



STATEMENT BY THE FEDERAL OPEN MARKET COMMITTEE

For release in morning newspapers  
of Saturday, December 31, 1938

December 30, 1938

The Federal Open Market Committee announced, following a meeting today, that weekly statements of the total holdings in the Federal Reserve System's Open Market Account may at times show some fluctuation depending upon conditions in the market affecting the Committee's ability to replace maturing Treasury bills held in its portfolio. The volume of Treasury bills available on the market has declined materially during the year and, owing to the large and increasing demand, such bills are already selling either on a no yield basis or at a premium above a no yield basis. It has, therefore, become difficult and in some weeks impossible for the System to find sufficient bills on the market to replace those that mature. Short term notes are also selling on a no yield basis and longer term notes have at times been difficult to obtain. In these circumstances, it may be necessary from time to time to permit bills held in the portfolio to mature without replacement, not because of any change in Federal Reserve policy but solely because of the technical situation in the market. Because no change in Federal Reserve policy is contemplated at this time, maturing bills will be replaced to the extent that market conditions warrant.

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