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FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

DIVISION OF REPORTS AND STATISTICS

April 6, 1917.

Dear Sir:

Enclosed herewith please find copy of computation made by our Statistical Division showing the maximum note-issue and gold-lending powers of the Federal reserve banks as at close of business on March 23, 1917.

You will note that in arriving at the totals, uniform account was taken of all eligible paper and Federal reserve notes on hand. From the total amount of paper held were deducted \$3,391,000 of collateral notes and \$778,000 of trade acceptances without endorsement of member banks, neither of which are available as collateral for the issuance of Federal reserve notes. Furthermore, it was assumed that of the total eligible paper held, as well as likely to be held, in the case of each Federal reserve bank, 5 per cent was not available as collateral with Federal reserve agents for the issuance of notes, and on line 11-1/2 the additional Federal reserve note issue power of the banks has been reduced accordingly.

This assumption, of course, is merely for purposes of illustration. It is realized that these percentages will vary by banks according to the relative proportions of paper payable at banks located in the Federal reserve city and outside that city.

No account was taken of the 8 millions of Federal reserve bank notes on hand or of about 18 millions of United States bonds with circulation privilege owned, which may be used as basis for additional issues of bank notes, increasing thereby the total issue power of the banks by about \$23,750,000 net.

It was also assumed that in case large issues of Federal reserve notes become necessary, the banks will discontinue the discounting of member banks' collateral notes and the purchase of trade acceptances without the endorsement of member banks.

Respectfully,

Secretary.