

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, October 20, 1930, at 11:30 a. m.

PRESENT: Governor Meyer
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. McClelland, Asst. Secretary.

PRESENT ALSO: Governor Harrison of the Federal Reserve Bank of New York.

The Governor stated that in accordance with a suggestion made during an informal discussion at the meeting on October 17th, he had requested Governor Harrison to come to Washington for the purpose of discussing with the members of the Board the transaction in sterling authorized by the directors of the New York bank.

Governor Harrison explained in detail the mechanics of the operation, stating incidentally that to date £2,200,000 sterling has been purchased, of which £1,200,000 has been invested in bills. He stated that the rate on bills is around $2 \frac{1}{16}\%$ while the balances on deposit with the Bank of England draw about $1 \frac{11}{16}\%$.

The significance of the transaction in the domestic and London money markets was discussed, as was its effect on the exchange position. Inquiry was made as to the nature and purpose of the balances on open account, and the discussion developed that such balances are maintained purely for the purpose of operations in the purchase and sale of sterling bills and not for the accommodation of the Bank of England. It was also brought out that the transaction is a seasonal one, the expectation being that the sterling account will be liquidated around the first of March when the peak period of payments for

10/20/30

American exports is past.

The meeting adjourned at 12:50 p. m.

C. W. Woodcock

Assistant Secretary

Approved:

W. W. Woodcock

Governor