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Final Minutes

1/9/25

MINUTES OF THE MEETING OF THE OPEN MARKET INVESTMENT COMMITTEE
FOR THE FEDERAL RESERVE SYSTEM, HELD AT THE FEDERAL
RESERVE BANK OF NEW YORK, JANUARY 9, 1925

PRESENT:

Governors Strong, McDougal, Fancher, Norris and Harding
Mr. J. H. Case, Deputy Governor, Federal Reserve Bank of
New York
Mr. W. B. Matteson, Secretary of the Committee

There were also present:

Honorable D. R. Crissinger, Governor of the Federal Reserve Board
Honorable Edmund Platt, Vice Governor of the Federal Reserve Board
Mr. Walter W. Stewart, Director, Division of Research and Statistics,
Federal Reserve Board
Mr. W. R. Burgess, Assistant Federal Reserve Agent, Federal Reserve
Bank of New York

The meeting was called to order at 10:45 a. m. by Governor Strong,
Chairman.

A report was submitted by the Secretary of the Committee reviewing
the operations of the Open Market Investment Committee since the last meeting,
with accompanying statements and data.

There was also submitted a report on foreign accounts which the
Federal Reserve Bank of New York had just transmitted to the banks participat-
ing in these accounts.

The Chairman discussed briefly the activities of the Committee since
the last meeting, as set forth in the Secretary's report, and the movements of
money coincident with the first of the year transactions.

A discussion followed which was participated in by all present with
respect to further changes in the Special Account. It was on motion, duly
made and seconded,

VOTED that the Committee stand ready to make such further sales of

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securities as seemed necessary from time to time in view of changing money conditions to prevent undue ease in the money market.

This was also concurred in by all the members of the Federal Reserve Board present.

Mr. Case referred to the acquirement by the Treasury, in connection with the recent financing, of \$35,000,000 new 4% bonds of 1944-54 for account of the Alien Property Custodian and which the Treasury was desirous of replacing by March 15, 1925 or September 15, 1925 certificates of indebtedness. Sales of these new 4s to the market have resulted in the Treasury being in the market for short-term certificates of indebtedness and the Committee has consequently sold it direct \$17,709,500 - 4% certificates due next March, being all that were held in the Special Account. It was agreed that transactions of this nature had practically the same effect as sales made direct to the market, and the Committee thereupon unanimously voted in favor of Treasury transactions of this character, with respect to our September 15 certificates.

Mr. Case brought to the attention of the Committee an opportunity which had been offered through one of the dealers for the sale of some Government securities maturing in 1925, the amount involved being \$40,000,000, \$25,000,000 in June and \$15,000,000 in September. He stated that recent sales amounting to \$27,000,000 of September 1925 certificates had been made with the understanding that all or any part could be repurchased if desired; therefore, if \$15,000,000 of the latter amount were made a permanent sale, the further sale of \$25,000,000 June 1925 notes at 2.60% basis less 1/32 commission (a very good market price and one which would represent a fair profit), would only result in a net reduction in the account of \$13,000,000.

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On motion, duly made and seconded, it was
VOTED that the sale be made with the understanding that delivery
would be made at our option between now and January 22, in lots of \$5,000,000
or \$10,000,000, such deliveries to be made with due regard to the effect on
the market, and that similarly the \$12,000,000 now in dealers' hands might
be returned to us at our option.

It was the consensus of opinion that the operations of the Committee
having to do with the sale of Government securities could be handled more ad-
vantageously and with less disorganization to the market if sales were cen-
tralized in New York, except in unusual cases where there might be an oppor-
tunity to dispose of securities to advantage in other markets.

There followed a short discussion with regard to the effect on the
market of the recent change in rate on bills purchased which had resulted in
a resale to the market of all bills held under repurchase agreement and a
considerable reduction in the portfolio of the New York bank.

On motion the meeting adjourned at 1 p. m.

(Signed) W. B. MATTESON
Secretary