

## STATEMENT FOR THE PRESS

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## CHANGES IN CONDITION OF FEDERAL RESERVE BANKS DURING 1927

The principal changes in the condition of the Federal reserve banks between the end of 1926 and 1927, as measured by averages for the month of December of each year, comprise an increase of \$170,000,000 in member bank reserve deposits, reflecting the substantial growth in deposits of member banks; an increase of \$280,000,000 in Government security holdings, partly offset by a decline of \$140,000,000 in holdings of discounted bills; [and a decline of \$60,000,000 in Federal reserve note circulation.] The peak of total bill and security holdings, \$1,640,000,000 on December 24, was \$150,000,000 above the peak reported on December 24 of last year, while member bank reserve deposits were \$180,000,000 larger on December 24 than on the corresponding date in 1926.

Bill and security holdings as usual dropped off sharply at the beginning of the year, accompanying the seasonal return flow of currency, and on January 26 total holdings of bills and securities were \$970,000,000, a reduction of \$520,000,000 from the peak reported five weeks before. In the same period cash reserves increased \$250,000,000, partly as a result of large imports of gold but mostly because of the seasonal return flow of currency, and Federal reserve note circulation declined \$250,000,000. The reduction in holdings of bills and securities in January brought them down to a level about \$90,000,000 below the average for January of the year before. For the next seven months bill and security holdings, with some fluctuations, averaged between \$1,000,000,000 and \$1,040,000,000, but beginning with September there was a steady and rapid increase, with the result that in November bills and securities were about \$60,000,000 higher than the year before and in December about \$130,000,000 higher.

Holdings of discounted bills, which averaged about \$480,000,000 in January 1927 as compared with \$670,000,000 the month before, declined to \$390,000,000 in February and during the following three months increased to \$470,000,000, followed again by a decline to \$410,000,000 in August. In September and October, holdings of discounted bills increased to \$420,000,000, followed by a seasonal increase to \$530,000,000 in December as compared with average holdings of \$670,000,000 in December of the year before. Bills bought in open market declined steadily from an average of \$390,000,000 in December 1926 to \$170,000,000 in August 1927, and increased rapidly thereafter to an average of \$380,000,000 in December, or only about \$10,000,000 less than the year before. Holdings of U. S. Government securities, [except for the usual fluctuations at the March quarterly income-tax payment period,] remained at a level of between \$310,000,000 and \$350,000,000 during the first four months of the year and then declined to an average of \$290,000,000 in May. In June there was an increase of \$100,000,000 in holdings of U. S. securities, followed by a gradual increase to \$500,000,000 in September, \$580,000,000 in November and \$600,000,000 in December, the larger holdings in November and December being due in part to substantial holdings of temporary certificates issued by the Treasury to the Federal reserve banks in connection with the redemption of the Second Liberty Loan.

Federal reserve note circulation declined to \$1,690,000,000 on January 26, 1927, as compared with the seasonal peak of \$1,930,000,000 five weeks before. For the next five months note circulation fluctuated between \$1,700,000,000 and \$1,740,000,000, and then declined to a low seasonal average of \$1,680,000,000 in August. In September and October the average amount of notes in circulation increased about \$50,000,000 and in December an additional \$70,000,000 to \$1,800,000,000 or about \$60,000,000 less than in December 1926. Total cash reserves were \$3,130,000,000 on January 26, 1927, the increase of \$250,000,000 for the five-week period reflecting for the most part the seasonal return flow of currency but also, to a large extent, the substantial imports of gold which took place early in 1927. By May average reserves had risen to \$3,190,000,000, largely as the result of continued imports of gold, but thereafter declined steadily due to gold exports and gold earmarkings for foreign account, and at the end of the year to seasonal currency requirements. In December 1927 cash reserves averaged about \$2,890,000,000, or \$40,000,000 less than the year before.

Member bank reserve balances following a decline during January and February gradually increased throughout the remainder of the year except for a slight recession in July and August, the average for the month of December being \$2,390,000,000 or about \$170,000,000 above the total for December 1926.

RESOURCES AND LIABILITIES  
OF THE TWELVE FEDERAL RESERVE BANKS COMBINED

(In thousands of dollars)

	<u>Dec. 28, 1927</u>	<u>Dec. 21, 1927</u>	<u>Dec. 29, 1926</u>
<b>R E S O U R C E S</b>			
Gold with Federal reserve agents . . . .	1,469,255	1,505,098	1,369,124
Gold redemption fund with U.S. Treasury	<u>54,681</u>	<u>53,925</u>	<u>65,712</u>
Gold held exclusively against F.R. notes	1,523,936	1,559,023	1,434,836
Gold settlement fund with F. R. Board .	595,110	554,358	658,330
Gold and gold certificates held by banks	<u>620,054</u>	<u>628,942</u>	<u>721,645</u>
Total gold reserves . . . . .	2,739,100	2,742,323	2,814,811
Reserves other than gold . . . . .	<u>123,096</u>	<u>115,219</u>	<u>129,404</u>
Total reserves . . . . .	2,862,196	2,857,542	2,944,215
Non-reserve cash . . . . .	69,647	55,211	68,348
Bills discounted:			
Sec. by U.S. Government obligations .	<del>411,824</del> <sup>0.174</sup>	390,830	383,388
Other bills discounted . . . . .	<u>197,385</u> <sup>9.031</sup>	<u>187,326</u>	<u>327,543</u>
Total bills discounted . . . . .	609,209	578,156	710,931
Bills bought in open market . . . . .	385,527	365,772	378,798
U. S. Government securities:			
Bonds . . . . .	<del>287,746</del> <sup>485</sup>	276,390	47,525
Treasury notes . . . . .	<del>62,531</del> <sup>792</sup>	53,907	86,279
Certificates of indebtedness . . . . .	<u>252,849</u>	<u>257,655</u>	<u>183,400</u>
Total U. S. Government securities	603,126	587,952	317,204
Other securities . . . . .	<u>980</u>	<u>980</u>	<u>2,596</u>
Total bills and securities . . . . .	1,598,842	1,532,860	1,409,529
Due from foreign banks . . . . .	568	569	651
Uncollected items . . . . .	728,018	759,246	728,043
Bank premises . . . . .	60,185	60,190	60,273
All other resources . . . . .	<u>14,383</u>	<u>14,462</u>	<u>13,074</u>
TOTAL RESOURCES . . . . .	5,333,839	5,280,080	5,224,133
<b>L I A B I L I T I E S</b>			
F. R. notes in actual circulation . . .	1,813,198	1,821,332	1,857,015
Deposits:			
Member bank - reserve account . . . .	2,431,845	2,394,335	2,264,144
Government . . . . .	16,680	15,425	38,579
Foreign bank . . . . .	4,423	4,338	25,882
Other deposits . . . . .	<u>20,328</u>	<u>19,905</u>	<u>17,133</u>
Total deposits . . . . .	2,473,276	2,434,003	2,345,738
Deferred availability items . . . . .	666,322	644,451	650,096
Capital paid in . . . . .	132,460	132,403	124,824
Surplus . . . . .	228,775	228,775	220,310
All other liabilities . . . . .	<u>19,808</u>	<u>19,116</u>	<u>26,150</u>
TOTAL LIABILITIES . . . . .	5,333,839	5,280,080	5,224,133
Ratio of total reserves to deposit and F. R. note liabilities combined . . .	66.8%	67.2%	70.1%
Contingent liability on bills purchased for foreign correspondents . . . . .	226,904	223,870	55,857

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# RESOURCES

## RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS ON DECEMBER 28, 1927. (In thousands of dollars)

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	Total	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.
Gold with Federal Reserve Agents	1,469,255	128,096	225,067	109,211	179,339	32,318	144,817	247,767	41,896	48,729	59,246	34,569	218,200
Gold redemption fund with U.S. Treas.	54,681	7,841	17,941	4,959	4,222	3,505	1,646	4,582	1,673	2,532	2,136	1,436	2,208
<u>Gold held exclusively against</u>													
<u>F. R. notes</u>	1,523,936	135,937	243,008	114,170	183,561	35,823	146,463	252,349	43,569	51,261	61,382	36,005	220,408
Gold settlement fund with F.R. Board	595,110	11,163	225,513	28,305	53,875	20,353	10,045	118,007	23,207	18,186	28,657	16,623	41,176
Gold and gold certif. held by banks	620,054	36,283	393,607	24,240	36,800	9,386	7,293	52,640	10,655	4,788	6,334	7,279	30,744
<u>Total gold reserves</u>	2,739,100	183,388	862,128	166,715	274,236	65,562	163,801	422,996	77,431	74,235	96,373	59,907	292,328
Reserves other than gold	123,096	12,499	22,191	5,799	10,666	6,359	11,376	15,555	12,680	3,750	5,444	8,922	7,855
<u>Total reserves</u>	2,862,196	195,887	884,319	172,514	284,902	71,921	175,177	438,551	90,111	77,985	101,817	68,829	300,183
Non-reserve cash	69,647	8,071	21,009	1,293	4,911	6,176	4,522	7,861	4,303	1,226	2,827	2,770	4,678
Bills discounted:													
Secured by U.S. Govt. obligations	411,824	21,361	197,994	43,325	58,145	9,022	9,482	37,909	12,476	484	9,230	1,991	10,405
Other bills discounted	197,385	19,602	65,493	12,504	12,427	19,614	23,203	23,850	7,109	1,750	6,690	590	4,553
<u>Total bills discounted</u>	609,209	40,963	263,487	55,829	70,572	28,636	32,685	61,759	19,585	2,234	15,920	2,581	14,958
Bills bought in open market	385,527	48,738	95,931	42,279	19,794	48,352	2,251	64,109	4,959	17,872	8,072	22,685	10,485
U. S. Government securities:													
Bonds	287,746	15,173	63,120	17,433	35,028	6,225	5,988	48,904	18,869	11,678	21,222	18,100	26,006
Treasury notes	62,531	2,464	16,890	6,398	8,974	713	893	6,825	7,433	4,411	2,723	2,494	2,313
Certificates of indebtedness	252,849	17,479	88,669	21,833	17,509	5,514	6,692	32,229	11,861	7,811	14,397	11,099	17,756
<u>Total U.S. Govt. securities</u>	603,126	35,116	168,679	45,664	61,511	12,452	13,573	87,958	38,163	23,900	38,342	31,693	46,075
Other securities	980	-	-	100	-	-	260	-	-	620	-	-	-
<u>Total bills and securities</u>	1,598,842	124,817	528,097	143,872	151,877	89,440	48,769	213,826	62,707	44,626	62,334	56,959	71,518
Due from foreign banks	568	37	215	47	52	25	20	67	21	15	18	17	34
Uncollected items	728,018	68,407	192,263	61,223	69,233	56,839	29,743	79,728	38,207	16,323	42,338	29,564	44,150
Bank premises	60,185	3,946	16,297	1,749	7,119	2,843	2,908	8,774	3,957	2,774	4,476	1,827	3,515
All other resources	14,383	91	5,899	212	1,320	434	1,336	1,289	746	1,236	451	492	877
<b>TOTAL RESOURCES</b>	<b>5,333,839</b>	<b>401,256</b>	<b>1,648,099</b>	<b>380,910</b>	<b>519,414</b>	<b>227,678</b>	<b>262,475</b>	<b>750,096</b>	<b>200,052</b>	<b>144,185</b>	<b>214,261</b>	<b>160,458</b>	<b>424,955</b>

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# RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS ON DECEMBER 28, 1927.

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## LIABILITIES

(In thousands of dollars)

	Total	Boston	New York	Phila.	Cleve.	Rich.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.
F.R. notes in actual circulation	1,813,198	151,697	377,204	146,469	225,939	80,263	147,230	271,754	57,536	61,526	68,045	48,789	176,746
Deposits:													
Member bank - reserve account	2,431,845	155,193	983,668	141,483	186,390	73,190	69,620	346,855	86,445	55,712	91,912	68,312	173,065
Government	16,680	1,061	898	1,369	10	698	2,972	2,315	1,424	1,038	1,036	1,266	2,593
Foreign bank	4,423	363	924	465	513	252	198	668	208	145	179	169	339
Other deposits	20,328	188	10,162	297	1,149	207	113	2,088	451	333	655	93	4,592
Total deposits	2,473,276	156,805	995,652	143,614	188,062	74,347	72,903	351,926	88,528	57,228	93,782	69,840	180,589
Deferred availability items	666,322	64,780	168,266	55,329	65,656	53,431	26,697	73,113	37,256	13,846	38,273	28,526	41,149
Capital paid in	132,460	9,412	40,310	13,237	13,979	6,253	5,145	17,965	5,341	3,010	4,234	4,272	9,302
Surplus	228,775	17,606	61,614	21,267	23,746	12,198	9,632	31,881	9,939	7,527	9,029	8,215	16,121
All other liabilities	19,808	956	5,053	994	2,032	1,186	868	3,457	1,452	1,048	898	816	1,048
TOTAL LIABILITIES	5,333,839	401,256	1,648,099	380,910	519,414	227,678	262,475	750,096	200,052	144,185	214,261	160,458	424,955
Reserve ratio (per cent)	66.8	63.5	64.4	59.5	68.8	46.5	79.6	70.3	61.7	65.7	62.9	58.0	84.0
Contingent liability on bills purchased for foreign correspondents	226,904	16,790	65,048	21,491	23,730	11,641	9,179	30,894	9,626	6,716	8,283	7,835	15,671
F.R. notes on hand (notes rec'd from F.R. Agent less notes in circulation)	450,382	45,585	141,833	37,642	30,862	17,424	32,339	54,757	6,834	5,980	10,078	9,850	57,198
FEDERAL RESERVE NOTE ACCOUNTS OF FEDERAL RESERVE AGENTS													
F.R. notes rec'd from Comptroller	3,043,440	249,382	795,517	214,211	296,131	121,646	233,209	483,311	80,940	84,435	113,443	74,371	296,844
F.R. notes held by F. R. Agent	779,860	52,100	276,480	30,100	39,330	23,959	53,640	156,800	16,570	16,929	35,320	15,732	62,900
F.R. notes issued to F.R. Bank	2,263,580	197,282	519,037	184,111	256,801	97,687	179,569	326,511	64,370	67,506	78,123	58,639	233,944
Collateral held as security for F.R. notes issued to F.R. Bank:													
Gold and gold certificates	407,928	35,300	205,150	-	40,000	29,831	18,977	-	7,200	14,167	-	17,303	40,000
Gold redemption fund	106,794	18,796	19,917	11,334	14,339	2,487	8,240	2,767	1,196	1,562	3,386	5,266	17,504
Gold fund - F. R. Board	954,533	74,000	-	97,877	125,000	-	117,600	245,000	33,500	33,000	55,860	12,000	160,696
Eligible paper	938,890	89,701	335,773	75,505	88,496	71,498	34,811	125,687	24,499	19,814	23,891	25,217	23,998
Total collateral	2,408,145	217,797	560,840	184,716	267,835	103,816	179,628	373,454	66,395	68,543	83,137	59,786	242,198

## MATURITY DISTRIBUTION OF BILLS, CERTIFICATES OF INDEBTEDNESS AND MUNICIPAL WARRANTS

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	Over 6 months
Bills discounted	609,209	537,482	18,330	26,892	18,617	6,423	1,465
Bills bought in open market	385,527	172,348	110,201	78,434	23,207	1,337	-
Certificates of indebtedness	252,849	20,851	-	-	153,370	66,013	12,615
Municipal warrants	220	100	120	-	-	-	-

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