

FEDERAL RESERVE BANK  
OF DALLAS

Circular No. 43  
Series of 1918.

August 20, 1918.

TO THE BANKS OF THE ELEVENTH DISTRICT:

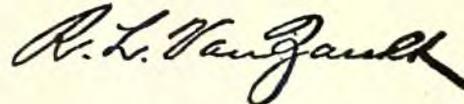
Due to the large amount of "float" carried by this bank for some time past, consisting principally of mail transfers purchased from member banks, drawn on points east, it has been necessary on several recent occasions, in maintaining our required reserve, to re-discount with other Federal Reserve Banks for the purpose of providing funds sufficient to carry the "float" mentioned.

These drafts, in process of collection (and for which immediate credit is given to the member bank), approximate in total several millions of dollars, ranging at times in excess of twelve million dollars.

With the heavy demands current upon the Federal Reserve Bank from member banks at this time for currency shipments of round amount, and loan accommodations regularly arranged, unless the volume of "float" represented by purchase of the mail transfers above mentioned is materially reduced, it will be necessary to raise the discount rate at which such transfers are taken to the re-discount rate which the Federal Reserve Bank of Dallas pays when providing funds to protect such "float," this step having already been taken by some of the other Federal Reserve Banks. The present rate of 10¢ per day per M. is figured at approximately 3.65%; whereas a change, if effected at this time, would be in the neighborhood of 4.75%.

This situation, however, is called to the attention of the member banks believing that it will be their desire, in order to obviate the necessity of increasing the rate on transfers purchased from them at this time, to wire any transfers of this character sold the Federal Reserve Bank of Dallas wherever same is possible. Your co-operation therein will meet with our appreciation accordingly.

Respectfully,



Governor.