



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

April 11, 1974

CONFIDENTIAL (FR)

TO: Federal Open Market Committee

FROM: Arthur L. Broida *ALB*

Enclosed is a copy of the report of examination of the System Open Market Account, made by the Board's Division of Federal Reserve Bank Operations as at the close of business March 8, 1974, and submitted by Mr. McWhirter, Associate Director. An audit of the Account is made in connection with examination of the Federal Reserve Bank of New York, in accordance with long-standing procedures.

It is contemplated that the enclosed report will be discussed at the April meeting of the Committee, under agenda item 3.

CONFIDENTIAL

REPORTS OF EXAMINATION
OF THE
SYSTEM OPEN MARKET ACCOUNT
AND
FOREIGN CURRENCY OPERATIONS
AT THE CLOSE OF BUSINESS
MARCH 8, 1974

Board of Governors of the Federal Reserve System
Washington, D. C.

REPORT OF EXAMINATION
OF THE
SYSTEM OPEN MARKET ACCOUNT
AT THE CLOSE OF BUSINESS
MARCH 8, 1974

Board of Governors of the Federal Reserve System
Washington, D. C.

SYSTEM OPEN MARKET ACCOUNT

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Procedures With Respect to Allocations of the Account



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

April 10, 1974

CONFIDENTIAL (FR)

Mr. Arthur L. Broida
Secretary
Federal Open Market Committee
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Dear Mr. Broida:

An examination of the System Open Market Account was made at the close of business March 8, 1974, in conjunction with our annual examination of the Federal Reserve Bank of New York. This report is submitted for the information of the Federal Open Market Committee in compliance with the Committee's standing request.

SCOPE OF EXAMINATION

The examination, conducted in accordance with generally accepted auditing standards, included: verification of the holdings in the Account; review of transactions for propriety as to authorization and processing; tests of the accounting records, the earnings accounts, and the profits and losses resulting from completed transactions; evaluation of internal controls; review of the scope and

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SCOPE OF EXAMINATION (continued)

frequency of audits made by the resident auditing staff; and other examination procedures as we considered necessary or appropriate.

SUMMARY OF FINDINGS

In our opinion, the accompanying statements (Exhibits A, B, and C) present fairly the financial position of the Account at March 8, 1974, and the results of operations for the periods indicated therein.

During the interval between examinations, allocations of the Account among the twelve Federal Reserve Banks were made in accordance with procedures approved by the Federal Open Market Committee (refer to Attachment).

We determined that transactions in the Account since our previous examination were within the limits prescribed in the pertinent authorizations issued by the Federal Open Market Committee.

Our review of operations at the previous examination, July 27, 1973, disclosed that departmental records, in several instances, did not agree with balances in the general ledger. We reported then that the situation was primarily attributable to clerical errors, a lapse in complying with established procedures designed to prevent such errors, difficulties in getting work to and from the Computer Services Department, and inadequate computer

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SUMMARY OF FINDINGS (continued)

programs. Management's response to the findings in December 1973 and January 1974 stated that in order to correct the unsatisfactory conditions, additional staff members had been employed, new computer programs were being used, new computer equipment was being tested, and that supervisory attention had been improved.

During this examination, we confirmed that a number of improvements have been made since our previous visit. The schedule for the changeover to new computer equipment was accelerated because of continuing problems with the old system. Errors in the issues ledger occurred in mid-December, prior to the implementation of the new system, and were discovered later in the same month. Correcting entries, including those involving participation accounts of other Federal Reserve Banks, were functioned prior to this examination and no out-of-balance conditions existed at the close of business March 8, 1974. In our opinion, the procedures, the internal controls, the supervision of employees, and the audit attention are currently adequate to assure the prevention of errors or rapid detection if such should inadvertently occur.

* * * * *

In the current year to date of examination, operations resulted in net earnings of \$1,028.9 million (Exhibit B) and a net loss of \$2.5 million (Exhibit C) on securities sold.

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The following figures reflect a comparison of net earnings and the net profit from sale and exchange transactions for the year 1973 with corresponding totals for the preceding year. Net profit for 1972 includes \$105 thousand which resulted from advance refunding adjustments by the Treasury on securities exchanged.

	<u>1973</u>	<u>1972</u>	<u>Increase (Decrease)</u>
	(In thousands)		
Net earnings	<u>\$4,859,455</u>	<u>\$3,763,910</u>	<u>\$1,095,545</u>
Net profit (loss) on sale and exchange of securities	<u>\$ (35,403)</u>	<u>\$ 2,986</u>	<u>\$ (38,389)</u>

Detailed statements covering the inventory and appraisal of holdings in the Account and related participations of the respective Reserve Banks are presented in the appended schedules.

Respectfully submitted,

E. Maurice McWhirter

E. Maurice McWhirter
Associate Director
Division of Federal Reserve Bank Operations

Exhibit A

BALANCE SHEET
(In thousands)

At the close of business March 8, 1974

ASSETS

U.S. Government securities at par value (Note A)		
(Schedule I)-		
Treasury Bills	\$36,028,950	
Treasury Notes	38,796,289	
Treasury Bonds	2,973,665	
Agency Issues	<u>1,996,683</u>	\$79,795,587
Accrued interest-		
Treasury Notes	\$ 421,397	
Treasury Bonds	23,339	
Agency Issues	<u>39,877</u>	484,613
Premium (Schedule I)-		
Treasury Notes	\$ 31,120	
Treasury Bonds	247	
Agency Issues	<u>13,489</u>	<u>44,856</u>
Total assets		<u>\$80,325,056</u>

Exhibit A
(continued)

BALANCE SHEET
(In thousands)

LIABILITIES

Discount (Schedule I)-

Treasury Bills	\$ 675,004	
Treasury Notes	60,504	
Treasury Bonds	141,300	
Agency Issues	<u>17,937</u>	\$ 894,745

PARTICIPATIONS

Net account (Schedule III)-

Federal Reserve Bank-

Boston	\$ 3,635,978	
New York	20,741,421	
Philadelphia	4,301,245	
Cleveland	5,794,788	
Richmond	5,922,216	
Atlanta	4,403,403	
Chicago	12,466,455	
St. Louis	2,889,946	
Minneapolis	1,687,000	
Kansas City	3,148,698	
Dallas	3,489,269	
San Francisco	<u>10,949,892</u>	<u>79,430,311</u>

Total liabilities and participations

\$80,325,056

Note A - Of the total holdings, \$66.6 billion was pledged as collateral securities for outstanding Federal Reserve notes (Schedule III).

Exhibit B

NET EARNINGS
(In thousands)

	<u>January 1 to March 8, 1974</u>	<u>Year 1973</u>
<u>Earnings</u>		
U.S. Government securities-		
Interest	\$ 505,790	\$2,618,865
Discount	<u>526,687</u>	<u>2,267,526</u>
	\$1,032,477	\$4,886,391
Less- Premium amortization	<u>3,576</u>	<u>26,936</u>
Net earnings	<u>\$1,028,901</u>	<u>\$4,859,455</u>

Exhibit B
(continued)

NET EARNINGS
(In thousands)

	<u>January 1 to</u> <u>March 8, 1974</u>		<u>Year 1973</u>	
	<u>Amount</u>	<u>Per cent</u>	<u>Amount</u>	<u>Per cent</u>
<u>Participations</u>				
Federal Reserve Bank-				
Boston	\$ 47,508	4.6	\$ 221,465	4.6
New York	261,999	25.5	1,280,382	26.3
Philadelphia	56,001	5.4	257,976	5.3
Cleveland	77,749	7.6	362,860	7.5
Richmond	76,997	7.5	351,002	7.2
Atlanta	57,938	5.6	262,108	5.4
Chicago	163,163	15.9	776,998	16.0
St. Louis	39,372	3.8	177,085	3.6
Minneapolis	21,485	2.1	97,100	2.0
Kansas City	41,149	4.0	193,817	4.0
Dallas	46,481	4.5	212,600	4.4
San Francisco	<u>139,059</u>	<u>13.5</u>	<u>666,062</u>	<u>13.7</u>
Total	<u>\$1,028,901</u>	<u>100.</u>	<u>\$4,859,455</u>	<u>100.</u>

Exhibit C

NET PROFIT OR LOSS ON SALES AND EXCHANGES
(In thousands)

	<u>January 1 to</u> <u>March 3, 1974</u>		<u>Year 1973</u>	
	<u>Amount</u>	<u>Per cent</u>	<u>Amount</u>	<u>Per cent</u>
U.S. Government securities-				
Profits	\$ 431-		\$ 2,851	
Losses	<u>2,969</u>		<u>38,254</u>	
Net loss	<u>\$2,538</u>		<u>\$35,403</u>	
 <u>Participations</u>				
Federal Reserve Bank-				
Boston	\$ 118	4.6	\$ 1,601	4.5
New York	638	25.2	9,443	26.7
Philadelphia	138	5.4	1,894	5.4
Cleveland	193	7.6	2,626	7.4
Richmond	191	7.5	2,530	7.1
Atlanta	144	5.7	1,870	5.3
Chicago	408	16.1	5,659	16.0
St. Louis	96	3.8	1,292	3.6
Minneapolis	53	2.1	701	2.0
Kansas City	101	4.0	1,416	4.0
Dallas	115	4.5	1,546	4.4
San Francisco	<u>343</u>	<u>13.5</u>	<u>4,825</u>	<u>13.6</u>
Total loss	<u>\$2,538</u>	<u>100.</u>	<u>\$35,403</u>	<u>100.</u>

Schedule I

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government securities</u>	<u>Maturity</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Treasury Bills	3-12-74	\$ 755,750	\$ -	\$ 556	\$ 755,194	\$ 755,106	\$ (88)
	3-14-74	1,750,185	-	2,395	1,747,790	1,747,965	175
	3-21-74	1,744,995	-	4,855	1,740,140	1,740,181	41
	3-28-74	1,578,345	-	6,499	1,571,846	1,571,663	(183)
	4- 4-74	1,751,720	-	9,786	1,741,934	1,741,709	(225)
	4- 9-74	663,180	-	3,901	659,279	658,741	(538)
	4-11-74	1,747,420	-	12,398	1,735,022	1,735,059	37
	4-18-74	1,677,450	-	14,775	1,662,675	1,663,084	409
	4-19-74	354,000	-	3,062	350,938	350,692	(246)
	4-25-74	1,633,275	-	15,568	1,616,607	1,616,855	248
	5- 2-74	1,071,295	-	12,392	1,058,903	1,058,742	(161)
	5- 7-74	526,625	-	6,104	520,521	519,928	(593)
	5- 9-74	1,507,285	-	18,505	1,488,780	1,487,401	(1,379)
	5-16-74	1,673,995	-	23,757	1,650,238	1,649,450	(788)
	5-23-74	1,647,325	-	25,126	1,622,199	1,620,651	(1,548)
	5-30-74	1,629,020	-	27,599	1,601,421	1,600,176	(1,245)
	6- 4-74	585,730	-	10,383	575,347	574,734	(613)
	6- 6-74	1,677,330	-	32,252	1,645,078	1,644,580	(498)
	6-13-74	604,700	-	12,259	592,441	592,122	(319)
	6-20-74	500,000	-	10,336	489,664	488,678	(786)
	6-21-74	<u>43,000</u>	<u>-</u>	<u>912</u>	<u>42,088</u>	<u>42,015</u>	<u>(73)</u>
Forward		\$25,122,625	\$ -	\$254,520	\$24,868,105	\$24,859,732	\$ (8,373)

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government securities</u>	<u>Maturity</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value</u> ^{i/}	<u>Appreciation (Depreciation)</u>
Forwarded		\$25,122,625	\$ -	\$254,520	\$24,868,105	\$24,859,732	\$ (8,373)
Treasury Bills (continued)	6-27-74	650,755	-	14,702	636,053	635,325	(728)
	7- 2-74	732,020	-	19,775	712,245	714,117	1,872
	7- 5-74	557,200	-	13,564	543,636	543,165	(471)
	7-11-74	475,350	-	12,489	462,861	462,773	(88)
	7-18-74	373,000	-	10,767	362,233	362,578	345
	7-25-74	483,900	-	14,600	469,300	469,663	363
	7-30-74	199,250	-	5,796	193,454	193,177	(277)
	8- 1-74	444,600	-	13,567	431,033	430,824	(209)
	8- 8-74	531,830	-	15,246	516,584	514,539	(2,045)
	8-15-74	574,800	-	17,565	557,235	555,257	(1,978)
	8-22-74	535,300	-	16,843	518,457	516,304	(2,153)
	8-27-74	350,000	-	13,860	336,140	337,224	1,084
	8-29-74	480,900	-	16,459	464,441	463,188	(1,253)
	9- 5-74	385,000	-	14,680	370,320	370,308	(12)
	9-24-74	659,285	-	29,335	629,950	632,254	2,304
	10-22-74	627,785	-	28,316	599,469	599,317	(152)
	11-19-74	601,700	-	32,856	568,844	571,021	2,177
	12-17-74	773,475	-	41,967	731,508	729,969	(1,539)
	1-14-75	719,190	-	43,182	676,008	674,998	(1,010)
	2-11-75	750,935	-	44,515	706,070	700,698	(5,372)
		<u>\$36,028,950</u>	<u>\$ -</u>	<u>\$675,004</u>	<u>\$35,353,946</u>	<u>\$35,336,431</u>	<u>\$ (17,515)</u>

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Treasury Notes	5-15-74	7 1/4%	\$ 998,750	\$ 393	\$ -	\$ 999,143	\$ 997,189	\$ (1,954)
	8-15-74	5 5/8	5,304,532	-	2,348	5,302,184	5,253,144	(49,040)
	9-30-74	6	93,800	-	627	93,173	92,921	(252)
	11-15-74	5 3/4	1,890,850	-	941	1,889,909	1,869,578	(20,331)
	12-31-74	5 7/8	42,901	-	361	42,540	42,365	(175)
	2-15-75	5 3/4	1,116,500	-	225	1,116,275	1,101,846	(14,429)
	2-15-75	5 7/8	105,880	72	-	105,952	104,590	(1,362)
	5-15-75	5 7/8	118,779	-	723	118,056	116,923	(1,133)
	5-15-75	6	2,779,737	-	275	3,779,462	3,727,766	(51,696)
	8-15-75	5 7/8	2,458,306	190	-	2,458,998	2,415,011	(43,987)
	11-15-75	7	463,815	1,514	-	465,329	463,670	(1,659)
	12-31-75	7	192,950	231	-	193,181	192,769	(412)
	2-15-76	5 7/8	964,001	-	2,300	961,701	942,914	(18,787)
	2-15-76	6 1/4	2,506,500	-	1,730	2,504,770	2,475,169	(29,601)
	5-15-76	5 3/4	461,540	-	183	461,357	449,136	(12,221)
	5-15-76	6 1/2	344,850	415	-	345,265	340,970	(4,295)
	8-15-76	6 1/2	1,605,155	-	5,087	1,600,068	1,584,589	(15,479)
	8-15-76	7 1/2	<u>720,300</u>	<u>5,363</u>	<u>-</u>	<u>725,663</u>	<u>727,953</u>	<u>2,290</u>
Forward			\$23,169,648	\$ 2,178	\$14,800	\$23,163,026	\$22,898,503	\$(264,523)

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Forwarded			\$23,169,648	\$ 8,178	\$14,800	\$23,163,026	\$22,898,503	\$(264,523)
Treasury Notes (continued)	11-15-76	6 1/4%	49,300	463	-	49,763	48,329	(1,434)
	2-15-77	8	2,450,700	9,631	-	2,460,331	2,516,563	56,232
	5-15-77	6 7/8	300,000	1,503	-	301,503	297,750	(3,753)
	8-15-77	7 3/4	805,450	3,673	-	809,123	822,566	13,443
	2-15-78	6 1/4	2,573,250	5,281	-	2,578,531	2,504,898	(73,633)
	11-15-78	6	2,440,200	-	3,563	2,436,637	2,336,491	(100,146)
	8-15-79	6 1/4	588,788	-	2,598	586,190	568,548	(17,642)
	11-15-79	6 5/8	844,000	-	7,050	836,950	824,483	(12,467)
	11-15-79	7	220,000	1,836	-	221,836	218,762	(3,074)
	5-15-80	6 7/8	5,154,953	-	32,493	5,122,460	5,087,294	(35,166)
	2-15-81	7	200,000	555	-	200,555	198,250	(2,305)
			<u>\$38,796,289</u>	<u>\$31,120</u>	<u>\$60,504</u>	<u>\$38,766,905</u>	<u>\$38,322,437</u>	<u>\$(444,468)</u>

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Treasury Bonds	5-15-74	4 1/4%	\$ 336,955	\$ -	\$ 428	\$ 336,527	\$ 334,691	\$ (1,836)
	11-15-74	3 7/8	67,500	-	269	67,231	66,087	(1,144)
	2-15-80	4	150,260	-	10,208	140,052	127,815	(12,237)
	11-15-80	3 1/2	74,450	-	6,628	67,822	60,630	(7,192)
	8-15-81	7	121,425	247	-	121,672	121,956	284
	2-15-82	6 3/8	347,700	-	1,104	346,596	337,704	(8,892)
	6-15-83	3 1/4	78,450	-	14,465	63,985	58,445	(5,540)
	8-15-84	6 3/8	329,300	-	3,292	326,008	316,745	(9,263)
	5-15-85	2 1/4	46,800	-	5,645	41,155	34,690	(6,465)
	5-15-85	4 1/4	140,140	-	9,917	130,223	108,433	(21,790)
	11-15-86	6 1/8	301,160	-	1,411	299,749	274,303	(24,940)
	2-15-90	3 1/2	84,250	-	6,172	78,078	61,555	(16,523)
	8-15-92	4 1/4	503,600	-	60,633	442,967	368,887	(74,080)
	2-15-93	4	24,300	-	1,080	23,220	17,982	(5,238)
	8-15-93	7 1/2	159,700	-	4,262	155,438	158,103	2,665
	2-15-93	6 3/4	23,200	-	324	22,876	21,431	(1,445)
	5-15-94	4 1/8	76,625	-	10,042	66,583	56,176	(10,407)
	2-15-95	3	2,100	-	407	1,693	1,536	(157)
	5-15-98	7	75,000	-	982	74,018	70,698	(3,330)
	11-15-98	3 1/2	<u>30,750</u>	<u>-</u>	<u>4,031</u>	<u>26,719</u>	<u>22,486</u>	<u>(4,233)</u>
			<u>\$2,973,665</u>	<u>\$247</u>	<u>\$141,300</u>	<u>\$2,832,512</u>	<u>\$2,620,849</u>	<u>\$(211,763)</u>

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Export-Import Bank of the United States	2- 3-75	5.30%	\$ 24,465	\$ -	\$ 81	\$ 24,384	\$ 23,976	\$ (408)
	12- 1-76	5.70	22,300	-	276	22,024	21,464	(560)
	8- 2-77	6.25	4,300	-	152	4,148	4,166	18
	2- 1-78	6.45	21,700	30	-	21,730	21,076	(654)
	5- 3-79	6.60	30,000	160	-	30,160	29,137	(1,023)
	2-20-82	5.10	<u>5,400</u>	<u>-</u>	<u>667</u>	<u>4,733</u>	<u>4,617</u>	<u>(116)</u>
			<u>\$108,165</u>	<u>\$190</u>	<u>\$1,176</u>	<u>\$107,179</u>	<u>\$104,436</u>	<u>\$(2,743)</u>

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Farmers Home Administration	3-31-77	6.35%	\$ 11,009	\$ -	\$ 69	\$ 10,940	\$ 10,582	\$ (358)
	6-30-77	6.45	6,997	-	101	6,896	6,726	(170)
	8-31-77	6 7/8	8,490	-	179	8,314	8,270	(44)
	12-29-77	6.55	3,519	-	25	3,494	3,379	(115)
	3-21-78	7.20	1,106	-	7	1,099	1,090	(9)
	5-12-78	7.25	26,794	-	191	26,603	26,392	(211)
	11-30-80	7.00	5,502	-	60	5,442	5,303	(139)
	3-31-81	6.40	8,016	-	199	7,817	7,475	(342)
	6-30-81	7 7/8	2,001	184	-	8,185	8,360	(125)
	1- 4-82	7.10	13,506	-	271	13,235	12,966	(269)
	7-31-85	8 5/8	30,014	1,803	-	31,817	31,214	(603)
	12-29-87	7 1/8	1,506	-	80	1,426	1,393	(33)
	3-21-88	7.50	1,004	-	31	973	959	(14)
	5-12-88	7.50	9,006	-	241	8,765	8,670	(165)
			<u>\$134,473</u>	<u>\$1,987</u>	<u>\$1,454</u>	<u>\$135,006</u>	<u>\$132,409</u>	<u>\$(2,597)</u>

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Federal Home Loan Bank	5-27-74	6.35%	\$ 14,340	\$ -	\$ -	\$ 14,340	\$ 14,291	\$ (49)
	5-28-74	6.45	1,000	-	2	998	997	(1)
	8-26-74	5 3/8	9,500	-	98	9,402	9,393	(9)
	11-25-74	7.05	36,400	-	132	36,268	36,286	18
	2-25-75	5 7/8	1,500	-	2	1,498	1,488	(10)
	2-25-75	8.20	3,345	27	-	3,372	3,372	0
	5-27-75	7.15	40,800	-	138	40,662	40,724	62
	8-25-75	7 7/8	1,000	9	-	1,009	1,008	(1)
	8-25-75	7.95	40,890	501	-	41,391	41,272	(169)
	11-25-75	6.50	9,400	55	-	9,455	9,271	(184)
	11-25-75	7.05	9,500	-	19	9,481	9,464	(17)
	2-25-76	7 3/8	6,950	157	-	7,107	6,967	(140)
	5-25-76	7.20	4,800	-	48	4,752	4,794	42
	8-25-76	7.05	16,500	-	167	16,333	16,376	43
	8-25-76	7.80	2,500	34	-	2,534	2,531	(3)
	2-25-77	6.15	10,200	-	148	10,052	9,869	(183)
	5-25-77	6.95	2,000	23	-	2,023	1,985	(38)
	11-25-77	7.45	2,215	25	-	2,240	2,226	(14)
	5-25-78	7.60	200	2	-	202	202	0
	2-25-80	7.75	37,415	1,661	-	39,076	38,070	(1,006)
	10-15-80	7.80	12,850	560	-	13,410	13,139	(271)
	11-27-81	6.60	7,700	1	-	7,701	7,373	(328)
	5-25-83	7.30	7,300	-	8	7,292	7,227	(65)
	11-26-93	7 3/8	<u>3,700</u>	<u>-</u>	<u>137</u>	<u>3,563</u>	<u>3,515</u>	<u>(48)</u>
			<u>\$282,005</u>	<u>\$3,055</u>	<u>\$899</u>	<u>\$284,161</u>	<u>\$281,790</u>	<u>\$(2,371)</u>

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Per value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Federal Intermediate Credit Bank	7- 1-75	5.70%	\$10,000	\$ 9	\$ -	\$10,009	\$9,813	\$(196)
			<u>\$10,000</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$10,009</u>	<u>\$9,813</u>	<u>\$(196)</u>
Federal Land Bank	4-22-74	5.85%	\$ 15,150	\$ -	\$ 21	\$ 15,129	\$ 15,112	\$ (17)
	4-22-74	7.30	32,872	41	-	32,913	32,841	(72)
	7-22-74	5.85	27,460	16	-	27,476	27,254	(222)
	10-21-74	5.30	16,900	-	35	16,865	16,647	(218)
	10-20-75	7.20	7,100	130	-	7,230	7,091	(139)
	1-20-76	6.25	28,475	-	331	28,144	27,959	(185)
	4-20-76	6.25	800	-	14	786	784	(2)
	10-20-76	7.15	20,500	-	174	20,326	20,474	148
	10-20-77	6.55	28,900	-	324	28,576	28,178	(398)
	7-20-78	6.40	2,000	5	-	2,005	1,940	(65)
	10-19-78	7.35	500	5	-	505	502	(3)
	1-22-79	5.00	14,000	-	1,194	12,806	12,723	(83)
	4-23-79	6.85	10,000	138	-	10,138	9,800	(338)
	10-23-79	6.80	30,563	-	317	30,246	29,837	(409)
	4-20-81	6.70	2,000	-	23	1,977	1,922	(55)
	4-20-82	6.90	3,000	52	-	3,052	2,910	(142)
	10-20-82	7.30	45,450	127	-	45,577	45,223	(354)
10-20-83	7.30	<u>9,500</u>	<u>3</u>	<u>-</u>	<u>9,503</u>	<u>9,405</u>	<u>(98)</u>	
		<u>\$295,170</u>	<u>\$517</u>	<u>\$2,433</u>	<u>\$293,254</u>	<u>\$290,602</u>	<u>\$(2,652)</u>	

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Federal National Mortgage Association	3-11-74	5.45%	\$ 13,485	\$ -	\$ -	\$ 13,485	\$ 13,481	\$ (4)
	3-11-74	7.75	29,910	5	-	29,915	29,896	(19)
	6-10-74	5.70	38,940	-	24	38,916	38,660	(256)
	6-10-74	7.90	32,780	85	-	32,865	32,759	(106)
	9-10-74	5.65	6,880	-	5	6,875	6,807	(68)
	12-10-74	6.45	50,150	229	-	50,379	49,648	(731)
	3-10-75	6.35	53,390	-	1	53,389	52,789	(600)
	3-10-75	7.55	44,700	648	-	45,348	44,700	(648)
	6- 2-75	8 3/8	750	9	-	759	752	(7)
	6-10-75	5.25	25,615	-	365	25,250	24,975	(275)
	9-10-75	6.80	36,500	-	233	36,267	36,226	(41)
	9-10-75	7.50	29,590	605	-	30,195	29,645	(550)
	12-10-75	5.70	9,750	-	58	9,692	9,494	(198)
	3-10-76	5.65	18,245	-	127	18,118	17,675	(443)
	3-10-76	7 1/8	4,200	-	56	4,144	4,189	45
	6-10-76	5.85	29,150	-	717	28,433	28,294	(139)
	9-10-76	5.85	34,195	-	936	33,259	33,126	(133)
	9-10-76	6 1/8	25,750	-	15	25,735	25,106	(629)
	12-10-76	6.25	<u>16,500</u>	<u>-</u>	<u>370</u>	<u>16,130</u>	<u>16,106</u>	<u>(22)</u>
Forward			\$ 500,480	\$1,581	\$2,907	\$ 459,154	\$ 494,336	\$ (4,818)

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Per value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Forwarded			\$ 500,480	\$1,581	\$2,907	\$ 499,154	\$ 494,336	\$ (4,818)
Federal National Mortgage Association (continued)	12-10-76	7.45%	23,100	522	-	23,622	23,158	(464)
	3-10-77	6.30	4,255	-	78	4,177	4,141	(36)
	6-10-77	6 3/8	5,800	-	31	5,769	5,648	(121)
	6-10-77	7.20	11,700	32	-	11,732	11,678	(54)
	9-12-77	6 7/8	35,915	657	-	36,572	35,511	(1,061)
	9-12-77	7.85	5,575	107	-	5,682	5,673	(9)
	12-12-77	7.25	1,800	5	-	1,805	1,798	(7)
	12-12-77	7.55	6,500	81	-	6,581	6,557	(24)
	6-12-78	7.15	8,000	-	164	7,836	7,970	134
	12-11-78	6.75	44,500	472	-	44,972	43,610	(1,362)
	3-12-79	7.25	20,000	68	-	20,068	19,987	(81)
	6-11-79	7.85	60,000	1,257	-	61,257	61,425	168
	9-10-79	6.40	15,185	-	557	14,628	14,559	(69)
	12-10-79	6.55	20,700	-	323	20,377	19,975	(402)
	3-10-80	6 7/8	7,970	97	-	8,067	7,781	(286)
	9-10-80	7.50	12,300	157	-	12,457	12,392	(65)
	12-10-80	6.60	29,370	-	1,041	28,329	28,158	(171)
	3-10-81	7.05	3,300	-	53	3,247	3,242	(5)
	6-10-81	7.25	<u>20,620</u>	<u>418</u>	<u>-</u>	<u>21,038</u>	<u>20,465</u>	<u>(572)</u>
Forward			\$ 837,070	\$5,454	\$5,154	\$ 837,370	\$ 828,064	\$ (9,306)

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Per value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Forwarded			\$ 837,070	\$5,454	\$5,154	\$ 837,370	\$ 828,064	\$ (9,306)
Federal National Mortgage Association (continued)	9-10-81	7.25%	29,780	703	-	30,483	29,557	(926)
	6-10-82	6.65	10,510	-	77	10,433	9,998	(435)
	9-10-82	6.80	8,500	-	131	8,369	8,171	(198)
	12-10-82	7.35	8,750	26	-	8,776	8,701	(75)
	6-10-83	6.75	14,400	-	95	14,305	13,788	(517)
	6-10-83	7.30	10,400	-	157	10,243	10,355	112
	9-12-83	6.75	41,325	-	334	40,991	39,569	(1,422)
	6-11-84	5.25	13,430	-	559	12,871	12,732	(139)
	12-10-84	6.90	39,080	-	44	39,036	37,712	(1,324)
	10- 1-90	8 5/8	18,450	1,548	-	19,998	19,188	(810)
	3-10-92	7.00	21,100	-	370	20,730	19,333	(1,397)
	6-10-92	7.05	6,500	-	74	6,426	5,980	(446)
	10- 1-97	7.40	16,615	-	251	16,364	15,493	(871)
	12-10-97	7.10	3,000	-	203	2,797	2,723	(74)
			<u>\$1,078,910</u>	<u>\$7,731</u>	<u>\$7,449</u>	<u>\$1,079,192</u>	<u>\$1,060,920</u>	<u>\$(18,272)</u>

Schedule I
(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
General Services Administration	12-15-2002	7.15%	\$1,000	\$ -	\$54	\$946	\$905	\$(41)
			<u>\$1,000</u>	<u>\$ -</u>	<u>\$54</u>	<u>\$946</u>	<u>\$905</u>	<u>\$(41)</u>
Government National Mortgage Association	1-19-77	5.20%	\$ 3,300	\$ -	\$ 100	\$ 3,200	\$ 3,119	\$ (81)
	8-14-78	6 1/8	1,400	-	5	1,395	1,335	(60)
	1-19-82	5.20	7,500	-	742	6,758	6,497	(261)
	4- 6-87	5.10	2,950	-	408	2,542	2,323	(219)
	12-11-87	6.40	5,060	-	237	4,823	4,491	(332)
	2- 1-88	6.05	9,500	-	788	8,712	8,146	(566)
	4- 8-88	6.45	5,500	-	184	5,316	4,902	(414)
	8-12-88	6.20	<u>6,250</u>	<u>-</u>	<u>381</u>	<u>5,869</u>	<u>5,422</u>	<u>(447)</u>
		<u>\$41,460</u>	<u>\$ -</u>	<u>\$2,845</u>	<u>\$38,615</u>	<u>\$36,235</u>	<u>\$(2,380)</u>	

(continued)

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government agency securities</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
U.S. Postal Service	2- 1-97	6 7/8%	<u>\$24,750</u>	<u>\$ -</u>	<u>\$1,152</u>	<u>\$23,598</u>	<u>\$21,563</u>	<u>\$(2,035)</u>
			<u>\$24,750</u>	<u>\$ -</u>	<u>\$1,152</u>	<u>\$23,598</u>	<u>\$21,563</u>	<u>\$(2,035)</u>
 Washington Metropolitan Area Transit Authority	7- 1-2012	7.30%	\$12,750	\$ -	\$251	\$12,499	\$11,634	\$ (865)
	7- 1-2012	7.35	<u>8,000</u>	<u>-</u>	<u>224</u>	<u>7,776</u>	<u>7,340</u>	<u>(436)</u>
			<u>\$20,750</u>	<u>\$ -</u>	<u>\$475</u>	<u>\$20,275</u>	<u>\$18,974</u>	<u>\$(1,301)</u>

Schedule I
(continued)

RECAPITULATION

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

<u>U.S. Government securities</u>	<u>Per cent</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value 1/</u>	<u>Appreciation (Depreciation)</u>
Treasury Bills	45.2	\$36,028,950	\$ -	\$675,004	\$35,353,946	\$35,336,431	\$ (17,515)
Treasury Notes	48.6	38,796,289	31,120	60,504	38,766,905	38,322,437	(444,468)
Treasury Bonds	<u>3.7</u>	<u>2,973,665</u>	<u>247</u>	<u>141,300</u>	<u>2,832,612</u>	<u>2,620,849</u>	<u>(211,763)</u>
	97.5	<u>\$77,798,904</u>	<u>\$31,367</u>	<u>\$876,808</u>	<u>\$76,953,463</u>	<u>\$76,279,717</u>	<u>\$(673,746)</u>
Export-Import Bank of the United States		\$ 108,165	\$ 190	\$ 1,176	\$ 107,179	\$ 104,436	\$ (2,743)
Farmers Home Administration		124,473	1,987	1,454	135,006	132,409	(2,597)
Federal Home Loan Bank		282,005	3,055	899	284,161	281,790	(2,371)
Federal Intermediate Credit Bank		10,000	9	-	10,009	9,813	(196)
Federal Land Bank		295,170	517	2,433	293,254	290,602	(2,652)
Federal National Mortgage Association		1,078,910	7,731	7,449	1,079,192	1,060,920	(18,272)
General Services Administration		1,000	-	54	946	905	(41)
Government National Mortgage Association		41,460	-	2,845	38,615	36,235	(2,380)
U.S. Postal Service		24,750	-	1,152	23,598	21,563	(2,035)
Washington Metropolitan Area Transit Authority		<u>20,750</u>	<u>-</u>	<u>475</u>	<u>20,275</u>	<u>18,974</u>	<u>(1,301)</u>
	<u>2.5</u>	<u>\$ 1,996,683</u>	<u>\$13,489</u>	<u>\$ 17,937</u>	<u>\$ 1,992,235</u>	<u>\$-1,957,647</u>	<u>\$ (34,588)</u>
	<u>100.</u>	<u>\$79,795,587</u>	<u>\$44,856</u>	<u>\$894,745</u>	<u>\$78,945,698</u>	<u>\$78,237,364</u>	<u>\$(708,334)</u>

Schedule I
(continued)

RECAPITULATION

INVENTORY AND APPRAISAL OF HOLDINGS
(In thousands)

MATURITIES

<u>U.S. Government securities</u>	<u>Per cent</u>	<u>Par value</u>	<u>Premium</u>	<u>Discount</u>	<u>Book value</u>	<u>Market value</u> ^{1/}	<u>Appreciation (Depreciation)</u>
Less than 6 months	40.7	\$32,448,922	\$ 147	\$455,006	\$31,994,063	\$31,977,349	\$ (16,514)
6 months to 1 year	17.4	13,892,773	721	225,597	13,667,897	13,574,201	(93,696)
1 to 2 years	13.6	10,333,000	4,058	6,773	10,336,885	10,636,328	(150,577)
2 to 5 years	15.3	12,241,963	28,329	14,501	12,255,791	12,109,670	(146,121)
5 to 10 years	10.4	8,336,839	8,250	79,601	8,265,488	8,150,971	(114,517)
Over 10 years-	<u>2.6</u>	<u>2,036,090</u>	<u>3,351</u>	<u>113,867</u>	<u>1,925,574</u>	<u>1,738,645</u>	<u>(186,929)</u>
	<u>100.</u>	<u>\$79,795,587</u>	<u>\$44,856</u>	<u>\$894,745</u>	<u>\$78,945,698</u>	<u>\$78,237,364</u>	<u>\$(708,334)</u>

^{1/} Market value computed at the midpoint between dealers' bid and asked prices at closing March 8, 1974.

Schedule II

PARTICIPATIONS OF THE FEDERAL RESERVE BANKS IN U.S. TREASURY AND
GOVERNMENT AGENCY SECURITIES BY CLASS OF SECURITY
(In thousands)

At the close of business March 8, 1974

	<u>Bills</u>	<u>Notes</u>	<u>Bonds</u>	<u>Agencies</u>	<u>Total</u>	<u>Per cent</u>
Federal Reserve Bank-						
Boston	\$ 1,649,238	\$ 1,775,939	\$ 136,122	\$ 91,400	\$ 3,652,699	4.6
New York	9,408,153	10,130,759	776,504	521,388	20,836,804	26.1
Philadelphia	1,951,018	2,100,858	161,027	108,122	4,321,025	5.4
Cleveland	2,628,486	2,830,344	216,941	145,666	5,821,437	7.3
Richmond	2,686,255	2,892,613	221,713	148,870	5,949,451	7.5
Atlanta	1,997,361	2,150,750	164,851	110,691	4,423,653	5.5
Chicago	5,654,697	6,089,000	466,711	313,376	12,523,784	15.7
St. Louis	1,310,832	1,411,564	108,194	72,647	2,903,237	3.6
Minneapolis	765,199	823,994	63,158	42,407	1,694,758	2.1
Kansas City	1,428,224	1,537,924	117,879	79,151	3,163,178	4.0
Dallas	1,582,690	1,704,282	130,630	87,712	3,505,314	4.4
San Francisco	<u>4,966,797</u>	<u>5,348,262</u>	<u>409,935</u>	<u>275,253</u>	<u>11,000,247</u>	<u>13.8</u>
	<u>\$36,028,950</u>	<u>\$38,796,289</u>	<u>\$2,973,665</u>	<u>\$1,996,683</u>	<u>\$79,795,587</u>	<u>100.</u>

Schedule III

PARTICIPATIONS OF THE FEDERAL RESERVE BANKS IN THE ACCOUNT
(In thousands)

At the close of business March 8, 1974

	<u>Assets</u>					<u>Liabilities</u>		<u>Participations-</u>	
	<u>U.S. Government securities-</u>			<u>Accrued</u>	<u>Premium</u>	<u>Total</u>	<u>Discount</u>	<u>net</u>	
	<u>at par value</u>							<u>interest</u>	<u>Amount</u>
	<u>Pledged</u>	<u>Unpledged</u>	<u>Total</u>						
Federal Reserve Bank-									
Boston	\$ 3,230,000	\$ 422,699	\$ 3,652,699	\$ 22,184	\$ 2,053	\$ 24,237	\$ 40,958	\$ 3,635,978	4.6
New York	16,850,000	3,986,804	20,836,804	126,546	11,713	138,259	233,642	20,741,421	26.1
Philadelphia	3,800,000	521,025	4,321,025	26,242	2,429	28,671	48,451	4,301,245	5.4
Cleveland	5,200,000	621,407	5,821,407	35,354	3,272	38,626	65,275	5,794,788	7.3
Richmond	5,390,000	559,451	5,949,451	36,132	3,344	39,476	66,711	5,922,216	7.5
Atlanta	3,900,000	523,653	4,423,653	26,865	2,437	29,352	49,602	4,403,403	5.5
Chicago	10,600,000	1,923,784	12,523,784	76,059	7,040	83,099	140,428	12,466,455	15.7
St. Louis	2,735,000	168,237	2,903,237	17,632	1,632	19,264	32,555	2,889,946	3.6
Minneapolis	1,240,000	454,758	1,694,758	10,293	953	11,246	19,004	1,587,000	2.1
Kansas City	2,700,000	463,178	3,163,178	19,211	1,778	20,989	35,469	3,148,698	4.0
Dallas	2,655,000	850,314	3,505,314	21,289	1,971	23,260	39,305	3,489,269	4.4
San Francisco	<u>8,300,000</u>	<u>2,700,247</u>	<u>11,000,247</u>	<u>66,806</u>	<u>6,184</u>	<u>72,990</u>	<u>123,345</u>	<u>10,949,892</u>	<u>13.8</u>
	<u>\$66,600,000</u>	<u>\$13,195,587</u>	<u>\$79,795,587</u>	<u>\$484,613</u>	<u>\$44,856</u>	<u>\$529,469</u>	<u>\$834,745</u>	<u>\$79,430,311</u>	<u>100.</u>

Attachment

PROCEDURES WITH RESPECT TO ALLOCATIONS
OF THE SYSTEM OPEN MARKET ACCOUNT

July 18, 1972

1. Securities in the System Open Market Account shall be reallocated on the last business day of each month by means of adjustments proportionate to the adjustments that would have been required to equalize approximately the average ratios of gold holdings to note liabilities of the twelve Federal Reserve Banks based on the ratios of gold to notes for the most recent five business days.

2. Until the next reallocation the Account shall be apportioned on the basis of the ratios determined in paragraph 1, except that temporary interim adjustments may be made in the apportionments for two or more Banks when desirable in the judgment of the Director of the Board's Division of Federal Reserve Bank Operations and the Manager of the System Open Market Account.

3. Profits and losses on the sale of securities from the Account shall be allocated on the day of delivery of the securities sold on the basis of each Bank's current holdings at the opening of business on that day.

REPORT OF EXAMINATION
OF THE
FOREIGN CURRENCY OPERATIONS
AT THE CLOSE OF BUSINESS
MARCH 8, 1974

Board of Governors of the Federal Reserve System
Washington, D. C.

FOREIGN CURRENCY OPERATIONS

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

April 10, 1974

CONFIDENTIAL (FR)

Mr. Arthur L. Broida
Secretary
Federal Open Market Committee
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Dear Mr. Broida:

An examination of the foreign currency operations was made at the close of business March 8, 1974, in conjunction with our annual examination of the Federal Reserve Bank of New York. This report is submitted for the information of the Federal Open Market Committee.

SCOPE OF EXAMINATION

The examination, conducted in accordance with generally accepted auditing standards, included: verification of the asset and liability accounts; tests of the accounting records, the earnings accounts, and the profits and losses resulting from completed transactions; determination that the transactions were properly authorized and processed; evaluation of internal controls; review of the scope

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SCOPE OF EXAMINATION (continued)

and frequency of audits made by the resident auditing staff; and other examination procedures as we considered necessary or appropriate.

SUMMARY OF FINDINGS

In our opinion, the accompanying statement (Exhibit A) presents fairly the foreign currency deposit balances at March 8, 1974. The participation of each of the Federal Reserve Banks in these account balances is shown in Exhibit B.

During the interval between examinations, distribution of interest earnings on foreign currency balances and net loss on foreign exchange operations among the Federal Reserve Banks (Exhibit C) was made on the basis of participation percentages. These percentages are determined at the beginning of each year by a computation of the ratio of each Bank's capital and surplus to the total capital and surplus for all Banks combined.

We reviewed the transactions in effect on the date of our examination and determined that the pertinent authorizations issued by the Federal Open Market Committee were being followed. In our opinion, the accounting records and the internal controls in effect are adequate.

Respectfully submitted,



E. Maurice McWhirter
Associate Director
Division of Federal Reserve Bank Operations

Exhibit A

FOREIGN DEPARTMENT

SYSTEM FOREIGN CURRENCY BALANCES
(In thousands)

At the close of business March 8, 1974

	<u>Balance</u>	<u>Dollar value</u>
<u>Belgian francs</u>		
Bank for International Settlements	583,088	\$13,997
<u>Canadian dollars</u>		
Bank of Canada	99	93
<u>British pounds</u>		
Bank of England	64	162
<u>German marks</u>		
Deutsche Bundesbank	36	13
Bank for International Settlements	148	54
<u>Japanese yen</u>		
The Bank of Japan	329,846	<u>1,047</u>
		<u>\$15,366</u>

Exhibit B

PARTICIPATION OF THE FEDERAL RESERVE BANKS IN SYSTEM FOREIGN CURRENCY BALANCES
(In thousands)

At the close of business March 8, 1974

	<u>Per cent</u>	<u>Dollar carrying value</u>
Federal Reserve Bank-		
Boston	4.1	\$ 617
Philadelphia	4.9	737
Cleveland	8.8	1,324
Richmond	5.6	843
Atlanta	7.3	1,099
Chicago	15.7	2,363
St. Louis	3.4	512
Minneapolis	2.3	346
Kansas City	4.1	617
Dallas	5.5	828
San Francisco	<u>12.8</u>	<u>1,926</u>
	74.5	\$11,212
New York	<u>25.5</u>	<u>4,154</u>
	<u>100.</u>	<u>\$15,366</u>

Exhibit C

DISTRIBUTION OF INTEREST EARNINGS AND OF LOSSES ON FOREIGN EXCHANGE
(In thousands)

January 1 to March 8, 1974

	<u>Per cent</u>	<u>Interest Earnings</u>
Federal Reserve Bank-		
Boston	4.1	\$ 2
Philadelphia	4.9	3
Cleveland	8.8	4
Richmond	5.6	3
Atlanta	7.3	3
Chicago	15.7	8
St. Louis	3.4	2
Minneapolis	2.3	1
Kansas City	4.1	2
Dallas	5.5	3
San Francisco	<u>12.8</u>	<u>6</u>
	74.5	\$37
New York	<u>25.5</u>	<u>13</u>
	<u>100.</u>	<u>\$50</u>

Exhibit C
(continued)

DISTRIBUTION OF INTEREST EARNINGS AND OF LOSSES ON FOREIGN EXCHANGE
(In thousands)

Year 1973

	<u>Per cent</u>	<u>Interest Earnings</u>	<u>Losses on Foreign Exchange</u>
Federal Reserve Bank-			
Boston	4.2	\$ 47	\$ 1,991
Philadelphia	4.9	55	2,323
Cleveland	9.1	98	4,315
Richmond	5.2	56	2,466
Atlanta	7.0	74	3,319
Chicago	15.7	162	7,444
St. Louis	3.4	37	1,612
Minneapolis	2.3	25	1,091
Kansas City	4.2	45	1,992
Dallas	5.4	59	2,561
San Francisco	<u>12.5</u>	<u>138</u>	<u>5,927</u>
	73.9	\$ 796	\$35,041
New York	<u>26.1</u>	<u>280</u>	<u>12,376</u>
	<u>100.</u>	<u>\$1,076</u>	<u>\$47,417</u>