

A meeting of the Executive Committee of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington on Wednesday, May 27, 1936, at 12:30 p. m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. Broderick (as alternate for Mr. Ransom)
Mr. Harrison
Mr. Hamilton (as alternate for Mr. Fleming)

Mr. Morrill, Secretary
Mr. Goldenweiser, Economist
Mr. Burgess, Manager of the System Open
Market Account

It was stated that probably the new securities issued by the Treasury Department in connection with June financing would consist at least in part of Treasury bonds and that, as there was a substantial amount of securities in the System account maturing on June 15 and August 1, in connection with which the privilege of conversion into the new bonds would probably be given, an opportunity would be afforded, if market conditions justified such action, to increase the holdings of bonds in the System account.

After a discussion during which it was pointed out that the Federal Open Market Committee at its meeting on May 25, 1936, had authorized the executive committee to make such shifts between maturities in the System account as may be necessary in the proper administration of the account, provided the amount of securities maturing within two years be maintained at not less than \$1,000,000,000 and that the amount of bonds be not over \$500,000,000, and as the present holdings of bonds in the account total only \$244,000,000, it was decided, upon motion duly made and seconded and by unanimous vote, to direct the Federal Reserve Bank of New York to purchase in the market in replacement of maturing securities

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\$50,000,000 of new bonds to be issued by the Treasury Department in connection with the June financing; to sell in the market all additional Treasury notes carrying a conversion privilege at that time and to purchase in replacement thereof other Government securities having maturities as near five years as market conditions warrant. In this connection, it was understood that if in consummating these transactions it becomes necessary, because of market conditions, temporarily to acquire some bills instead of notes for the System open market account any bills so purchased will be replaced as soon as practicable by an equal amount of notes having the longer maturities.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved:

W. C. C. C.
Chairman.