

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

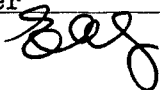
# Office Correspondence

Date January 12, 1937

To Chairman Eccles

Subject: \_\_\_\_\_

From Mr. Goldenweiser



In connection with your Treasury meeting.

CURRENT COMMENTS IN BRIEF

Excess reserves

Excess reserves increased by \$60,000,000 to \$2,010,000,000 in the week ending January 6, reflecting a seasonal return flow of currency from circulation. Continued return of currency and a reduction of Treasury balances in the current week will result in a further increase of more than \$100,000,000 in excess reserves.

Reporting member banks

The return flow of currency from circulation has been accompanied by a reduction of \$100,000,000 in bank loans. Deposits have also declined. Commercial loans, after a rise of \$220,000,000 in December, showed a decline of \$46,000,000 in the first week of January. Loans on securities also declined.

Holdings of Government obligations by New York banks increased by \$18,000,000 and those of reporting banks in other leading cities by \$44,000,000. Other securities, however, declined by \$38,000,000, mostly at banks outside New York City.

Stock market

The stock market was more active during the week ending January 9, with two days on which sales exceeded 3,000,000 shares. Stock prices advanced, with the Standard Statistics index of average prices for 90 stocks at the highest level since the third week in November but still somewhat below the peak for 1936 reached shortly after election. The price of seats on the New York Stock Exchange, which declined from

\$135,000 to \$89,000 from late October to the end of November, has advanced recently to \$134,000.

Foreign security buying

Foreigners have been consistent buyers of American securities for the past five weeks. The weekly volume of net purchases, while averaging about a quarter of that during the six weeks following the new currency arrangement, is about the same as the weekly average volume for the first three quarters of 1936.

French gold bonds

The French Government has extended from January 15 to January 31 the period within which gold or foreign exchange may be offered at the old gold parity in subscription to bonds redeemable in three years at a 40 percent premium. The object of this measure is to encourage the dishoarding of gold and foreign exchange, measures of a compulsory character having proved inadequate. Amnesty from the severe penalties previously established have been granted subscribers to the loan.