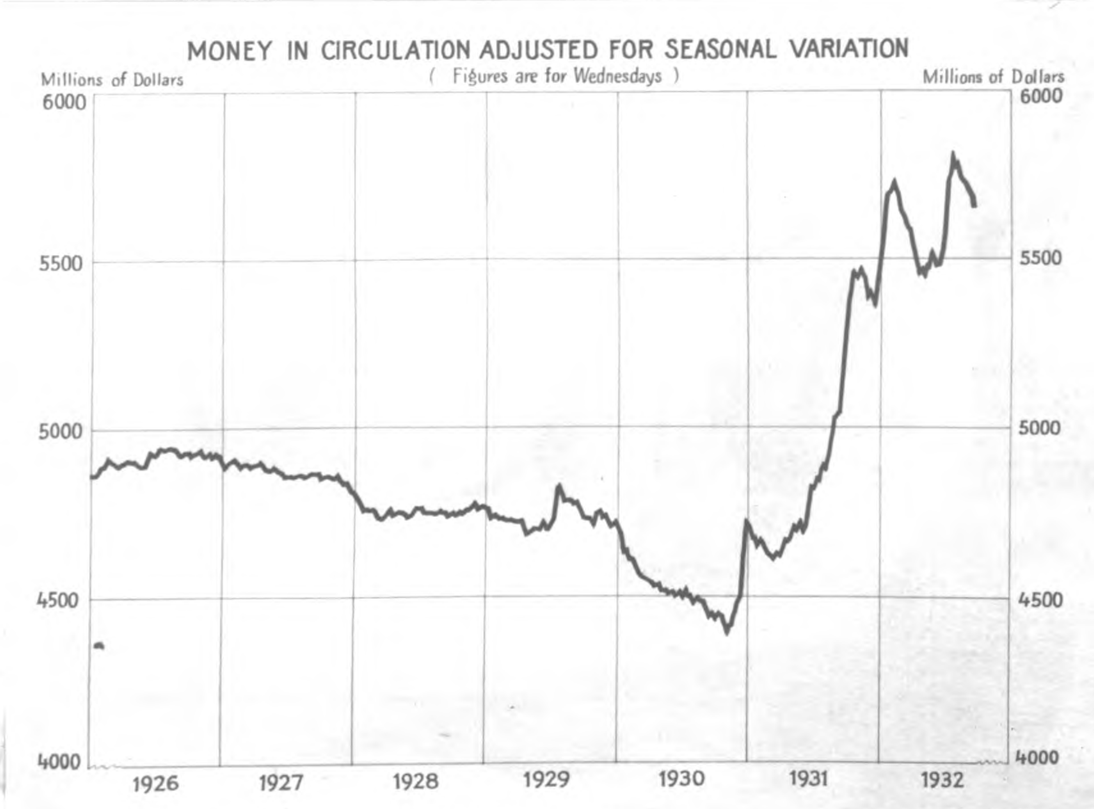
1/ Including net imports and releases from earmark.

The accompanying chart shows the stock of gold in the United States since the removal of the war embargo. The course of gold holdings indicates that whenever there were losses of gold to this country they were followed by an import movement which not only restored the amount lost but

continued for some time beyond that point. That was true of the loss of gold in 1919-1920, which represented accumulations of balances by the Orient and South America during the period of the gold embargo; of the loss in 1925, which represented chiefly takings by the Reichsbank of a part of the proceeds of the Dawes loan in gold; of the loss of $600,000,000 in 1927-1928, following upon an extremely easy money policy in this country and a large volume of foreign loans. The recent inflow of about $200,000,000 of gold, after a loss of about $1,100,000,000, indicates that the forces that tend to bring gold to this country are still at work. Withdrawals from this country have represented repatriation of funds by a few special interests, chiefly central banks, while at other times commercial and financial transactions of this country with the outside world have steadily resulted in an inflow of gold. This inflow is due to the fact that on balance of both visible and invisible items this country receives more from abroad than it pays out; and that as a safe place for keeping funds and as a place to invest funds with a chance of an increase in value this country offers greater opportunities than any other. Confidence in the dollar was temporarily shaken last September and October and again last June, but this lack of confidence has not survived for long the certainty that the financial position of this country is stronger than that of others. It is probable that gold will continue to come to this country, and with the reduction of foreign balances to a level probably below actual needs, there is nothing on the horizon to indicate a possibility of large-scale gold exports.

Decrease of hoarding

Another item of improvement has been the return flow of currency from hoarding. A chart showing the amount of money in circulation, adjusted for seasonal variation, is attached. The rise in money in circulation



from the autumn of 1930 to this summer, with seasonal influences eliminated, amounted to something like $1,500,000,000, notwithstanding a decrease in the volume of business and in the level of prices. Much of this currency went into hoards, although an indeterminable amount represents increased need for cash by communities that are deprived of banking services, and an increased use of cash resulting from charges for small accounts and from the tax on checks. The increase in hoarding has not been continuous. There was an improvement in the early part of 1931 and again in the late part of that year after the President's program of reconstruction was announced. A large return flow, amounting to about $250,000,000, began last February when the Reconstruction Finance Corporation got under way. But this summer the heavy loss of gold and banking disturbances in Chicago and elsewhere once more led to a crisis of confidence, so that hoarding increased again and reached a maximum in the third week in July. Since that time there has been a decrease of about $175,000,000 in the estimated amount of hoarded money.

Decrease of bank failures

The recent return flow from hoards has accompanied a definite decline in the number of bank failures. From an average of 36 a week during the first three weeks of July the number of bank failures has gradually declined, and for the last week for which figures are available the number of banks that failed was 12. The decrease in bank failures from about 75 per week last January represents the effects of the work of the Reconstruction Finance Corporation, as well as of agreements in numerous localities between banks and depositors to refrain from rapid withdrawals. Liberal policies pursued by the Comptroller of the Currency and State banking authorities in permitting banks to carry their portfolios at better prices than current market quotations also have been a factor. The decline in bank failures, therefore, is in part based on conditions that are temporary in nature. Whether the decline will be permanent depends on whether a genuine improvement in underlying conditions will develop. The rise in bond values is one such condition which has already occurred. The advance in commodity prices, scattered widely over different classes of commodities, is another such element. The banks are not yet out of the woods, but there appears to be the possibility of consolidating the gains that have been achieved and of substituting permanent elements for the temporary devices that have been keeping the banks afloat.

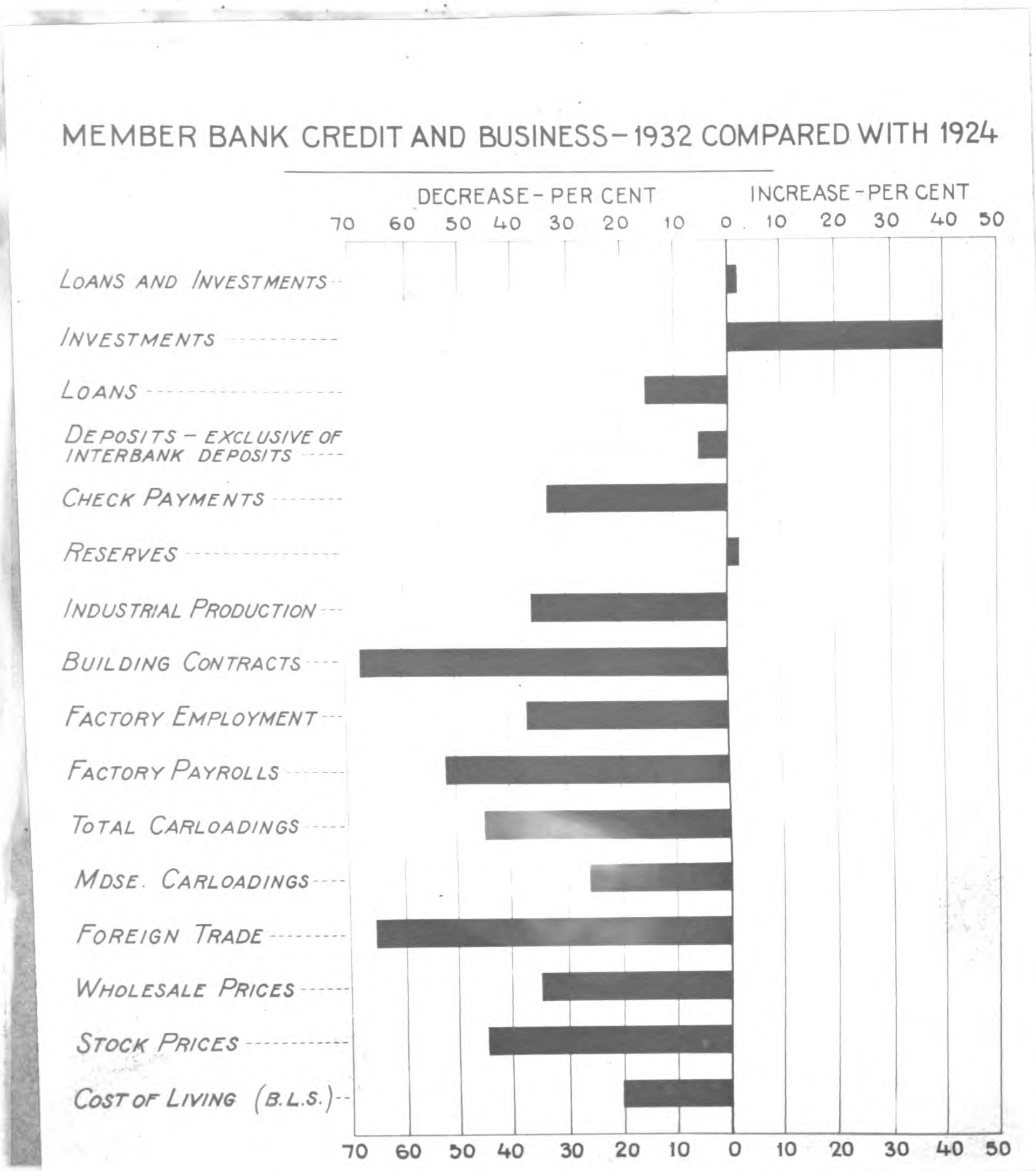
Lag in business and volume of credit

There are, however, a number of elements in the business and credit situation which so far have not shown marked improvement. Industrial activity, after the largest decline in the history of the country--from 125 per cent of the 1923-1925 average in June, 1929 to 58 per cent in July, 1932--advanced by about 2 points in August, reflecting chiefly substantial increases in the textile industries. Sales of textile products to distributors increased sharply in July and August, accompanying price increases for raw materials, and production in the woolen, silk, cotton, and rayon industries increased considerably from the unusually low levels prevailing in the spring. Reports indicate that there was an upswing in shoe production in August, but that it was only of a seasonal character. In the automobile industry a further decline in output was reported and in the steel and lumber industries output in August showed none of the usual seasonal increase. In the first half of September activity at steel mills increased slightly. In the building industry changes in the total value of contracts have been largely of a seasonal character since early in the year, reflecting some further decline in residential building offset by an increase in public works. During August the volume of freight traffic handled by the railroads showed a seasonal increase, which is in contrast to this period last year. In July the number of employees at factories, coal mines, and on the railroads was smaller than in earlier months of the year. Figures on employment in August are not yet available for the United States as a whole, but reports on factory employment in New York State show a greater than seasonal increase in that state during the month.

Indecisive progress in business activity has been paralleled by a lack of marked growth in bank credit. Bank loans have continued to decline, though there has been some increase in bank investments. Total loans and investments of banks in leading cities show a rise from the low point reached on July 20, the increase being entirely at banks in New York City. The decline of bank deposits has been arrested and of late there has been some increase in deposits, reflecting chiefly an increase in balances held by banks with other banks and, therefore, not reflecting a growth in loans and investments.

Comparison with 1924

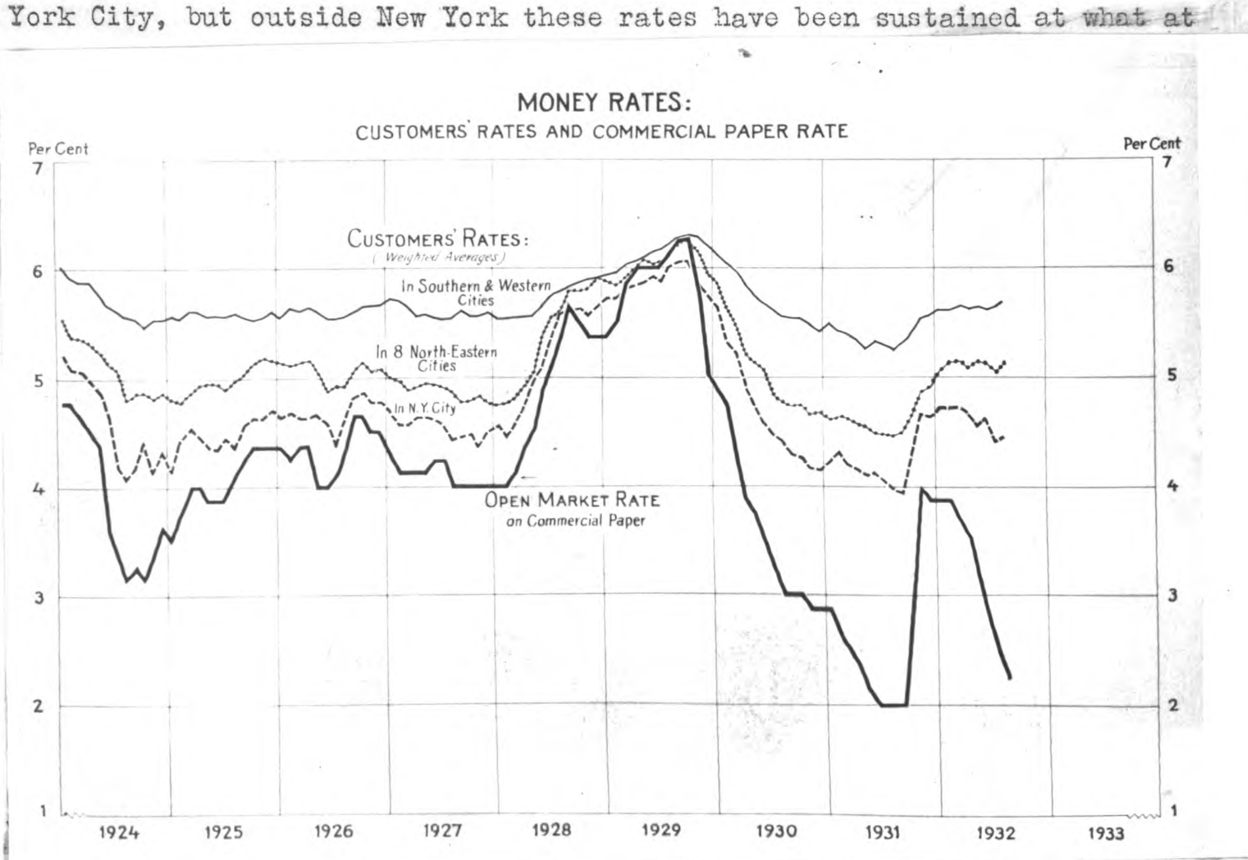
Notwithstanding the great decline in bank credit during the past two years, the volume of member bank loans and investments at this time is about the same as eight years ago in 1924, while practically all the other elements in the economic picture show a drastic reduction since that time. This is brought out by the following chart:



It is apparent from this comparison that the total outstanding volume of bank credit is adequate for the present needs of business and for financing a considerable recovery. It is the inactivity of credit, as shown by low velocity of turnover, that reflects the extreme low level of business activity and the unsatisfactory functioning of the credit machinery.

Money rates

Member banks in the financial centers have been out of debt to the Federal reserve banks for a number of months and indebtedness of banks in other leading cities and outside has been declining in recent weeks. In addition, member banks have had a large volume of excess reserves. The reserve position of member banks, therefore, has been such as to offer no obstacles to business recovery. Money rates have been low, particularly in the open market. Rates charged to customers have also shown some decline in New York City, but outside New York these rates have been sustained at what at



the present time appears to be a high level--above 5 per cent in eight cities in the North and East, and above 5 1/2 per cent in the Southern and Western cities. These high levels of customer rates should be viewed in connection with the many reports received by the reserve system indicating inability of many business enterprises to obtain credit for legitimate needs. A chart on customer rates compared with open-market rates is attached.

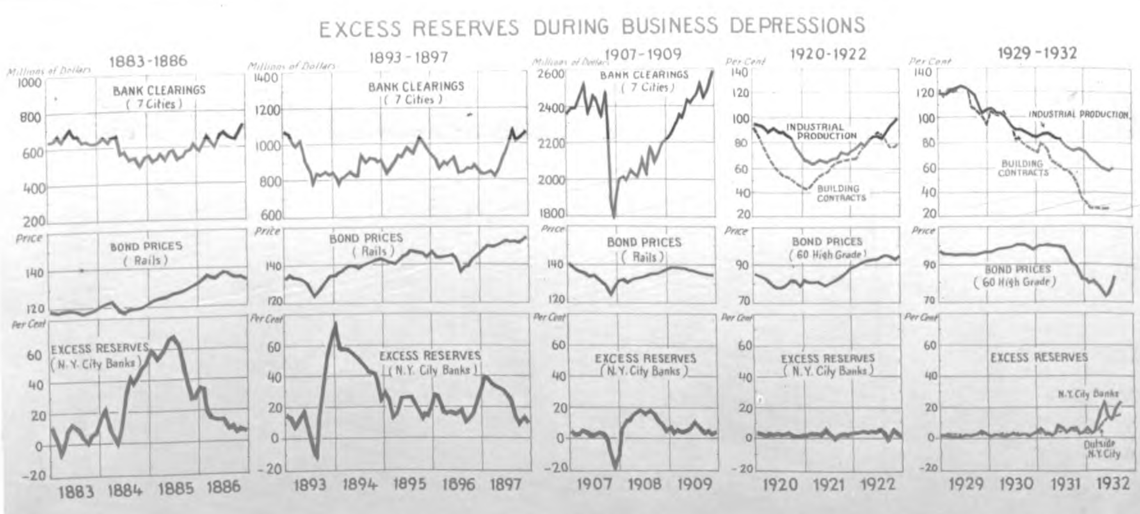
Sources of reserve funds

Viewing the situation from the point of view of immediate developments that are likely to affect member bank reserves, there are at present three sources of reserve bank funds available to member banks independent of additional use of Federal reserve credit. These sources are: gold imports, return flow of currency from circulation, and issue of national bank notes. From these three sources member banks have derived more than $300,000,000 of reserves since the beginning of July. Gold imports are likely to continue, the issuance of additional national bank notes is also likely to continue on a moderate scale, and it is to be hoped that the flow of currency from hoards will not be interrupted. It is possible, however, that the seasonal demand for currency between now and the end of the year will absorb a large part of the money released from hoards. The situation, therefore, is one in which in the immediate future the reserves of member banks are likely to be fed by moderate amounts of gold imported from abroad and by issues of national bank notes. These reserves are likely at first to accumulate as excess reserves, although some diminution of member bank indebtedness, which is about $400,000,000, may also be expected. It would seem probable from the evidence at hand that in the absence of any action by the Federal reserve banks member banks in the next few months will have excess reserves of not less than $350,000,000, tending to increase from week to week.

Excess reserves in times of depression

Accumulation of excess reserves by commercial banks, particularly in New York City, has been usual during periods of business depression in the United States, with the exception of the depression of 1920-21, when liquidation of indebtedness to the reserve banks absorbed the funds derived from the return flow of currency and from gold imports.

A chart is inserted showing the relation of excess reserves to the course of business in times of depression. It shows for the pre-war depressions of 1884-85, 1893-94, and 1908, excess reserves of clearing house banks in New York City, the course of bond prices, and the course of bank clearings in seven cities outside New York. For the post-war depressions of 1920-21 and 1930-32 the chart shows excess reserves, bond prices, industrial production, and building contracts.



In the depression of 1884-85 and again in 1893-94 banks in New York City accumulated reserves that were 60 per cent above requirements and in 1908 the excess amounted to 20 per cent for several months. The excess reserves of 22 per cent held by New York City banks at the present time and of 15 per cent held by banks outside New York City are not unusually large in comparison with reserves held during pre-war depressions.

Before the establishment of the reserve system, however, bank reserves functioned in a different way. In the depression years at that time New York banks, which performed the functions of central banks for the country, could not obtain funds in any considerable amount from outside sources, and when the panic was over they had no indebtedness to repay. Consequently, imports of gold and the return of currency as business activity declined both went to increase the banks' reserves. They accumulated very large excess reserves for brief periods, and as financial markets and business became more active, these reserves were quickly drawn down. With the reserve system in operation the periods of expansion that have preceded depressions have caused a growth in member bank indebtedness, so that when funds began to flow to the banks because of diminished demand, as was the case in 1921, they were absorbed in the reduction of indebtedness to the reserve banks. In the present depression there was no return flow of funds, however, because of gold exports and hoarding. In these circumstances the funds both for the reduction of indebtedness and for the accumulation of excess reserves were made available to the member banks through open-market purchases by the reserve banks.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date September 16, 1932

To Governor Meyer

Subject: Demand for currency

From Mr. Thompson D.T.

244

FILE

244.211

Depression Statistics

E. M.

2—8495

During the first two weeks of September there was a reduction in "hoarding" of $50,000,000, bringing the net decline since the peak of July 20 to $174,000,000. The reduction during September was general in all parts of the country except in the Kansas City district.

The holiday increase in demand for currency during the early part of the month -- from August 31 to September 6 -- amounted to less than $60,000,000, whereas in the past it has averaged more than $80,000,000. The succeeding decrease in demand from September 6 to September 14 amounted to $80,000,000 as against an expected return flow of currency of $48,000,000.

The decline in circulation after Labor Day at first was of greater than seasonal proportions; but on Tuesday and Wednesday of this week, with the approach of the middle of the month, the return flow while still substantial did not quite come up to seasonal expectations. This experience is somewhat similar to that of last month and probably reflects the influence on currency demand of the tax on checks, which would be particularly noticeable around the middle and end of each month when wage and salary payments and settlement of small accounts are likely to be heaviest. Daily changes during the first two weeks of September in demand for currency adjusted for seasonal variations are shown in the following table:

For CIRCULATION
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr. Pole
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.

<u>Demand for currency adjusted for seasonal variations</u>
(In millions of dollars)

September 1	- 4	September 9	-16
2	- 9	10	- 5
3	- 2	12	- 5
6	- 3	13	+ 2
7	- 4	14	+ 6
8	-10		
		Total	-50

United States Gold Coin

The return of gold coin from domestic hoards, particularly in New York, continues. Figures for recent weeks follow:

Changes in domestic demand for United States gold coin
(In millions of dollars)

Week ending Wednesday	United States	New York District
August 31	- 1.5	- 1.2
September 7	- 1.1	- 1.0
14	- 1.3	- 0.7

New National Bank Notes

The rate of issue of new national bank notes does not seem to be increasing. New issues during the two weeks ending September 14 were at the rate of $2,000,000 per day, or about the same as in August. Total new issues since July 22 and up to the close of business on September 14 amounted to $77,313,000, of which 61 per cent was taken by 19 large banks in 16 cities. Issues by Federal reserve districts from July 22 to September 14, inclusive, are shown in the following table:

New National Bank Notes issued against bonds from July 22 to August 31, 1932, inclusive

Federal reserve district	Amount (in thousands)	Federal reserve district	Amount (in thousands)
Boston	$1,607	Chicago	$10,053
New York	12,770	St. Louis	1,501
Philadelphia	5,418	Minneapolis	1,404
Cleveland	3,643	Kansas City	5,898
Richmond	1,678	Dallas	2,193
Atlanta	2,691	San Francisco	28,457
		Total	$77,313

3

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD FILE

Date September 13, 1932

To Governor Meyer

Subject: ~~244~~

From Mr. Goldenweiser

FILE

244.211
Depression Statistics

GPO 2—8495

E. M.
9/12/32

For CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
~~Mr. Pole~~
~~Mr. Harrison~~
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - Initial and return to GOVERNOR.

This memorandum on bond prices up to the end of last June, by classes, may interest you as emphasizing the low level from which the present recovery starts.

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date September 12, 1932

To Mr. Goldenweiser

Subject: Recent Bond Prices

From Mr. Terborgh

244.211

Depression Statistics

2--8495

In connection with a study of the yields of listed bonds, I had occasion to tabulate, by price ranges, the quotations as of June 30 for domestic rail, utility, and industrial bonds listed on the New York Stock Exchange. The results are shown in the following table, together with a comparable tabulation of the prices of unlisted real estate bonds quoted for July 31 by the American Bond Quotation Service. Bid or sale prices were used in all cases. The tabulation covers 510 rails, 180 utilities, 260 industrials, and 500 real estate bonds.

Distribution of Bonds by Price Ranges

(In percentages of the total)

	Rail	Utility	Industrial	Real Estate
Under $10	5.5	...	10.4	20.8
$10 - $19	9.4	5.0	10.4	30.2
$20 - $29	11.4	2.2	11.9	16.0
$30 - $39	11.2	3.9	7.3	10.6
$40 - $49	7.8	4.4	7.7	8.0
$50 - $59	11.4	8.3	13.1	3.4
$60 - $69	12.7	8.3	14.6	4.0
$70 - $79	13.5	9.5	6.9	2.4
$80 - $89	10.2	9.5	5.4	3.4
$90 - $99	4.9	25.0	6.9	1.2
$100 and over	2.0	23.9	5.4	...
Total	100.0	100.0	100.0	100.0
Simple average price	$50.95	$77.80	$49.00	$25.75

The quotations used for this study were applicable to a market which had risen considerably from the low point reached about June 1. The most striking feature of the picture is the complete demoralization of the market for real estate obligations. Over half of the issues tabulated were quoted under $20.00. Less than 15 per cent were priced above $50.00. This condition prevailed despite the generally short maturities (averaging 5 or 6 years) and the high coupons (averaging 6.25 per cent). Only less impressive is the relatively high level shown by the utility bonds, almost half of which were priced at $90.00 or over. Rails and industrials had sunk to roughly the same price level, though, of course, the longer maturities and lower coupons of the rails made their average yield considerably less than that of the industrials.

It should be pointed out that in a market as badly shattered as this the bid and asked prices are often far apart. A distribution by asked prices would improve the picture without essentially altering it.

September 9, 1932

Mr. Goldenweiser

Mr. Terborgh

Recent Changes in the Purchasing Power of the Dollar

The following table shows for securities and for certain leading commodities the dates of recent market lows, prices at the lows, present prices (September 8), and the present purchasing power of the dollar over each item in comparison with its purchasing power at the low.

Depression Statistics

	Date of recent low	Low price	Price on September 8	Present purchasing power of dollar
Stocks 1/				
50 industrials	June 30	2/35.1	2/69.5	$.51
20 rails	June 28	13.2	37.7	.35
20 utilities	June 1	51.8	107.4	.48
90 combined	July 8	35.0	71.2	.49
Bonds 1/				
20 industrials	July 1	3/$53.2	3/$69.7	.76
20 rails	June 1	47.4	72.9	.65
20 utilities	June 1	70.8	85.8	.83
60 combined	June 1	57.5	76.1	.76
Commodities 4/				
1. Wheat, bu	July 19	.4900	.5688	.86
2. Cotton, lb	June 9	.0476	.0768	.62
3. Corn, bu	June 6	.2925	.3250	.90
4. Steers, lb	May 13	.0500	.0625	.80
5. Hogs, lb	May 28	.0315	.0445	.71
6. Sugar, lb	June 2	.0257	.0315	.82
7. Coffee, lb 3	May 2	.0975	.1425	.68
8. Copper, lb	Aug. 1	.0513	.0625	.82
9. Silver, oz	July 6	.2613	.2838	.92
10. Lead, lb	July 26	.0265	.0360	.74
11. Zinc, lb	May 17	.0230	.0340	.68
12. Tin, lb	June 9	.1863	.2563	.73
13. Rubber, lb	June 29	.0256	.0431	.59
14. Silk, lb	May 2	1.1300	1.9500	.58

1/ Stock and bond price indexes are those of the Standard Statistics Company.

2/ Figures shown are index numbers (1926 = 100), not averages of actual prices.

3/ These are average prices per $100 bond, computed from yield averages.

From 345 Library

4/ The following notes on the commodity quotations are applicable to the corresponding numbers in the table. Data are general based on closing quotations. Where the latter cover a range, as in livestock prices, the lowest quotation is used. Spot prices only.

1. No. 1 dark northern spring, Minneapolis.
2. Middling; average of 10 spot markets.
3. No. 3 yellow, Chicago.
4. Medium, 900-1100 lbs., Chicago.
5. Good to choice, 200-250 lbs., Chicago.
6. Raw, New York.
7. Santos, No. 4, New York.
8. Elec., del. Connecticut Valley.
9. New York.
10. New York.
11. St. Louis
12. Straits, New York.
13. Plantation, ribbed smoked sheets, New York.
14. Crack double extra 13/15, New York.

27

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

+

Date September 2, 1932

To Governor Meyer

E. M.

Subject: Demand for Currency

From Mr. Thompson D. T.

FILE

244.211

Depression Statistics

2-8495

EIP

Demand for currency increased by $7,000,000 during the week ending August 31, 1932. The increase was considerably less than seasonal and our estimate of hoarding shows a decline for the week of $25,000,000, bringing the total reduction since the peak of July 20 to $124,000,000. Practically all districts showed a reduction in hoarding except the San Francisco district, where hoarding is estimated to have increased by $1,000,000.

Hoarding declined from August 24 to August 29 but increased on August 30 and 31. Daily changes during the week ending August 31 in the demand for currency adjusted for seasonal variations are shown in the following table:

FOR CIRCULATION:
Mr. Hamlin
Mr. James
Mr. Magee
Mr. Miller
Mr. Pole
Mr. Harrison
Mr. Morrill
Mr. McClelland
Mr. Wyatt
Mr.
Mr.

Please note - initial and return to GOVERNOR.
SEP 3 1932
OFFICE OF THE GOVERNOR FEDERAL RESERVE BOARD

Demand for Currency Adjusted for Seasonal Variations

(In millions of dollars)

August 25	- 16
26	- 15
27	- 5
29	- 4
30	+ 3
31	+ 12

The increase toward the month-end shown by these figures may have been due in part to the tax on checks, but in the main it appears to have reflected a real withdrawal of cash arising from disturbed banking conditions in the San Francisco district, which culminated in the suspension in Idaho and Oregon on August 31 of ten banks with deposits of $10,000,000.

Gold Coin

Gold coin continues to return from hoards, the return flow being greatest in the New York district. Figures for recent weeks follow:

Changes in Domestic Demand for U. S. Gold Coin

(In millions of dollars)

Week ending Wednesday	United States	New York district
August 17	- 1.8	- 1.4
24	- 1.4	- 1.0
31	- 1.5	- 1.2

New National Bank Notes

The rate of issue of new national bank notes against bonds is accelerating. During the week of August 10 issues were at the rate of about $1,000,000 per day; during the weeks ending August 17 and August 24 issues were at the rate of about $2,000,000 per day; during the week of August 31 issues were at a rate in excess of $3,000,000 per day. Total issues of new national bank notes against bonds since July 22 and up to the close of business on August 31 amounted to $53,000,000, of which nearly half went to banks in the San Francisco district.

The distribution of new issues by districts since the passage of the Federal Home Loan Bank Bill is shown in the table below. These figures include some issues on the old 2 per cent bonds.

New National Bank Notes Issued Against Bonds
from July 22 to August 31, 1932, Inclusive

Federal reserve district	Amount (In thousands of dollars)
Boston	$1,124
New York	9,284
Philadelphia	3,261
Cleveland	2,691
Richmond	1,306
Atlanta	1,826
Chicago	4,893
St. Louis	1,039
Minneapolis	727
Kansas City	1,880
Dallas	1,038
San Francisco	24,272
Total	$53,340