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FEDERAL RESERVE BANK OF ST. LOUIS

December 17, 1915.

Honorable C. S. Hamlin,
Governor, Federal Reserve Board,
Washington, D. C.

Sir:

I beg to acknowledge receipt of your letter of December 4th, inquiring as to the effect of rates of discount fixed by the Federal Reserve Banks upon rates in general in this District.

On page 8 of the annual report which I have forwarded to the Board, I have covered this subject, but as supplementary thereto, will consider the questions as asked:

FIRST. So far as I can learn, the effect "upon loans between member and non-member banks" in this district has been just about the same as between member banks and their correspondents. Since last May; there has been a steady decrease in the rate at which banks borrowed from their correspondents. As is shown by the facts given in the report, this is true of member banks, and I believe the same is also true as between member banks and non-member banks and as between non-member banks and other non-member banks.

SECOND. "As to loans by member or non-member banks to their customers," there has been some decrease in rates both on the part of member banks and non-member banks. In my report, the thirty day average rate charged by national banks to customers is given, and so far as I can learn, this has been about the average rate that non-member

banks have asked of customers. In two or three of the large cities, the decrease in rates to customers has been greater than in the smaller towns. The country banks, both members and non-members, have made little, if any, decrease in rates to customers. I believe, however, that, as compared to the same period of previous years, the rates of country banks to customers will show some decrease.

If this letter and my report do not give the information satisfactorily, please advise and I will try again.

Yours very truly,

(SGD) Wm. McC. Martin,

Chairman of the Board.