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STATEMENT FOR THE PRESS

December 28, 1918.

FEDERAL RESERVE BANKING IN 1918.

A general outline of development in the field of Federal Reserve banking during the calendar year 1918 is presented by the Federal Reserve Board's weekly statement of condition of the Reserve Banks on the last Friday in 1918 and 1917.

War service in the fiscal field involving close cooperation with the Government in floating the Liberty loans, including concentration and disbursement of funds for and on account of the Government, became the leading activity of the Banks during the year, overshadowing to a large extent their purely commercial functions. As fiscal agents for the Government the Reserve Banks received subscriptions through member and non-member banks and bankers to the third and fourth Liberty Loans of 4,159 and 6,955 millions, besides placing 15 issues of Treasury certificates in anticipation of the third, fourth and fifth Liberty loans, representing a total of 8,781 millions and 7 issues of certificates aggregating 1,884 millions issued in anticipation of tax payments.

By far the larger portion of the funds collected for the Government was disbursed in New York City and this necessitated continuous transfers of funds from the interior through the use of the Gold Settlement Fund. After disbursement the greater part of these funds found their way back to the various sections of the country, again largely through the credit machinery of the Federal Reserve System, without actual shipment of currency.

Not less important was the work of the Reserve Banks in financing their members in connection with the several war loan operations of the Government. It is this part of their work which is mainly reflected in the adjoining statement, primarily through the large growth of the Reserve Banks' holdings of so-called war paper, i.e., bills secured by Liberty bonds and Treasury certificates. As a matter of fact, of the total increase for the year of 1,250 millions in earning assets, 1,117 millions is represented by the increase in the holdings of war paper. Amounts of other discounts on hand at the close of the present year (commercial paper proper) after the usual seasonal fluctuations vary but little from corresponding totals shown the year before. Acceptances on hand were largest in volume about the end of October, when nearly 400 millions were reported. Since then these offerings have somewhat slackened and the total holdings reported at the close of the year 304 millions are about 28 millions in excess of the total shown for December 28, 1917.

During the year the Banks' holdings of U. S. bonds show a reduction by about 20 millions, partly through the redemption by the Government of 3% bonds due during the year, also through the disposal of Liberty bonds held temporarily for the accommodation of member and non-member banks. An increase of 224 millions in the holdings of Government short-term securities represents primarily a total of 162 millions of Treasury certificates to cover temporary advances to the Government held at present by 1 bank pending the collection of funds from depositary institutions, and to a lesser extent inv estments in 1-year 2 per cent certificates to secure Federal Reserve bank notes. Total earning assets of the Banks increased during the year from 1,068 to 2,318 millions, or 117 per cent. Of the latter total, discounts constitute 73.5 per cent as against 63.7 per cent at the end of 1917; acceptances 13.1 per cent as against 25.8 per cent, and U. S. securities 13.4 per cent, as against 10 per cent at the close of 1917.

Concentration of the country's monetary stock of gold at the Reserve Banks continued during the year with the result that the Federal Reserve Banks hold at present 2,090.3 millions of gold as against 1,671.1 millions on the last Friday in 1917, their present holdings being over two-thirds of the officially estimated monetary stock of gold in the country. A large portion of this gold was obtained in exchange for Federal Reserve notes, the circulation of which increased during the year from 1246.5 to 2,685.2 millions. The latter total constitutes about 70 per cent of the total paper circulation of the country (exclusive of the gold and silver certificates) as against 54 per cent at the close of 1917. Included in the total present paper circulation is a total of 117 millions of Federal Reserve bank notes, which were issued to take the place of standard silver dollars broken up and silver certificates retired from circulation under the Act of April 23, 1918.

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Some indication of the growth of the System is afforded by the comparative figures of paid-in capital, which show an increase of over 10 millions, from $70,442,000 to $80,681,000, representing an increase in the aggregate capital and surplus of member banks of $341,300,000, practically all of which is due to the acquisition of new members during the year. The largest relative gains in capital are shown by the Philadelphia and Chicago Banks, while the largest increases in the number of banks admitted to membership during the year are reported for the Chicago, Dallas and San Francisco districts.

Gross deposits of the Reserve Banks show an increase from 1,771 to 2,312.5 millions, the largest increases under this general head being shown for members' reserve deposits and foreign government credits. Net deposits indicate a much smaller growth, because of the reduction in Government deposits and the larger "float" carried at present by the Reserve Banks.

CONDITION OF MEMBERS BANKS DECEMBER 20, 1918.

Large increases in Government deposits, also substantial gains in holdings of Liberty bonds and loans secured by Government war obligations, accompanied by liquidation in some volume of all other loans and investments are indicated by the Board's weekly statement showing condition on December 20 of 756 member banks in leading cities.

Holdings of Treasury certificates decreased 2.8 millions at all reporting banks, the larger decrease of 18.7 millions reported by the New York City banks being almost entirely offset by increases under this head shown for other central reserve and reserve city banks. United States bonds, other than circulation bonds, show an increase for the week of 32.2 millions, substantial gains being reported by both reserve city and country banks. War paper, ie., loans secured by Government war obligations, increased 8 millions, largely at banks outside reserve cities. All other loans and investments decreased 77.7 millions, net liquidation under this head of 32.2 and 57.8 millions being reported by banks in New York City and in other reserve cities, respectively, while country banks show an increase for the week of 9.7 millions.

The ratio of U.S. war obligations and war paper combined to total loans and investments of all reporting banks works out at 22.7 as against 22.4 per cent the week before. For the central reserve city banks this ratio remains unchanged at 24.5 per cent.

Government deposits show an increase for the week of 219.6 millions, of which 91.4 millions represents the increase at New York City banks and 110.4 millions the increase at banks in other reserve cities. Other demand deposits, net, increased 36.4 millions, the larger gain of 48.8 millions reported by the New York City banks being partially offset by net withdrawals at banks in other reserve cities. Inversely time deposits declined 33.4 millions during the week, 23.3 millions representing withdrawals at other reserve city banks.

Reserve balances with Federal Reserve Banks went up 31.3 millions at New York City banks and 29 millions at all reporting banks, while cash in vault declined 5.1 millions. For all reporting banks the ratio of deposits to investments, mainly because of the large increase in Government deposits, works out at 80.2 per cent as against 78.3 per cent the week before. Likewise this ratio shows a rise from 86.4 to 89.2 per cent for the central reserve city banks. The ratio of combined cash and reserve to deposits declined from 15.4 to 15.3 per cent for all reporting banks, while for central reserve city banks this ratio rose from 16.2 to 16.4 per cent. "Excess reserves" of all reporting banks work out at 105.0 millions, as against 78.1 millions the week before. For the central reserve city banks an increase in this item from 46.6 to 68.1 millions may be noted.

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STATEMENT OF COMBINED RESOURCES AND LIABILITIES OF THE TWELVE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS DECEMBER 27, 1918.

RESOURCES	December 27, 1918		December 20, 1918		December 28, 1917
Gold in vault and in transit	$ 337,365,000		$335,141,000		$499,917,000
Gold settlement fund, F.R.Board	374,758,000		461,369,000		317,520,000
Gold with foreign agencies	5,829,000		5,829,000		52,500,000
Total gold held by banks	717,952,000		802,339,000		869,937,000
Gold with Federal Reserve Agents	1,288,309,000		1,194,228,000		781,851,000
Gold redemption fund	84,013,000		82,421,000		19,345,000
Total gold reserves		2,090,274,000		2,078,988,000	1,671,133,000
Legal tender notes, silver, etc.		55,945,000		54,636,000	49,635,000
Total reserves		2,146,219,000		2,133,624,000	1,720,768,000
Bills discounted: Secured by Govt.war obligations	1,400,371,000		1,299,524,000		(680,706,000
All other	302,567,000		306,778,000		(
Bills bought in open market	303,673,000		340,765,000		275,366,000
Total bills on hand		2,006,611,000		1,947,067,000	956,072,000
U.S.Government long-term securities		28,869,000		28,850,000	48,350,000
U.S.Government short-term securities		282,677,000		325,073,000	58,883,000
All other earning assets		13,000		16,000	4,990,000
Total earning assets		2,318,170,000		2,301,006,000	1,068,295,000
Uncollected items (deduct from gross deposits)		759,608,000		826,831,000	313,043,000
5% Redemption fund against F.R. bank notes		5,988,000		5,880,000	537,000
All other resources		22,005,000		20,793,000	46,000
TOTAL RESOURCES		5,251,990,000		5,288,134,000	3,102,689,000
LIABILITIES					
Capital paid in		80,681,000		80,585,000	70,442,000
Surplus		1,134,000		1,134,000	-
Government deposits	63,367,000		38,693,000		108,213,000
Due to members, reserve account	1,587,318,000		1,642,444,000		1,453,166,000
Collection items	554,823,000		588,755,000		191,689,000
Other deposits, including foreign govt.credits	106,992,000		106,689,000		17,969,000
Total gross deposits		2,312,500,000		2,376,581,000	1,771,037,000
F.R. notes in actual circulation		2,685,244,000		2,663,701,000	1,246,488,000
F.R. bank notes in circulation - net liability		117,122,000		111,909,000	8,000,000
All other liabilities		55,309,000		54,224,000	6,722,000
TOTAL LIABILITIES		5,251,990,000		5,288,134,000	3,102,689,000
Ratio of total reserves to net deposit and F.R. note liabilities combined		50.6%		50.6%	61.8%
Ratio of gold reserves to F.R. notes in actual circulation after setting aside 35% against net deposit liabilities		59.7%		59.7%	

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WEEKLY STATEMENT OF RESOURCES AND LIABILITIES OF EACH OF THE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS DECEMBER 27, 1918.

(In thousands of dollars.)

RESOURCES	Boston	New York	Phila.	Clevel.	Richm.	Atlanta	Chicago	St.Louis.	Minn.	Kans.Cy.	Dallas	San Fran.	Total
Gold in vault and in transit	3,187	256,404	577	13,043	2,334	7,990	23,351	4,296	8,299	145	5,718	12,021	337,365
Gold settlement fund, F.R. Board	42,635	12,440	32,855	44,266	15,097	8,389	111,569	26,997	17,203	34,018	3,615	25,674	374,758
Gold with foreign agencies	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Total gold held by banks	46,230	270,855	33,840	57,834	17,635	16,554	135,736	31,526	25,735	34,454	9,537	38,016	717,952
Gold with Federal Reserve Agents	60,160	294,894	100,918	138,669	64,990	44,012	267,717	63,771	56,112	54,549	22,391	120,126	1,288,309
Gold Redemption Fund	7,610	25,000	7,900	1,002	5,395	6,742	14,719	3,398	4,678	3,597	2,195	1,777	84,013
Total gold reserves	114,000	590,749	142,658	197,505	88,020	67,308	418,172	98,695	86,525	92,600	34,123	159,919	2,090,274
Legal tender notes, silver, etc.	1,168	46,546	898	1,074	214	230	1,670	2,197	119	140	1,230	459	55,945
Total reserves	115,168	637,295	143,556	198,579	88,234	67,538	419,842	100,892	86,644	92,740	35,353	160,378	2,146,219
Bills)Sec.by Govt.war obligations	116,328	610,770	161,417	118,006	66,228	47,960	106,124	49,309	32,143	20,245	19,705	52,136	1,400,371
Discted)All other	13,814	41,605	19,247	10,139	16,646	29,204	54,668	16,268	5,555	36,153	31,229	28,039	302,567
Bills bought in open market	15,944	69,323	3,248	39,276	5,103	12,239	75,068	7,824	20,078	14,403	2,678	38,489	303,673
Total bills on hand	146,086	721,698	183,912	167,421	87,977	89,403	235,860	73,401	57,776	70,801	53,612	118,664	2,006,611
U.S.Gov't. long-term securities	1,105	1,395	1,385	1,085	1,234	552	4,509	1,153	123	8,867	4,000	[illegible],461	2[illegible],869
U.S.Gov't.short-term securities	7,416	202,331	10,034	11,681	4,784	6,066	15,612	6,568	5,163	4,396	3,900	[illegible]4,726	28[illegible],677
All other earning assets	-	-	-	-	-	13	-	-	-	-	-	-	13
Total earning assets	154,607	925,424	195,331	180,187	93,995	96,034	255,981	81,122	63,062	84,064	61,512	126,851	2,318,170
Uncollected items (deduct from gross deposits)	63,191	171,368	86,793	58,640	57,774	38,289	73,055	61,011	16,988	56,786	21,875	53,838	759,608
5% Redemption fund against F.R. bank notes	270	1,646	450	516	311	285	828	286	236	566	312	282	5,988
All other resources	1,520	9,813	1,811	766	1,370	766	1,410	556	207	1,004	948	1,834	22,005
TOTAL RESOURCES	334,756	1,745,546	427,941	438,688	241,684	202,912	751,116	243,867	167,137	235,160	120,000	343,183	5,251,990
LIABILITIES													
Capital paid in	6,688	20,820	7,562	9,055	4,061	3,190	11,128	3,800	2,931	3,659	3,154	4,633	80,681
Surplus	75	649	-	-	116	40	216	-	38	-	-	-	1,134
Government deposits	13,533	5,142	5,021	290	4,438	2,960	8,612	4,660	3,432	5,814	2,116	7,349	63,367
Due to members, reserve account	96,924	682,887	92,955	114,860	52,560	44,091	219,664	57,083	48,487	68,032	32,767	77,008	1,587,318
Collection items	44,569	143,992	76,991	45,440	36,061	22,216	51,564	49,194	8,978	30,566	15,038	30,214	554,823
All other deposits including foreign government credits	-	102,577	-	79	-	39	1,504	171	16	-	-	2,606	106,992
Total gross deposits	155,026	934,598	174,967	160,669	93,059	69,306	281,344	111,108	60,913	104,412	49,921	117,177	2,312,500
F. R. notes in actual circulation	163,205	736,552	233,481	255,486	138,118	122,764	433,775	120,722	97,361	112,510	59,578	211,692	2,685,244
F.R.bank notes in circulation, net liability	5,828	32,725	8,578	9,382	3,879	5,753	17,524	6,128	4,140	11,404	5,539	6,242	117,122
All other liabilities	3,934	20,202	3,353	4,096	2,451	1,859	7,129	2,109	1,754	3,175	1,808	3,439	55,309
TOTAL LIABILITIES	334,756	1,745,546	427,941	438,688	241,684	202,912	751,116	243,867	167,137	235,160	120,000	343,183	5,251,990

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STATEMENT OF FEDERAL RESERVE AGENTS' ACCOUNTS AT CLOSE OF BUSINESS DECEMBER 27, 1918.
(In thousands of dollars.)

	Boston	New York	Phila.	Clevel.	Richm.	Atlanta	Chicago	St.Louis	Minn.	Kans.Cy.	Dallas	San Fran.	Total
FEDERAL RESERVE NOTES:													
Received from Comptroller	238,760	1,261,780	324,420	318,480	194,580	196,240	541,360	161,380	124,480	154,700	99,920	248,920	3,865,020
Returned to Comptroller	55,507	340,843	64,574	34,589	37,205	27,572	47,668	28,473	19,062	27.760	21,568	19,670	724,491
Chargeable to F.R.Agent	183,253	920,937	259,846	283,891	157,375	168,668	493,692	132,907	105,418	126,940	78,352	229,250	3,140,529
In hands of F.R.Agent	13,840	109,800	17,640	18,980	6,220	42,415	40,840	3,300	6,450	7,520	17,920	-	284,925
Issued to F.R. bank less amount returned to F.R.Agent for redemption	169,413	811,137	242,206	264,911	151,155	126,253	452,852	129,607	98,968	119,420	60,432	229,250	2,855,604
COLLATERAL SECURITY FOR OUTSTANDING NOTES:													
Gold coin and certificates on hand	5,000	178,740	-	34,450	-	2,504	-	-	13,052	-	12,581	-	246,327
Gold Redemption Fund	9,160	16,154	13,296	14,219	990	2,738	2,814	2,640	2,260	3,139	3,126	11,365	81,951
Gold Settlement Fund, F.R.Board	46,000	100,000	87,622	90,000	64,000	38,770	264,903	61,131	40,800	51,360	6,684	108,761	960,031
Eligible paper, minimum required	109,253	516,243	141,288	126,242	86,165	82,241	185,135	65,836	42,856	64,871	38,041	109,124	1,567,295
Total	169,413	811,137	242,206	264,911	151,155	126,253	452,852	129,607	98,968	119,420	60,432	229,250	2,855,604
AMOUNT OF ELIGIBLE PAPER DELIVERED TO F.R.AGENT	146,086	721,698	150,926	167,065	86,793	82,769	235,860	71,624	56,293	70,801	53,612	112,830	1,956,357

M E M O R A N D A

FEDERAL RESERVE NOTES OUTSTANDING AND IN ACTUAL CIRCULATION

F. R. notes outstanding	169,413	811,137	242,206	264,911	151,155	126,253	452,852	129,607	98,968	119,420	60,432	229,250	2,855,604
F. R. notes held by bank	6,208	74,585	8,725	9,425	13,037	3,489	19,077	8,885	1,607	8,910	854	17,558	170,360
F.R.notes in actual circulation	163,205	736,552	233,481	255,486	138,118	122,764	433,775	120,722	97,361	112,510	59,578	211,692	2,685,244

DISTRIBUTION OF BILLS, U.S.GOVERNMENT SHORT-TERM SECURITIES, AND WARRANTS BY MATURITIES.

	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Bills discounted and bought	1,254,392	340,022	271,754	113,506	26,937	2,006,611
U.S.Government short-term securities	176,456	1,263	627	1,027	103,324	282,677
Municipal warrants	-	-	10	3	-	13

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STATEMENT SHOWING PRINCIPAL RESOURCE AND LIABILITY ITEMS OF MEMBER BANKS LOCATED IN CENTRAL RESERVE, RESERVE AND OTHER SELECTED CITIES AS AT CLOSE OF BUSINESS DECEMBER 20, 1918.

1. Data for all reporting banks in each district. (In thousands of dollars.)

	Boston	New York	Phila.	Clevel.	Richm.	Atlanta	Chicago	St.Louis	Minn.	Kans.Cy.	Dallas	San Fran.	Total
No. reporting banks	44	107	56	85	81	45	101	32	35	75	45	50	756
U.S.bonds to secure circulation	14,352	50,085	11,492	42,514	24,314	15,465	19,030	17,655	6,419	13,610	17,929	33,975	266,840
Other U.S.bonds, including Liberty bonds	21,888	324,875	74,716	92,338	57,291	43,285	116,033	42,270	12,863	29,973	21,476	34,894	871,902
U.S.certificates of indebtedness	67,407	456,748	52,715	62,870	31,663	38,490	113,147	23,373	14,423	27,263	11,519	57,871	957,489
Total U.S. securities	103,647	831,708	138,923	197,722	113,268	97,240	248,210	83,298	33,705	70,846	50,924	126,740	2,096,231
Loans secured by U.S.bonds, etc.	102,968	691,802	167,457	101,949	43,274	20,090	64,521	25,164	11,107	10,295	7,825	19,840	1,266,292
All other loans and investments	758,216	4,052,923	619,796	947,751	390,951	320,482	1,397,820	371,523	245,703	462,826	181,438	513,703	10,263,132
Reserve balances with F.R. bank	77,733	663,553	63,701	84,203	33,442	28,453	155,297	35,492	23,963	41,935	17,958	48,232	1,273,962
Cash in vault	26,290	137,023	22,291	37,909	18,229	16,474	65,458	13,556	9,294	22,263	12,266	21,599	402,652
Net demand deposits	714,958	4,662,838	634,332	748,856	328,972	233,128	1,151,185	277,546	203,482	393,455	146,462	399,152	9,894,366
Time deposits	97,616	243,014	18,212	227,200	59,578	93,409	387,386	72,833	43,061	59,829	25,928	116,614	1,444,680
Government deposits	60,576	301,245	47,114	56,666	25,695	27,372	37,578	23,713	13,595	20,922	4,993	4,983	624,452

2. Data for banks in each central reserve city, banks in all other reserve cities, and other reporting banks.

	New York		Chicago	St.Louis	Total Cen.Res.Cities		Reserve Cities		Country banks		Total	
	Dec.20	Dec.13	Dec.20	Dec.20	Dec.20	Dec.13	Dec.20	Dec.13	Dec.20	Dec.13	Dec.20	Dec.13
No. reporting banks	65	65	44	14	123	123	467	470	166	166	756	759
U.S.bonds to secure circulation	36,333	36,334	1,119	10,555	48,007	48,008	172,019	172,570	46,814	47,114	266,840	267,692
Other U.S.bonds, including Liberty bonds	272,281	277,548	53,522	31,436	357,239	360,545	425,578	399,319	89,085	79,827	871,902	839,691
U.S.certificates of indebtedness	429,917	448,572	52,454	18,013	500,384	513,848	396,530	386,464	60,575	59,975	957,489	960,287
Total U.S. securities	738,531	762,454	107,095	60,004	905,630	922,401	994,127	958,353	196,474	186,916	2,096,231	2,067,670
Loans secured by U.S.bonds, etc.	635,609	632,437	43,228	19,625	698,462	695,172	484,106	483,915	83,724	79,181	1,266,292	1,258,268
All other loans & investments	3,633,090	3,665,310	858,551	265,035	4,756,676	4,786,296	4,623,963	4,681,758	882,493	872,809	10,263,132	10,340,863
Reserve balances with F.R.bank	627,395	596,079	109,746	26,539	763,680	736,036	447,924	448,130	62,358	58,775	1,273,962	1,244,941
Cash in vault	119,149	113,222	38,783	7,730	165,662	160,063	197,141	207,224	39,849	40,450	402,652	407,737
Net demand deposits	4,272,793	4,223,979	790,708	198,055	5,261,556	5,212,555	3,910,571	3,923,612	722,239	721,760	9,894,366	9,857,927
Time deposits	187,746	194,037	146,714	52,599	387,059	392,954	864,669	887,936	192,952	197,185	1,444,680	1,478,075
Government deposits	277,822	186,375	27,694	19,355	324,871	232,215	254,630	144,263	44,951	28,427	624,452	404,905
Ratio of U.S.war securities and war paper to total loans and investments, per cent	26.7	26.8	14.8	20.0	24.5	24.5	21.4	20.7	20.1	19.2	22.7	22.4

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