

COPY

MINUTES OF THE MEETING OF THE OPEN MARKET INVESTMENT COMMITTEE
FOR THE FEDERAL RESERVE SYSTEM, HELD AT THE FEDERAL
RESERVE BANK OF NEW YORK, APRIL 30, 1925

333-b-2
Final Minutes

4/30/25

PRESENT:

Governors Strong, Fancher, McDougal, Harding and Norris
Mr. W. B. Matteson, Secretary of the Committee

There were also present by invitation:

Honorable D. R. Crissinger, Governor of the Federal Reserve Board
Mr. Walter W. Stewart, Director, Division of Research and Statistics, Federal Reserve Board
Mr. J. H. Case, Deputy Governor, Federal Reserve Bank of New York

The meeting was called to order at 10:30 a. m. by Governor Strong, Chairman.

On motion, duly seconded, the minutes of the last meeting of the Committee held in Washington on April 6, 1925, were formally approved.

The Secretary presented for consideration a report with accompanying data supporting several different plans for the redistribution of existing holdings of Government securities as recommended by the Committee at its meeting on April 6.

The Committee carefully considered and discussed at length various proposed methods of redistribution of the present holdings of securities and/or bills in order to carry out the directions of the Conference of Governors. It was, on motion, duly seconded

VOTED that Plan "A" be adopted and that pursuant thereto the five banks showing an estimated excess of earnings sell from their holdings approximately \$83,000,000 of Government securities to the six banks (other than Minneapolis) which showed an estimated deficiency in earnings. The Federal Reserve Bank of Minneapolis is to be furnished with additional bills instead of Government securities for the reasons explained at the last Governors' Conference.

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General discussion ensued in respect of the apportionment to be followed in the event that the Committee should exercise its authority to purchase an additional \$50,000,000 of Government securities, in accordance with the action taken at the last Governors' Conference; and on motion of Governor Fancher, it was

VOTED that such purchases as may be made from time to time on this \$50,000,000 authorization be allotted on a pro rata basis to those five banks that are now giving up the \$83,000,000 of Government securities from their participation in the System open market account.

There followed a discussion with respect to the method of allotting System purchases of bills. Under the present method the gross earnings for the balance of the year are determined from the actual earning asset holdings of each bank at the close of business the last day of the previous month. In order to provide a more accurate estimate as to the future earnings of the banks, it was decided to estimate such earnings on the basis of the average earning asset holdings of each bank from the first of the year. It was also understood that allotments of System purchases of bills will be made on the basis of estimated expenses including dividends but excluding charge-offs.

The Chairman announced that he now had an opportunity to sell a single block of \$20,000,000 of 4 3/8% Treasury notes maturing December 15, 1925 at 100 27/32 (about a 3% basis) and to replace them by the purchase of \$15,000,000 of Treasury notes maturing March 15, 1926, on a 3 1/4% basis, and \$5,000,000 of Treasury notes maturing March 15, 1927, on a 3.54% basis. It was, thereupon,

VOTED that the Chairman be authorized to effect such sale and purchase.

On motion the meeting adjourned.

(SIGNED) W. B. MATTESON,

Secretary.

SCHEDULE "A"

STATEMENT SHOWING REDISTRIBUTION OF \$83,149,500 OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT IN ORDER THAT ESTIMATED EARNINGS WILL BE ON SAME BASIS AS ESTIMATED EXPENSES (EXCLUDING CHARGE-OFFS)

	Total Estimated Earnings 1925	Total Estimated Expenses & Dividends 1925 (Excluding Charge-offs)	Estimated Overage or Shortage of Earnings	Total Estimated Earnings After Ad- justment 1925	Estimated Excess of Earnings After Adjustment	Present Participation Government Secur- ities Special Account	AMOUNT SOLD OR PURCHASED by each Bank	Participation After Adjustment
St. Louis	\$ 2,908,694	\$ 1,912,300	\$ 996,394	\$ 2,449,040	\$ 536,740	\$ 17,579,500	\$17,241,000	\$ 338,500
New York	7,490,192	6,519,000	971,192	6,641,157	122,157	92,363,500	31,846,000	60,517,500
Philadelphia	2,482,309	2,077,000	405,309	2,301,738	224,738	7,208,000	6,773,000	435,000
Cleveland	3,071,300	2,647,000	424,300	2,743,652	96,652	25,209,500	12,289,500	12,920,000
Richmond	1,399,000	1,422,000	23,000	1,474,713	52,713	2,044,500	2,846,000	4,884,500
Atlanta	860,906	1,161,976	301,070	1,204,920	42,944	1,022,500	12,903,500	13,926,000
Chicago	4,223,498	3,567,134	656,364	3,823,588	256,454	35,064,000	15,000,000	20,064,000
St. Louis	831,610	1,465,000	633,390	1,518,154	53,154	8,626,500	25,751,500	34,378,000
Minneapolis	818,631	1,074,100	255,469	818,631	255,469 x	9,788,000	0	9,788,000
Kansas City	1,299,401	1,632,577	333,176	1,694,205	61,628	12,343,500	14,808,500	27,152,000
Dallas	848,633	1,138,400	289,767	1,182,057	43,657	13,265,000	12,506,000	25,771,000
San Francisco	<u>2,199,000</u>	<u>2,489,000</u>	<u>290,000</u>	<u>2,581,319</u>	<u>92,319</u>	<u>25,527,000</u>	<u>14,340,000</u>	<u>39,867,000</u>
	\$28,433,174	\$27,105,487	\$3,453,559	\$28,433,174	\$1,327,687	\$250,041,500	\$83,149,500	\$250,041,500
			<u>2,125,872</u>					

\$1,327,687 Net

x Federal Reserve Bank of Minneapolis has received additional allotment of bills.

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