

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date February 23, 1937

To Chairman Eccles

Subject: _____

From Mr. Goldenweiser



In connection with your Treasury meeting.

CONFIDENTIAL

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Cc. 15
February 23, 1937

CURRENT COMMENTS IN BRIEF

New York money market

Developments in the money market last week were without particular significance. Yields on Treasury obligations began the week at a slightly higher level than in the preceding week but showed little further change. The increase in excess reserves and the decline in holdings of Government obligations at New York City banks, which had continued for several weeks, were checked last week.

Reserve position of New York City banks

Improvement in the reserve position of New York City banks since January 13 is shown by the fact that principal reporting banks on February 10 had excess reserves that were \$250,000,000 larger than 33 1/3 percent of reserve requirements, compared with a similar excess of \$87,000,000 on January 13. Of these 16 banks, 6 would have been deficient by \$83,000,000 after an increase of 33 1/3 percent in requirements, whereas four weeks earlier 8 banks would have been deficient by \$107,000,000.

Security markets

Stock price averages showed little change last week, while prices of shares of metal and other companies affected by armament demands rose. The bond market improved slightly in the latter part of the week. New issues were small and distribution of issues offered in previous weeks improved.

Following three days of net selling of securities by foreigners, net purchases were reported on Wednesday and the following days of last week.

Commodity prices

Prices of metals advanced further last week in both domestic and foreign markets. In foreign markets yesterday nonferrous metal prices showed sharp advances but this morning there was a substantial reaction. With reports of increased moisture in drought regions, prices of grains declined last week.