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Authority E.O. 12958

September 8, 1931.

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of September 4th, addressed to Governor Meyer, enclosing report of transactions in Government securities and bankers acceptances as reported to your committee for the period from August 27, 1931 to September 2, 1931, inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, N. Y.

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FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Governor Meyer ✓ Mr. Hamlin ✓ Mr. James ✓
Mr. Miller Mr. Magee ✓

Mr. Pole *ahnt*

FEDERAL RESERVE BANK
OF NEW YORK

Mc Clelland

CONFIDENTIAL

September 4, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for
the period from August 27, 1931 to September 2, 1931 inclusive,
together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
SEP 5 1931
OFFICE OF
ASST. DEPT. GOV.

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED SEPTEMBER 2, 1931

Holdings of Earning Assets of Federal Reserve Banks from September 3, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
Sept. 3	\$1,012,271	\$601,639	\$ 405	\$106,087	\$10,308	\$231,260
" 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	973,021	601,438	0	161,906	3,752	201,603
Nov. 23	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 29	934,795	677,977	0	62,909	3,627	183,036
Aug. 26	1,156,636	727,998	0	179,476	1,042	241,718
Sept. 2	1,189,513	728,108	0	197,474	394	257,285

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED SEPTEMBER 2, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance Sept. 2	Net Change	Balance Sept. 2	Net Change	Balance Sept. 2	Net Change
Boston	\$ 53,701	\$ 540+	\$ 3,958	\$ 611-	\$ 8,416	\$ 1,796-
New York	221,548	3,007-	10,886	3,394-	52,762	4,396+
Philadelphia	55,081	614+	0	0	18,377	272+
Cleveland	72,085	0	7,393	1,477+	34,004	4,091+
Richmond	31,558	0	2,811	481-	19,480	729+
Atlanta	22,317	1+	1,407	226-	22,633	276+
Chicago	96,338	1,006+	6,544	2,055-	23,288	6,717+
St. Louis	30,708	232+	2,278	453-	11,319	380+
Minneapolis	27,895	85+	2,133	157-	4,364	149-
Kansas City	39,077	0	2,641	458-	12,793	134+
Dallas	25,154	24+	801	707-	14,071	321+
San Francisco	52,646	615+	5,290	1,120-	35,778	196+
N. Y. holdovers and other bills			151,332	26,183+		
Totals	\$728,108	\$ 110+	\$197,474	\$17,998+	\$257,285	\$15,567+

COMMENT ON CHANGES WEEK ENDED SEPTEMBER 2, 1931

Total earning assets of the System showed an increase of \$32,877,000 for the current statement week. The changes by classification consisted of an increase of \$17,998,000 in outright purchases of bankers acceptances, and \$15,567,000 in bills discounted and a decrease of \$648,000 in bankers acceptances held under sales contracts.

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Money
Market

The excess reserves of the New York City banks showed no material change during the first three days of the past reporting week, the amount of the surplus being in the neighborhood of 40 to 50 million dollars. The money market sustained losses through further withdrawals of currency during this period, but there was some net inflow of funds from other centers, payments to the market from foreign correspondent balances at the Reserve Bank, and a small increase in the total amount of Reserve Bank credit outstanding. On Monday, August 31, the reserves of the City banks became surplus to the extent of \$87,000,000, principally as a result of further foreign correspondent payments to the market and a sizable increase in Federal Reserve credit outstanding, including bills purchased from a discount house under resale agreement.

The excess reserve position reached on August 31 was only temporary, however, for during the following two days, September 1 and 2, operations in the money market substantially reduced the amount of reserve balances held by the banks. In addition, the banks' reserve requirements increased by \$15,000,000, reflecting the usual mounting up of deposits at the turn of the month, and consequently the surplus showed a reduction to \$25,000,000 by the close of business on September 2. The loss of reserves during these two days resulted from a net outflow of funds to other parts of the country, an increase in foreign correspondent balances at the Reserve Bank, and a sizable decrease in the Reserve Bank credit outstanding, part of which was due to the repurchase by dealers of bills sold to the Reserve Bank on August 31. These losses substantially exceeded gains to the market arising from a return of currency to the Reserve Bank and a release of gold from earmark. After the close of the reporting week, the reserve balances of the City banks were reduced further on September 3, due principally to week-end currency withdrawals, and although reserve requirements were also reduced from their first of the month peak, the surplus of reserves became somewhat smaller than for the previous day.

Rates were unchanged during the past week in all divisions of the money market. On the Stock Exchange, call money was 1 1/2 per cent, and this rate prevailed in the outside market. The amount of money being offered by private banking sources in the outside market at 1 and 1 1/4 per cent is insignificant compared with the offerings at the 1 1/2 per cent figure. At bid and asked quotations of 1 1/4 - 1 1/2 per cent for 60 and 90 day loans, 1 1/2 - 1 3/4 per cent for 4 months, and 1 3/4 - 2 per cent for 5 and 6 months, very little activity was reported in the making of time loans. Commercial paper purchases and sales were reported by the dealers to have been light. Prime material continued for the most part to be offered at 2 per cent. Federal funds remained at 1/8 to 1/4 per cent.

Government
Security
Market

During the current statement week the United States Government security market had a slightly better tone than during the preceding week. While the volume of trading reported was moderate, the demand was good for practically all issues. At the close of the reporting period the average yield on the short-term issues, at dealers' offering prices, was about 0.38 per cent as compared with 0.40 per cent at the close of the two preceding periods, and the average selling price for the Liberty Loan and Treasury bonds was 104.60 as compared with the previous week's average closing price of 104.53.

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Dealers' Offering Prices at the Close of the Current Statement Week
 and Net Changes from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
1 7/8% Cert. of Ind. due Dec. 15, 1931	100 13/32	-1/32	0.41%
2 % " " " " Mar. 15, 1932	100 27/32	- - -	0.40%
3 1/2% Treasury Notes called for payment Dec. 15, 1931	100 30/32	-1/32	0.13%
Treasury Bills - all maturities 0.60% discount bid, 0.40% asked			

Closing Sale or Bid Prices on the New York Stock Exchange at the
 Close of the Current Statement Week and Net Changes
 from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 9/32	-2/32	Treasury 4 1/4s 1947-52	112 12/32	+7/32
1st 4 1/4s	102 28/32	- - -	" 4s 1944-54	108 6/32	+9/32
4th 4 1/4s	104 28/32	+3/32	" 3 3/4s 1946-56	106 6/32	+1/32
			" 3 3/8s 1943-47	102 22/32	-4/32
			" 3 3/8s 1940-43	102 19/32(Bid)	- - -
			" 3 3/8s 1941-43	102 22/32	+3/32
			" 3 1/8s 1946-49	101 9/32	+8/32

Bankers
 Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
 week
 ending
 Sept. 2

Boston reported that the bill market in its district continued inactive during the past period. Both the supply and demand was small. Dealers were again obliged to forward most of their offerings to other cities. There were no offerings to the Reserve bank except under sales contract. In New York the bill market showed some improvement over the week previous. The demand was fairly good, but substantial purchases by the dealers increased their holdings about \$19,000,000. Included in the purchases, however, was \$17,000,000 of bills which a dealer sold early in July under a repurchase agreement which expired on August 31, and consequently resulted in the return of the bills to the market. Offerings to the Reserve bank were negligible. Philadelphia reported that its acceptance market continued quiet with a moderate demand for short bills. Dealers reported a moderate improvement in the supply. Chicago reported that the market for bills in its district was very dull. Dallas reported that there was no demand for bills and no offerings to the Reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week consisted of

Sales of \$	20,000	-	4	1/4%	Fourth Liberty Loan bonds, account German Special Deposit Account
	82,250	-	4	1/4%	Fourth Liberty Loan bonds, account Director of Public Buildings
	300,000	-	4	1/4%	Fourth Liberty Loan bonds, account Alien Property Custodian
<hr/>					
	\$402,250	-	Total Sales		

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions consummated in the System Account during the current statement week consisted of

Exchange in the market of	\$2,000,000	-	3	1/2%	Treasury notes called for payment Dec. 15, 1931, for
	2,000,000	-	1	7/8%	certificates due Dec. 15, 1931

Redemption on August 31 of \$15,425,000 maturing Treasury bills, which were replaced by purchase in the market of a like amount of Treasury bills maturing Nov. 30, 1931

These transactions did not affect the total amount of holdings in the System Account, which remained at \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the account at the close of business Wednesday, September 2, 1931, were as follows:

PARTICIPATIONS BY FEDERAL RESERVE BANKS

RECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$	52,995,500
New York	95,209,000	
Philadelphia	45,096,000	
Cleveland	62,085,000	
Richmond	30,405,500	
Atlanta	19,773,500	
Chicago	74,739,500	
St. Louis	26,708,000	
Minneapolis	20,273,000	
Kansas City	39,030,500	
Dallas	15,132,000	
San Francisco	43,020,500	
<hr/>		
	\$524,468,000	

Sept. 30, 1931-	Treasury Bills	\$	5,000,000
Oct. 15, 1931-	" "		24,700,000
Nov. 2, 1931-	" "		21,750,000
" 9, 1931-	" "		7,225,000
" 16, 1931-	" "		18,725,000
" 23, 1931-	" "		11,207,000
" 30, 1931-	" "		15,425,000
Oct. 26, 1931-	" "		4,950,000
Dec. 15, 1931-	1 7/8% C/I		114,076,500
Mar. 15, 1932-	2 % "		117,981,500
Dec. 15, 1931-	3 1/2% T/N		27,250
June 15, 1947-	3 1/2% 1st L/L		54,025,000
" 15, 1947-	4 1/4% 1st "		48,750,000
Oct. 15, 1938-	4 1/4% 4th "		80,625,750
<hr/>			
		\$524,468,000	

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ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM AUGUST 27 TO SEPTEMBER 2, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>	<u>Net Decrease</u>
Boston	\$ 2,298,500	\$ 1,758,500	\$ 540,000	0
New York	5,355,500	8,362,500	0	3,007,000
Philadelphia	2,110,500	1,496,000	614,500	0
Cleveland	2,063,000	2,063,000	0	0
Richmond	1,010,500	1,010,500	0	0
Atlanta	657,000	657,000	0	0
Chicago	3,484,500	2,479,000	1,005,500	0
St. Louis	1,119,000	886,500	232,500	0
Minneapolis	673,500	673,500	0	0
Kansas City	1,297,000	1,297,000	0	0
Dallas	502,500	502,500	0	0
San Francisco	2,041,500	1,427,000	614,500	0
Totals	<u>\$22,613,000</u>	<u>\$22,613,000</u>	<u>\$3,007,000*</u>	<u>\$3,007,000*</u>

*Represents apportionment to participating Federal reserve banks of \$5,000,000 of the Federal Reserve Bank of Dallas' participation of Government securities in System Account taken over temporarily on August 26, as mentioned in last week's report.

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES - (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Redemption and Sales</u>	<u>Issue</u>
New York	\$ 7,280,000	Misc. Gov't Sec.	\$ 6,000,000	Aug. 31/31 Treas. Bills
			1,280,100	Misc. Gov't Sec.
Cleveland	10,000,000*	Treas. Bills 11/30/31	10,000,000*	Ser. A T/N
Atlanta	99,500	Misc. Gov't Sec.	99,400	Misc. Gov't Sec.
Minneapolis	760,500	" " "	675,600	" " "
Dallas	25,000	Fourth L/L bds.	0	"
Totals	<u>\$18,165,000</u>		<u>\$18,055,100</u>	

*Purchased and sold in New York market.

BANKERS ACCEPTANCES

(000 Omitted)

	<u>Holdings</u> Aug. 26	<u>Pur-</u> <u>chased</u> Own Mkt.	<u>By Allot-</u> <u>ment from</u> New York	<u>Maturities & Sales</u>		<u>Hold-</u> <u>ings</u> Sept. 2	<u>Other Holdings</u> <u>Close Sept. 2/31</u>	
				<u>Held in</u> N. Y.	<u>Held</u> Elsewhere		<u>Sales</u> Contracts	<u>Other</u> Bills
Boston	\$ 4,569	\$ 0	0	0	\$ 611	\$3,958	\$369	\$ 12,397
New York	14,280	133 R.	0	3,527	0	10,886	0	59,080
Phila.	0	0	0	0	0	0	0	16,364
Cleve.	5,916	1,582 "	0	0	105	7,393	0	15,922
Richmond	3,292	0	0	481	0	2,811	0	1,765
Atlanta	1,633	151 "	0	235	142	1,407	0	2,251
Chicago	8,599	0	0	0	2,055	6,544	25	22,314
St. Louis	2,731	0	0	453	0	2,278	0	1,142
Minn.	2,290	0	0	57	100	2,133	0	750
Kansas City	3,099	0	0	455	3	2,641	0	4,572
Dallas	1,508	0	0	707	0	801	0	4,521
San Fran.	6,410	250 "	0	0	1,370	5,290	0	10,254
Totals	<u>\$54,327</u>	<u>\$2,116</u>	<u>0</u>	<u>\$5,915</u>	<u>\$4,386</u>	<u>\$46,142</u>	<u>\$394</u>	<u>\$151,332</u>

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING SEPTEMBER 2, 1931

(000 Omitted)

	<u>1-30 days</u> <u>1%</u>	<u>31-60 days</u> <u>1%</u>	<u>61-90 days</u> <u>7/8%</u>	<u>Over 90-days</u> <u>-</u>	<u>Total</u>
New York	\$ 97	\$ 36	\$ 0	0	\$ 133
Cleveland	1	1,581	0	0	1,582
Atlanta	18*	133*	0	0	151
San Francisco	0	0	250	0	250
Totals	\$116	\$1,750	\$250	0	\$2,116

*Rates not reported.

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES DURING WEEK ENDING SEPTEMBER 2, 1931

(000 Omitted)

(Excluding Sales Contracts)

	<u>Government Securities</u>	<u>Bankers Acceptances</u>	<u>Total</u>
Purchased	\$40,778	\$ 2,116	\$42,894
Sold	19,243	0	19,243
Matured	21,425	10,301	31,726
		\$ 8,185-	\$ 8,075-
		26,183+ (Net Change	26,183+ (Net Change
		1-day holdover	1-day holdover
		& other bills)	& other bills)
Totals	\$ 110+	\$17,998+	\$18,108+

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES SEPTEMBER 2, 1931

(000 Omitted)

(Including Sales Contracts)

	<u>Within 15-days</u>	<u>16-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days- 6 months</u>	<u>Over 6 months</u>	<u>Total</u>
Gov't Securities	\$ 25	\$ 7,000	\$31,900	\$122,905	\$150,596	\$415,682	\$728,108
Bills Purchased	36,469	10,653	3,794	146,952	0	0	197,868
Totals	\$36,494	\$17,653	\$35,694	\$269,857	\$150,596	\$415,682	\$925,976

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August 29, 1931.

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of August 28th, addressed to Governor Meyer, enclosing report of transactions in Government securities and bankers' acceptances as reported to your committee for the period from August 20, 1931, to August 26, 1931, inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, N. Y.

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FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Governor Meyer

Mr. Hamlin

Mr. James

Mr. Miller

about

Mr. Magee

Mr. Pole

**FEDERAL RESERVE BANK
OF NEW YORK**

CONFIDENTIAL

August 28, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from August 20, 1931 to August 26, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,



W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer, Governor,
Federal Reserve Board,
Washington, D. C.

Encl.

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED AUGUST 26, 1931

Holdings of Earning Assets of Federal Reserve Banks from August 27, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
Aug. 27	\$ 967,034	\$601,913	\$ 0	\$159,137	\$ 4,137	\$193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
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Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 29	934,795	677,977	0	62,909	3,627	183,036
Aug. 19	1,118,229	727,890	0	153,934	694	230,609
" 26	1,156,636	727,998	0	179,476	1,042	241,718

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED AUGUST 26, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance Aug. 26	Net Change	Balance Aug. 26	Net Change	Balance Aug. 26	Net Change
Boston	\$ 53,161	\$ 0	\$ 4,569	\$ 1,063+	\$ 10,212	\$ 910+
New York	224,555	5,000+	14,280	1,972-	48,366	9,591+
Philadelphia	54,467	0	0	0	18,105	116-
Cleveland	72,085	0	5,916	1,364+	29,913	604-
Richmond	31,558	0	3,292	982+	18,751	970-
Atlanta	22,316	26-	1,633	1,034-	22,357	607+
Chicago	95,332	0	8,599	2,154+	16,571	1,626+
St. Louis	30,476	0	2,731	866+	10,939	962+
Minneapolis	27,810	134+	2,290	315+	4,513	166+
Kansas City	39,077	0	3,099	848+	12,659	3,430-
Dallas	25,130	5,000-	1,508	126+	13,750	286+
San Francisco	52,031	0	6,410	456+	35,582	2,081+
N. Y. holdovers and other bills			125,149	20,374+		
Totals	\$727,998	\$ 108+	\$179,476	\$25,542+	\$241,718	\$11,109+

COMMENT ON CHANGES WEEK ENDED AUGUST 26, 1931

Total earning assets of the System showed an increase of \$38,407,000 for the current statement week. The changes by classification consisted of increases of \$108,000 in outright purchases of government securities, \$11,109,000 in bills discounted, \$25,542,000 in outright purchases of bankers acceptances, and \$348,000 in bankers acceptances held under sales contracts.

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Money
Market

In the initial three days of the past reporting week, the New York City banks maintained approximately the same surplus reserve position as at the close of the previous week. On Wednesday, the 19th, this excess had amounted to \$68,000,000 and on Saturday, the 22nd, it was \$71,000,000. During this period, there was a decline of \$5,000,000 in actual reserve balances of the City banks, due chiefly to currency requirements which exceeded payments to the market arising from further acquisitions of foreign currency bills by the Reserve Banks, but this reduction in reserves was more than offset by a decrease in the reserve requirements of the City banks.

On Monday, the 24th, however, the existing excess of actual reserves was practically eliminated, reflecting primarily a sale of a new issue of \$60,000,000 of Treasury Bills on a day that no maturity of Treasury Bills occurred. In addition, there were losses to the market through unusual withdrawals of currency and outflow of funds to other centers, which exceeded further foreign bill acquisitions by the Reserve Banks. In the remaining two days of the week, the excess of reserves was built up to \$50,000,000 by a return flow of funds to New York, by continued payments to the market arising from increases in Reserve Bank holdings of foreign bills abroad, and by a comparatively small increase in borrowing by one New York City bank.

For the week as a whole, the New York money market lost a considerable volume of funds through net withdrawals of currency from the Reserve Bank by New York City institutions. At the same time, the amount of currency outstanding in the country showed a further increase of \$42,000,000 to a higher figure than at the corresponding period of the past five years. For some weeks past, the amount of currency outstanding has been increasing much more rapidly than purely seasonal factors warrant, and this condition has tended to absorb excess funds in the New York market and to cause an increase in the amount of Federal Reserve credit outstanding.

Money rates in the New York market were entirely unchanged during the past week. Call money held at 1 1/2 per cent on the Exchange and for the most part at that rate in the outside market. Ninety day money lent in limited quantities at 1 1/2 per cent, and federal funds were quoted throughout at 1/8 to 1/4 per cent. The prevailing rate on prime commercial paper remained 2 per cent with not a great deal of activity reported in this division of the money market.

Government
Security
Market

During the current statement week there was a decreased market demand for United States Government securities, with the exception of the two issues of Treasury certificates maturing September 15. These two issues continued to be purchased at rising prices in anticipation of some favorable exchange offering at maturity. During the latter part of the week the decrease in the demand was most marked for the various issues of Treasury bonds, and offerings of these issues were considerably in excess of the demand. Prices of the Treasury certificates, notes and bills, and First 3 1/2s were steady, while the prices of the other issues of Liberty Loan and Treasury bonds showed losses ranging from 2/32 to 16/32. At the close of the reporting period the average yield on the short-term issues at dealers' offering prices was 0.40%, unchanged from the previous week, and the average selling price for the Liberty Loan and Treasury bonds was 104.53 as compared with the previous week's closing average price of 104.75.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	3/8% Cert. of Ind. due Sept. 15, 1931	None offered (recent sales at		100 6/32)
1	1/2% " " " " Sept. 15, 1931	" " {	" " "	100 5/32)
1	7/8% " " " " Dec. 15, 1931	100 14/32	-1/32	0.40%
2	% " " " " Mar. 15, 1932	100 27/32	-1/32	0.45%
3	1/2% Treasury Notes called for payment Dec. 15, 1931	100 31/32	-2/32	0.24%
	Treasury Bills - Nov. maturities	0.65% discount bid, 0.45% asked		
	" " - all other maturities	0.60% discount bid, 0.40% asked		

Closing Sale or Bid Prices on the New York Stock Exchange at the
Close of the Current Statement Week and Net Changes

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 11/32	+1/32	Treas. 4 1/4s 1947-52	112 5/32	- 7/32
1st 4 1/4s	102 28/32	-6/32	" 4s 1944-54	107 29/32 (Bid)	-12/32
4th 4 1/4s	104 25/32	-2/32	" 3 3/4s 1946-56	106 5/32	- 8/32
			" 3 3/8s 1943-47	102 26/32	- 4/32
			" 3 3/8s 1940-43	102 19/32	- 9/32
			" 3 3/8s 1941-43	102 19/32	- 8/32
			" 3 1/8s 1946-49	101 1/32	-16/32

Bankers
Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
week
ending
Aug. 26

Boston reported that its local bill market continued rather quiet during the past reporting period. The supply of bills continued small. While the demand at \$1,756,000 showed a small decrease for the period, one dealer reported some demand coming from out-of-town banks that had been out of the bill market for several months. No offerings were made to the Reserve bank except on resale agreements. In New York operations in the bill market for the past week were somewhat quiet. Comparatively few new bills appeared and the demand, aside from investments for foreign account, was very light. Dealers' holdings showed only a moderate reduction. Offerings for System Account were small. Philadelphia reported that its acceptance market was quiet with very few new bills coming into the market. Dealers reported a little pick-up in the demand. Chicago reported that there was very little supply of and demand for bills in its district. Dallas reported that the demand for bills was small and no offerings were made to the Reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week were as follows:

Sales of	\$	90,500	- Fourth 4 1/4% Liberty Loan bonds, account Alien Property Custodian
		7,700,000	- 1 1/2% certificates due Sept. 15, 1931, account Alien Property Custodian
		3,300,000	- 2 3/8% certificates due Sept. 15, 1931, account Alien Property Custodian
		<u> </u>	
		\$11,090,500	- Total Sales
and purchase of	\$	\$10,000,000	- 4% Treasury Bonds of 1944-54 for account Alien Property Custodian

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions effected in the System Account during the current statement week consisted of exchanges advantageously made of

\$10,500,000	- Treasury bills due August 31, 1931
17,207,000	- 1 1/2% certificates due Sept. 15, 1931
7,000,000	- 1 7/8% " " Dec. 15, 1931
2,000,000	- 3 1/2% Treasury notes called for payment Dec. 15, 1931
<u>1,000,000</u>	- 2% certificates due Mar. 15, 1932

a total of \$37,707,000 exchanged for

\$11,207,000	- Treasury bills due Nov. 23, 1931
2,000,000	- 3 1/2% First Liberty Loan bonds
18,500,000	- 4 1/4% " " " "
<u>6,000,000</u>	- 4 1/4% Fourth " " "
<u>\$37,707,000</u>	

At the request of the Federal Reserve Bank of Dallas on August 26, it was relieved temporarily of \$5,000,000 of its participation of government securities in the System Account. These securities were taken over into the participation of the Federal Reserve Bank of New York on August 26 and apportioned on August 28 to the Federal reserve banks which were in a position to participate. It is expected that the Federal Reserve Bank of Dallas will be able to repurchase these securities in from thirty to sixty days.

These transactions did not affect the amount of total holdings in the Account which remained at \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, August 26, 1931, were as follows:

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PARTICIPATIONS BY FEDERAL RESERVE BANKS

RECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 52,455,500	Aug. 31, 1931-Treasury Bills	\$ 15,425,000
New York	98,216,000	Sept. 30, 1931- " "	5,000,000
Philadelphia	44,481,500	Oct. 15, 1931- " "	24,700,000
Cleveland	62,085,000	Oct. 26, 1931- " "	4,950,000
Richmond	30,405,500	Nov. 2, 1931- " "	21,750,000
Atlanta	19,773,500	Nov. 9, 1931- " "	7,225,000
Chicago	73,734,000	Nov. 16, 1931- " "	18,725,000
St. Louis	26,475,500	Nov. 23, 1931- " "	11,207,000
Minneapolis	20,273,000	Dec. 15, 1931- 1 7/8% C/I	112,076,500
Kansas City	39,030,500	Mar. 15, 1932- 2 % "	117,981,500
Dallas	15,132,000	Dec. 15, 1931- 3 1/2% T/N	2,027,250
San Francisco	42,406,000	June 15, 1947- 3 1/2% 1st L/L	54,025,000
		June 15, 1947- 4 1/4% 1st "	48,750,000
		Oct. 15, 1938- 4 1/4% 4th "	80,625,750
Totals	\$524,468,000		\$524,468,000

ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM AUGUST 20 TO AUGUST 26, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>	<u>Net Decrease</u>
Boston	\$ 3,771,500	\$ 3,771,500	\$ 0	\$ 0
New York	11,701,500	6,701,500	5,000,000	0
Philadelphia	3,198,000	3,198,000	0	0
Cleveland	4,463,500	4,463,500	0	0
Richmond	2,186,000	2,186,000	0	0
Atlanta	1,421,500	1,421,500	0	0
Chicago	5,301,000	5,301,000	0	0
St. Louis	1,904,000	1,904,000	0	0
Minneapolis	1,457,500	1,457,500	0	0
Kansas City	2,806,000	2,806,000	0	0
Dallas	1,447,000	6,447,000	0	5,000,000
San Francisco	3,049,500	3,049,500	0	0
Totals	\$42,707,000	\$42,707,000	\$5,000,000	\$5,000,000

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OTHER TRANSACTIONS IN GOVERNMENT SECURITIES - (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$38,070,000*	Misc. Gov't Sec.	\$38,070,000*	Misc. Gov't Sec.
Atlanta	74,900	" " "	100,200	" " "
Minneapolis	<u>1,513,300</u>	" " "	<u>1,379,300</u>	" " "
Totals	<u>\$39,658,200</u>		<u>\$39,549,500</u>	

*Included in these figures are \$18,070,000 par value of U. S. Treasury bonds (representing part of a block of \$28,070,000 U. S. Government bonds sold by a foreign correspondent) taken over into the Investment Account of the Federal Reserve Bank of New York, against which offsetting sales were made to the market of \$18,070,000 short-term Government securities. These bonds were taken over and offsetting sales of short-term Government securities made due to the weakness in the market, at that time, for the long-term Government bonds. The balance of \$10,000,000 Treasury bonds sold by the foreign correspondent were purchased for a Treasury Account and offsetting sales made to the market of \$11,000,000 Treasury certificates due September 15, 1931, as shown on page 4 of this report.

BANKERS ACCEPTANCES
(000 Omitted)

	Hold-ings Aug. 19	Pur-chased Own Mkt.	By Allot-ment from New York	Maturities and Sales		Hold-ings Aug. 26	Other Holdings Close Aug. 26/31	
				Held in N. Y.	Held Else-where		Sales Contracts	Other Bills
Boston	\$ 3,506	\$ 0	\$ 1,385	\$ 0	\$ 322	\$ 4,569	\$ 1,038	\$ 9,259
New York	16,252	655*R 12,319 A	0	2,627	0	14,280	0	54,538
Phila.	0	0	0	0	0	0	0	12,222
Cleve.	4,552	0	1,841	0	477*	5,916	0	11,980
Rich.	2,310	0	1,009	27	0	3,292	0	1,765
Atlanta	2,667	0	875	1,843	66	1,633	0	2,229
Chicago	6,445	0	2,559	0	405	8,599	4	16,666
St. Louis	1,865	0	876	10	0	2,731	0	1,141
Minn.	1,975	0	560	245	0	2,290	0	749
Kan. City	2,251	0	1,044	134	62	3,099	0	3,440
Dallas	1,382	0	609	483	0	1,508	0	3,415
San Fran.	<u>5,954</u>	<u>0</u>	<u>1,561</u>	<u>0</u>	<u>1,105</u>	<u>6,410</u>	<u>0</u>	<u>7,745</u>
Totals	<u>\$49,159</u>	<u>\$12,974</u>	<u>\$12,319</u>	<u>\$5,369</u>	<u>\$2,437</u>	<u>\$54,327</u>	<u>\$1,042</u>	<u>\$125,149</u>

*Includes \$3,000 sold back to New York by Cleveland.

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING AUGUST 26, 1931
(000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90-days</u> 1%	<u>Total</u>
New York	\$12,827	\$144	\$3	0	\$12,974

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING AUGUST 26, 1931
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$82,365	\$12,974	\$95,339
Sold	82,257	3	82,260
Matured	0	7,803	7,803
		\$ 5,168+	\$ 5,276+
		20,374+ (Net Change	20,374+ (Net Change
		1-day holdover	1-day holdover
		and other bills)	and other bills)
Totals	\$ 108+	\$25,542+	\$25,650+

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES AUGUST 26, 1931
(000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$21,425	\$ 25	\$32,950	\$ 97,150	\$160,926	\$415,522	\$727,998
Bills Purchased	29,120	25,181	2,128	124,051	38	0	180,518
Totals	\$50,545	\$25,206	\$35,078	\$221,201	\$160,964	\$415,522	\$908,516

NOTE: On page 6 of report for week ending August 12, 1931, statement should have shown maturities and rates on bills purchased by Federal Reserve Bank of San Francisco instead of Federal Reserve Bank of Dallas.

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Authority E.O. 12958

August 22, 1931.

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of August 21st, addressed to Governor Meyer, enclosing report of transactions in Government securities and bankers' acceptances as reported to your committee for the period from August 13, 1931 to August 19, 1931, inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York City, N. Y.

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FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Gov. Meyer ✓

Mr. Hamlin *above*

Mr. James ✓

Mr. Miller *above*

Mr. Magee ✓

Mr. Pole ✓

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

August 21, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from August 13, 1931 to August 19, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

AUG 22 1931

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED AUGUST 19, 1931

Holdings of Earning Assets of Federal Reserve Banks from August 20, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
Aug. 20	\$ 964,963	\$601,850	\$ 90	\$151,671	\$ 7,251	\$196,179
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	866	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 29	934,795	677,977	0	62,909	3,627	183,036
Aug. 12	1,064,781	727,961	0	100,590	35,148	194,980
Aug. 19	1,118,229	727,890	0	153,934	694	230,609

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED AUGUST 19, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance Aug. 19	Net Change	Balance Aug. 19	Net Change	Balance Aug. 19	Net Change
Boston	\$ 53,161	\$ 0	\$ 3,506	\$ 281-	\$ 9,302	\$ 45-
New York	219,555	0	16,252	1,714+	38,775	11,111-
Philadelphia	54,467	0	0	0	18,221	345+
Cleveland	72,085	0	4,552	133-	30,517	13,625+
Richmond	31,558	1+	2,310	348-	19,721	1,859+
Atlanta	22,342	21+	2,667	672-	21,750	3,814+
Chicago	95,332	0	6,445	576-	14,945	154+
St. Louis	30,476	0	1,865	122+	9,977	71-
Minneapolis	27,676	93-	1,975	619+	4,347	151-
Kansas City	39,077	0	2,251	171-	16,089	4,016+
Dallas	30,130	0	1,382	6+	13,464	382+
San Francisco	52,031	0	5,954	397-	33,501	22,812+
N. Y. holdovers and other bills			<u>104,775</u>	<u>53,461+</u>		
Totals	<u>\$727,890</u>	<u>\$71-</u>	<u>\$153,934</u>	<u>\$53,344+</u>	<u>\$230,609</u>	<u>\$35,629+</u>

COMMENT ON CHANGES WEEK ENDED AUGUST 19, 1931

Total earning assets of the System showed an increase of \$53,448,000 for the current statement week. The changes by classification consisted of increases of \$53,344,000 in outright purchases of bankers acceptances and \$35,629,000 in bills discounted, and decreases of \$71,000 in outright purchases of government securities and \$34,454,000 in bankers acceptances held under sales contracts.

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Money
Market

On the opening day of the past reporting week the excess reserves of the New York banks, which had accumulated in the previous two days, were reduced principally through the retirement of repurchase agreement bill holdings at the Reserve Bank and some outflow of funds to other centers which exceeded funds made available to a foreign correspondent and paid out to the market in exchange for funds credited abroad to the Reserve Banks. In the following days through Tuesday, the surplus of bank reserves varied little from the \$26,000,000 overage of Thursday, as moderate losses of funds to other districts, a shifting of Treasury funds from this market, and a further retirement of repurchase agreement bill holdings at the Reserve Bank were largely offset by payments to the market through a reduction of foreign correspondent balances at the Reserve Bank and through further acquisition of foreign currency bills by the Reserve Banks.

On Wednesday, the 19th, the New York City banks' reserves again became surplus to the extent of nearly \$70,000,000, or only slightly less than a week earlier. This was a result of a decided influx of funds from other parts of the country and of a sale of \$15,000,000 of domestic bills to this bank by a city bank which took this method of maintaining its reserve position.

The general level of open market money rates was unchanged during the past week. Call money for the most part was quoted at 1 1/2 per cent with demand for new accommodation against Stock Exchange collateral very limited; some private banking house funds continued to be offered as low as 1 per cent. Bid and asked rates for time loans were unchanged at 1 1/4 - 1 1/2 per cent for 60 and 90 days, 1 1/2 - 1 3/4 per cent for 4 months and 1 3/4 - 2 per cent for 5 and 6 months. A limited volume of 60 and 90 day loans was placed at 1 1/2 per cent. In the commercial paper market, investment demand on the part of the banks continued rather active, but only small supplies of new paper entered dealers' offering lists. Prime names were generally quoted at 2 per cent. Federal funds were quoted between 1/8 - 1/4 per cent and 1/4 - 1/2 per cent during the entire week.

Government
Security
Market.

The market for United States Government securities continued moderately active with a good undertone. The preference in the demand was for the Treasury certificates maturing on September 15 and the long-term bonds. At the close of the reporting period the average yield on the short-term issues, at dealers' offering prices exclusive of the Treasury certificates maturing September 15, was about 0.40% as compared with the previous week's average price of 0.37% including the September 15 maturities, and 0.45% excluding them, and the average selling price of the Liberty Loan and Treasury bonds was 104.75 as compared with last week's closing average price of 104.67.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	3/8% Cert. of Ind. due Sept. 15, 1931 to yield 0.05%		Bid price -	none offered
1	1 1/2% " " " Sept. 15, 1931 " " 0.05%		" "	" "
1	7/8% " " " Dec. 15, 1931	100 15/32	- - -	0.39%
2	% " " " Mar. 15, 1932	100 28/32	- - -	0.45%
3	1 1/2% Treasury Notes called for payment Dec. 15, 1931	101 1/32	-2/32	0.24%
	Treasury Bills - Nov. maturities 0.65% discount bid, 0.45% asked			
	" " all other maturities 0.60% discount bid, 0.40% asked			

Closing Sale or Bid Prices on the New York Stock Exchange at the
Close of the Current Statement Week and Net Changes
from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 10/32	-2/32	Treas. 4 1/4s 1947-52	112 12/32	+2/32
1st 4 1/4s	103 2/32	+1/32	" 4s 1944-54	108 9/32 (Bid)	+4/32
4th 4 1/4s	104 27/32	+2/32	" 3 3/4s 1946-56	106 13/32 (Bid)	+7/32
			" 3 3/8s 1943-47	102 30/32	+1/32
			" 3 3/8s 1940-43	102 28/32	+5/32
			" 3 3/8s 1941-43	102 27/32	+2/32
			" 3 1/8s 1946-49	101 17/32	- - -

Bankers
Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
week
ending
Aug. 19

Boston reported that there was very little activity in the local bill market during the past week. The supply decreased considerably as few new bills were made and accepting banks were reluctant to decrease their holdings while money rates continued easy. The demand showed some improvement but was still only fair. There were no offerings to the Reserve bank except on sales contracts. In New York the return of easy money during the early part of the week resulted in a fair demand for bills, and, with comparatively few new bills coming out, resulted in a reduction in dealers' holdings of about \$30,000,000 to \$62,000,000. Sales were fairly well distributed, the foreign banks accounting for a considerable portion, not only through the reinvestment of maturities, but also through the deposit of new funds. Rates remained unchanged. Philadelphia reported that interest in acceptances fell off during the past week. Offerings were not heavy with the demand only fair, preference being shown for 60 - 90 day bills. In Chicago dealers reported that there was no activity in the bill market in that district. Dallas reported that there was no demand in its market or offerings to the Reserve bank during the past week.

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4

OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

The only transaction under Treasury authorization during the current statement week was a sale of \$43,000 - 3 1/2% Treasury Notes called December 15, 1931, from holdings account German Special Deposit Account.

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions effected in the System Account during the current statement week consisted of the

1-Redemption on August 17 of

\$16,700,000 maturing Treasury bills, which were replaced
in the Account by the purchase in the market of

\$12,225,000	- Treasury bills due Nov. 16, 1931
1,225,000	- First 3 1/2% Liberty Loan bonds
3,250,000	- First 4 1/4% Liberty Loan bonds
<u>\$16,700,000</u>	

2-Exchanges advantageously
effected in the market
of

\$24,950,000	- 1 1/2% Treasury certificates due Sept. 15, 1931
1,000,000	- 1 7/8% " " " Dec. 15, 1931
5,000,000	- 3 1/2% " notes called for payment Dec. 15, 1931

a total of \$30,950,000 exchanged for

\$ 1,000,000	- Treasury bills maturing Aug. 17, 1931
2,500,000	- " " " " 31, 1931
4,950,000	- " " " " Oct. 26, 1931
1,000,000	- " " " " Nov. 2, 1931
6,500,000	- " " " " 16, 1931
2,500,000	- 2% certificates due March 15, 1932
2,700,000	- First 3 1/2% Liberty Loan bonds
3,800,000	- First 4 1/4% " " "
<u>6,000,000</u>	- Fourth 4 1/4% " " "

\$30,950,000

These transactions did not affect the total amount of holdings in the System Account, which remained at \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, August 19, 1931, were as follows:

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PARTICIPATIONS BY FEDERAL RESERVE BANKS

Boston	\$ 52,455,500
New York	93,216,000
Philadelphia	44,481,500
Cleveland	62,085,000
Richmond	30,405,500
Atlanta	19,773,500
Chicago	73,734,000
St. Louis	26,475,500
Minneapolis	20,273,000
Kansas City	39,030,500
Dallas	20,132,000
San Francisco	42,406,000
	<hr/>
Totals	\$524,468,000
	<hr/> <hr/>

RECAPITULATION OF HOLDINGS BY MATURITIES

Aug. 31, 1931-Treasury Bills	\$ 25,925,000
Sept. 30, 1931- " "	5,000,000
Oct. 15, 1931- " "	24,700,000
Nov. 2, 1931- " "	21,750,000
" 9, 1931- " "	7,225,000
" 16, 1931- " "	18,725,000
Oct. 26, 1931- " "	4,950,000
Sept. 15, 1931- 1 1/2% C/I	17,207,000
Dec. 15, 1931- 1 7/8% "	119,076,500
Mar. 15, 1932- 2 % "	118,981,500
Dec. 15, 1931- 3 1/2% T/N	4,027,250
June 15, 1947- 3 1/2% 1st L/L	51,025,000
" 15, 1947- 4 1/4% " "	31,250,000
Oct. 15, 1938- 4 1/4% 4th "	74,625,750
	<hr/>
	\$524,468,000
	<hr/> <hr/>

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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
 AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
 FROM AUGUST 13 TO AUGUST 19, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Redemption and Sales</u>
Boston	\$ 4,765,500	\$ 4,765,500
New York	8,469,000	8,469,000
Philadelphia	4,041,000	4,041,000
Cleveland	5,641,000	5,641,000
Richmond	2,762,500	2,762,500
Atlanta	1,796,000	1,796,000
Chicago	6,699,000	6,699,000
St. Louis	2,405,500	2,405,500
Minneapolis	1,842,000	1,842,000
Kansas City	3,546,000	3,546,000
Dallas	1,829,500	1,829,500
San Francisco	3,853,000	3,853,000
Totals	\$47,650,000	\$47,650,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES - (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$ 5,000,000	Treas. Bills 11/16/31	\$ 5,000,000	T/N 12/15/31
Atlanta	200,050	Misc. Gov't Sec.	179,050	Misc. Gov't Sec.
Minneapolis	607,950	" " "	700,950	" " "
Totals	\$ 5,808,000		\$ 5,880,000	

BANKERS ACCEPTANCES
(000 Omitted)

	Hold-ings	Pur-chased	By Allot-ment from	Maturities & Sales		Hold-ings	Other Holdings	
	Aug. 12	Own Mkt.	New York	Held in N. Y.	Held Elsewhere	Aug. 19	Glose Sales	Aug. 19/31 Other Bills
Boston	\$ 3,787	0	\$ 222	0	\$ 503	\$3,506	\$487	\$7,309
New York	14,538	5,526*R. 1,954 A.	0	0	3,812	16,252	0	36,091
Phila.	0	0	0	0	0	0	0	9,648
Cleve.	4,685	0	290	0	423*	4,552	0	9,843
Richmond	2,658	0	158	506	0	2,310	0	1,765
Atlanta	3,339	0	138	794	16	2,667	0	2,224
Chicago	7,021	0	413	0	989	6,445	207	13,156
St. Louis	1,743	0	140	18	0	1,865	0	1,141
Minn.	1,356	702 R.	90	173	0	1,975	0	749
Kan. City	2,422	0	163	322	12	2,251	0	2,826
Dallas	1,376	0	92	86	0	1,382	0	2,815
San Fran.	6,351	0	248	0	645	5,954	0	6,385
Totals	\$49,276	\$8,182	\$1,954	\$1,899	\$6,400	\$49,159	\$694	\$93,952
Bills held overnight by New York for distribution to other Fed. Res. Banks -								10,823
							Total	\$104,775

*Includes \$99,000 sold to New York.

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING AUGUST 19, 1931.
(000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90-days</u> -	<u>Total</u>
New York	\$4,544	\$2,936	0	0	\$7,480
Minneapolis	201	200	301	0	702
Totals	<u>\$4,745</u>	<u>\$3,136</u>	<u>\$301</u>	<u>0</u>	<u>\$8,182</u>

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING AUGUST 19, 1931
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$53,458	\$ 8,182	\$61,640
Sold	36,829	99	36,928
Matured	16,700	8,200	24,900
		<u>\$ 117-</u>	<u>\$ 188-</u>
		53,461+ (Net Change	53,461+ (Net Change
		1-day holdover	1-day holdover
		and other bills)	and other bills)
Totals	<u>\$ 71-</u>	<u>\$53,344+</u>	<u>\$53,273+</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES AUGUST 19, 1931
(000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$31,925	\$28,867	\$37,950	\$ 77,150	\$175,864	\$376,134	\$727,890
Bills Purchased	30,365	25,067	6,267	92,890	39	0	154,628
Totals	<u>\$62,290</u>	<u>\$53,934</u>	<u>\$44,217</u>	<u>\$170,040</u>	<u>\$175,903</u>	<u>\$376,134</u>	<u>\$882,518</u>

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August 15, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of August 14th, addressed to Governor Meyer, enclosing a report of open market operations for the period from August 6, 1931 to August 12, 1931 inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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FOR SPECIAL CIRCULATION

PLEASE RETURN PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

✓ Gov. Meyer

✓ Mr. Hamlin

✓ Mr. James

Mr. Miller

✓ Mr. Magee

Mr. Pole *del*

**FEDERAL RESERVE BANK
OF NEW YORK**

Mr. McCollough

CONFIDENTIAL

August 14, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from August 6, 1931 to August 12, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson

W. B. Matteson-
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
AUG 15 1931
OFFICE OF
THE GOVERNOR

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CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED AUGUST 12, 1931

Holdings of Earning Assets of Federal Reserve Banks from August 13, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
Aug. 13	\$ 959,652	\$606,162	\$ 185	\$140,090	\$14,238	\$190,515
" 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 29	934,795	677,977	0	62,909	3,627	183,036
Aug. 5	941,582	680,631	0	63,105	2,969	188,575
" 12	1,064,781	727,961	0	100,590	35,148	194,980

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED AUGUST 12, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance Aug. 12	Net Change	Balance Aug. 12	Net Change	Balance Aug. 12	Net Change
Boston	\$ 53,161	\$ 1-	\$ 3,787	\$ 2,125+	\$ 9,347	\$2,076+
New York	219,555	50,020+	14,538	9,536+	49,886	13,781+
Philadelphia	54,467	2,806-	0	0	17,876	157-
Cleveland	72,085	0	4,685	2,724+	16,892	592-
Richmond	31,557	0	2,658	1,686+	17,862	369-
Atlanta	22,321	12-	3,339	403+	17,936	878+
Chicago	95,332	0	7,021	4,266+	14,791	201-
St. Louis	30,476	0	1,743	1,055+	10,048	495+
Minneapolis	27,769	129+	1,356	917+	4,498	298-
Kansas City	39,077	0	2,422	1,262+	12,073	14+
Dallas	30,130	0	1,376	885+	13,082	505+
San Francisco	52,031	0	6,351	3,667+	10,689	9,727-
N.Y. holdovers and other bills			51,314	8,959+		
Totals	<u>\$727,961</u>	<u>\$47,330+</u>	<u>\$100,590</u>	<u>\$37,485+</u>	<u>\$194,980</u>	<u>\$6,405+</u>

COMMENT ON CHANGES WEEK ENDED AUGUST 12, 1931

Total earning assets of the System showed an increase of \$123,199,000 for the current statement week. The changes, by classification, consisted of increases of \$47,330,000 in outright purchases of government securities, \$6,405,000 in bills discounted, \$37,485,000 in outright purchases of bankers acceptances, and \$32,179,000 in bankers acceptances held under sales contracts.

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Money
Market

The New York money market lost a substantial amount of funds during the past week through a further movement of currency into circulation and an additional increase in the balances of foreign correspondents held at the Reserve Bank; the latter was due chiefly to a maturity of Treasury bills held by a foreign correspondent, who elected to place the proceeds on deposit instead of reinvesting them. A purchase of \$50,000,000 of Government securities was made by the New York Reserve Bank to offset the effect on the market of the funds withdrawn and placed on deposit for foreign account. Furthermore, the deficiency in the reserves of leading New York City banks which developed late last week, led first to a temporary increase in their borrowing here on Friday to \$95,000,000, the highest level reached since March, and subsequently to large offerings of bills to us for purchase outright or under sales contract. There was also a small inflow of commercial funds from other centers and some funds were placed in the market through foreign exchange purchases by the Reserve System, the proceeds of which were reflected partly in increased holdings of foreign bills and partly in increased Reserve Bank balances abroad.

The result was that the New York banks were enabled to repay indebtedness here and to accumulate an excess of reserves. Withdrawals of bills which had been sold to the New York Reserve Bank under repurchase agreement were tending to reduce this excess of reserves, however, at the close of the period.

Despite the large movement of funds in the market, the only effect upon money rates appears to have been in Federal funds, which were quoted as high as 1 - 1 1/4 per cent; subsequently, however, the rate eased to 1/4 per cent. Other branches of the money market were unchanged at previous levels. Call money held at 1 1/2 per cent on the Exchange, with offerings large and demand almost negligible; 1 1/2 per cent was the nominal rate in the outside market, and some private banking houses continued to offer money as low as 1 per cent. Business in the time money market was extremely dull, and no change was reported in nominal rates. Bank investment demand for commercial paper remained in excess of the limited offerings of dealers; and trading consequently was small; the prevailing rate remained at 2 per cent.

Government
Security
Market

The market for United States Government securities was moderately active during the past week. A strong undertone developed during the latter part for the long term bonds. As in the past two weeks, the demand was again particularly good for the 3 1/8% Treasury Bonds of 1946-49 and the Fourth Liberty Loan 4 1/4% bonds. Prices of the long-term bonds showed advances of from 3 to 8/32nds, excepting the 4 1/4's of 1947-52 which declined 2/32nds. The Liberty Loan bonds also showed losses of 3/32nds for the First 3 1/2's and 2/32nds for the First 4 1/4's. The Fourth Liberties remained unchanged. In the short-term market there was little activity. A moderate demand, however, continued for the September issues which purchasers were evidently acquiring on the chance of a possible favorable exchange offering. At the close of the reporting period, the average yield on the short-term issues, at dealers' offering prices, was 0.37% as compared with 0.36% the previous week, and the average selling price of the Liberty Loan and Treasury Bonds was 104.67 as compared with last week's average price of 104.61

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Dealers' Offering Prices at the Close of the Current Statement Week
 and Net Changes from the Close of the Previous Statement Week

<u>Issue</u>		<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	3/8% Cert. of Ind. due Sept. 15, 1931	To yield 0.20%	-0.10%	0.20%
1	1/2% " " " " Sept. 15, 1931	" " 0.25%	-0.06%	0.25%
1	7/8% " " " " Dec. 15, 1931	100 15/32	-1/32	0.47%
2	% " " " " Mar. 15, 1932	100 28/32	-1/32	0.50%
3	1/2% Treasury Notes called for payment Dec. 15, 1931	101 3/32	-2/32	0.24%
Treasury Bills - Nov. maturities		0.70% discount bid, 0.50% asked (Nominal)		
" "		all other maturities 0.65% discount bid, 0.45% asked (Nominal)		

Closing Sale or Bid Prices on the New York Stock Exchange at the
 Close of the Current Statement Week and Net Changes
 from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 12/32	-3/32	Treas. 4 1/4s 1947-52	112 10/32	-2/32
1st 4 1/4s	103 1/32	-2/32	" 4 s 1944-54	108 5/32	+4/32
4th 4 1/4s	104 25/32	- -	" 3 3/4s 1946-56 (bid)	106 6/32	+3/32
			" 3 3/8s 1943-47	102 29/32	+5/32
			" 3 3/8s 1940-43 (bid)	102 23/32	+6/32
			" 3 3/8s 1941-43	102 25/32	+8/32
			" 3 1/8s 1946-49	101 17/32	+3/32

Bankers Acceptances Dealers' offerings of unindorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30's, 60's, and 90's; 1 per cent for 120's; and 1 1/4 per cent for 180-day bills.

Reports
 Week
 Ending
 Aug. 12

In Boston reporting dealers purchased approximately \$4,500,000 during the past period and, while this amount is only about half of the volume purchased during the previous week, it represented mostly new bills, with very few from bank holdings. The market as a whole was very quiet with the demand small. Dealers forwarded their surplus bills to their offices in other cities. There were no offerings to the reserve bank except on sales contracts. In New York the bill market was considerably more active this week than it has been for the past several weeks. Firmer money conditions resulted in a substantial increase in the amount of bills sold to dealers, and to this bank, by local banks who needed funds to adjust their reserve positions. Dealers' sales were fairly good, there being a very noticeable increase in the demand from the far and middle west. Purchases, however, exceeded sales considerably and aggregate portfolios increased by about \$50,000,000 to \$92,000,000. Rates unchanged. Philadelphia reported that its acceptance market was a little more active; offerings were somewhat heavier than for some time, although the demand continued light. In Chicago dealers reported a good demand for bills, particularly by one of the large banks. The supply was small. Dallas reported that the demand for bills in its district was small with no offerings to the reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week were as follows:

Sales of \$2,312,000 - U.S. 4 1/4% Fourth Liberty Loan Bonds of 1933-38
account German Special Deposit Account
300,000 - U.S. 1 1/2% Certificates of Indebtedness due Sept. 15, 1931
account Alien Property Custodian

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions effected in the System Account during the statement week consisted of advantageous exchanges in the market as follows:

Sales of \$1,000,000 Treasury Bills maturing August 10, 1931
4,000,000 " " " " 17, 1931
8,475,000 U.S. 1 1/2% Certificates of Indebtedness due Sept. 15, 1931
2,000,000 " " 3 1/2% Treasury Notes called for payment Dec. 15, 1931
2,000,000 " " 2 % Certificates of Indebtedness due Mar. 15, 1932
\$17,475,000

Purchases of \$2,000,000 Treasury Bills maturing August 17, 1931
7,225,000 " " " " Nov. 9, 1931
2,000,000 U.S. 1 7/8% Certificates of Indebtedness due Dec. 15, 1931
2,500,000 " " First Liberty Loan 3 1/2% Bonds
2,500,000 " " Fourth " " 4 1/4% "
1,250,000 " " First " " 4 1/4%
\$17,475,000

These transactions did not change the total amount of holdings in the Account which remained at \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, August 12, 1931, were as follows:

PARTICIPATIONS BY FEDERAL RESERVE BANKS

Boston	\$ 52,455,500
New York	93,216,000
Philadelphia	44,481,500
Cleveland	62,085,000
Richmond	30,405,500
Atlanta	19,773,500
Chicago	73,734,000
St. Louis	26,475,500
Minneapolis	20,273,000
Kansas City	39,030,500
Dallas	20,132,000
San Francisco	42,406,000

RECAPITULATION OF HOLDINGS BY MATURITIES

Aug. 17, 1931	Treas. Bills	\$ 15,700,000
" 31, 1931	" "	23,425,000
Sept. 30, 1931	" "	5,000,000
Oct. 15, 1931	" "	24,700,000
Nov. 9, 1931	" "	7,225,000
" 2, 1931	" "	20,750,000
Sept. 15, 1931	- 1 1/2% C/I	42,157,000
Dec. 15, 1931	- 1 7/8% " "	120,076,500
March 15, 1932	- 2 % " "	116,481,500
Dec. 15, 1931	- 3 1/2% T/N	9,027,250
June 15, 1947	- 3 1/2% 1st L/L	47,100,000
" 15, 1947	- 4 1/4% " " "	24,200,000
Oct. 15, 1938	- 4 1/4% 4th " "	68,625,750

Totals \$524,468,000

\$524,468,000

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ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM AUGUST 6 TO AUGUST 12, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>
Boston	\$ 1,747,500	\$ 1,747,500
New York	3,105,500	3,105,500
Philadelphia	1,482,000	1,482,000
Cleveland	2,068,000	2,068,000
Richmond	1,013,500	1,013,500
Atlanta	658,500	658,500
Chicago	2,457,000	2,457,000
St. Louis	882,000	882,000
Minneapolis	676,000	676,000
Kansas City	1,301,000	1,301,000
Dallas	671,500	671,500
San Francisco	1,412,500	1,412,500
Totals	<u>\$17,475,000</u>	<u>\$17,475,000</u>

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES - (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York*	\$51,020,000	Misc. Gov't Sec.	\$1,000,000	Fourth L/L 4 1/4% bonds
Philadelphia	0	-	2,805,850	3 1/8% Treas. bds. 1946-49
Atlanta	443,950	Misc. Gov't Sec.	455,900	Misc. Gov't Sec.
Minneapolis	719,600	" " "	590,600	" " "
Totals	<u>\$52,183,550</u>		<u>\$4,852,350</u>	

*The reason for this purchase is stated on page 2.

BANKERS ACCEPTANCES
(000 Omitted)

	Hold- ings Aug. 5	Pur- chased Own Mkt.	By Allot- ment from New York	Maturities & Sales		Hold- ings Aug. 12	Other Holdings	
				Held in N. Y.	Held Elsewhere		Close Sales Contracts	Aug. 12/31 Other Bills
Boston	\$ 1,662	0	\$2,635	0	\$ 510	\$ 3,787	\$ 1,712	\$ 3,310
New York	5,002	15,119 R. 23,659 A.	0	0	5,583	14,538	33,235	21,799
Phila.	0	0	0	0	0	0	0	4,369
Cleve.	1,961	0	3,555	0	831	4,685	0	4,457
Richmond	972	0	2,136	450	0	2,658	0	1,765
Atlanta	2,936	0	1,598	507	688	3,339	0	1,776
Chicago	2,755	0	4,886	0	620	7,021	201	5,958
St. Louis	688	0	1,673	618	0	1,743	0	1,141
Minn.	439	0	1,119	202	0	1,356	0	749
Kan. City	1,160	0	1,963	701	0	2,422	0	1,280
Dallas	491	0	1,155	265	5	1,376	0	1,322
San Fran.	2,684	1,477 R.	2,939	0	749	6,351	0	3,000
Totals	\$20,750	\$40,255	\$23,659	\$2,743	\$8,986	\$49,276	\$35,148	\$50,926
Bills held overnight by New York for distribution to other Fed. Res. Banks -								388
Total - - - -								<u>\$51,314</u>

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDED AUGUST 12, 1931
 (000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90-days</u> 1 1/8%	<u>Total</u>
New York	\$32,316**	\$6,455	\$ 7	\$ 0	\$38,778
Dallas	828*	576*	37*	36	1,477
Totals	<u>\$33,144</u>	<u>\$7,031</u>	<u>\$44</u>	<u>\$36</u>	<u>\$40,255</u>

*Purchased at 1 to 1 1/8% **Includes \$758,000 purchased from foreign correspondent.

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES AND
BANKERS ACCEPTANCES DURING WEEK ENDED AUGUST 12, 1931
 (000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$69,658	\$40,255	\$109,913
Sold	21,328	0	21,328
Matured	1,000	11,729	12,729
		<u>\$28,526+</u>	<u>\$ 75,856+</u>
		8,959+ (Net Change	8,959+ (Net Change
		1-day holdover	1-day holdover
		& other bills)	& other bills)
Totals	<u>\$47,330+</u>	<u>\$37,485+</u>	<u>\$ 84,815+</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES AUGUST 12, 1931
 (000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$15,700	\$29,425	\$65,797	\$73,425	\$186,868	\$356,746	\$727,961
Bills Purchased	53,259	24,533	8,265	49,544	137	0	135,738
TOTALS	<u>\$68,959</u>	<u>\$53,958</u>	<u>\$74,062</u>	<u>\$122,969</u>	<u>\$187,005</u>	<u>\$356,746</u>	<u>\$863,699</u>

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Authority E.O. 12958

August 10, 1931.

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of August 7th, addressed to Governor Meyer, enclosing report of transactions in Government securities and bankers' acceptances as reported to your committee for the period from July 30, 1931, to August 3, 1931, inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, N. Y.

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FOR SPECIAL CIRCUMSTANCES
PLEASE READ PROMPTLY, INITIAL AND RETURN TO THE ASSISTANT GOVERNOR

Gov. Meyer ✓

Mr. Hamlin ✓

Mr. James ✓

Mr. Miller ✓

Mr. Magee ✓

Mr. Pole *ahh*

FEDERAL RESERVE BANK

OF NEW YORK

CONFIDENTIAL

August 7, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from July 30, 1931 to August 5, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,


W. B. Eusteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
AUG 10 1931
OFFICE OF
THE GOVERNOR

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CONFIDENTIAL
REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED AUGUST 5, 1931

Holdings of Earning Assets of Federal Reserve Banks from August 6, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
Aug. 6	\$ 922,990	\$576,224	\$ 0	\$119,965	\$13,606	\$205,923
" 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	665,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 29	934,795	677,977	0	62,909	3,627	183,036
Aug. 5	941,582	680,631	0	63,105	2,969	188,575

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED AUGUST 5, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance Aug. 5	Net Change	Balance Aug. 5	Net Change	Balance Aug. 5	Net Change
Boston	\$ 53,162	\$ 0	\$ 1,662	\$ 340-	\$ 7,271	\$2,105-
New York	169,535	0	5,002	1,499+	36,105	9,260+
Philadelphia	57,273	2,800+	0	0	18,033	978+
Cleveland	72,085	0	1,961	635-	17,484	1,222+
Richmond	31,557	1-	972	128+	18,231	446+
Atlanta	22,333	31+	2,936	2,282-	17,058	1,050+
Chicago	95,332	0	2,755	212-	14,992	1,356+
St. Louis	30,476	0	688	151+	9,553	171-
Minneapolis	27,640	176-	439	105+	4,796	129+
Kansas City	39,077	0	1,160	208-	12,059	1,719+
Dallas	30,130	0	491	214-	12,577	336+
San Francisco	52,031	0	2,684	151-	20,416	8,681-
N. Y. Holdovers and other bills			42,355	2,355+		
Totals	\$680,631	\$2,654+	\$63,105	\$ 196+	\$188,575	\$5,539+

COMMENT ON CHANGES WEEK ENDED AUGUST 5, 1931

Total earning assets of the System showed an increase of \$6,787,000 for the current statement week. The changes, by classification, consisted of increases of \$2,654,000 in outright purchases of Government securities, \$196,000 in outright purchases of bankers acceptances, and \$5,539,000 in bills discounted, and a decrease of \$658,000 in bankers acceptances held under sales contracts.

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Money
Market

During the past reporting week, which included the turn of the month, the New York money market lost a considerable volume of funds as a result of substantial further withdrawals of currency from the Reserve Bank, an outflow of funds to other centers reflecting in part at least currency requirements in other districts, and other miscellaneous charges, principally an additional increase in foreign balances held at the Reserve Bank. Treasury transactions also took some funds from this market, as a Treasury Bill sale and Government withdrawals from depository banks were only partially counterbalanced by a Bill maturity and other Treasury payments in this market. These aforementioned losses were larger than the amount of excess reserves held by the banks at the opening of the period, and notwithstanding a moderate increase in the amount of outstanding Reserve Bank credit, which included a small increase in borrowings here by New York City members, the reserve balances of the banks had declined to a position of moderate deficit by the close of business last night. This situation was further accentuated as a result of to-day's transactions, largely additional currency withdrawals. Not since June 4 have the banks' reserves fallen below requirements.

Accompanying the small impairment in bank reserves late in the week, Federal funds firmed to $1/2 - 3/4$ per cent from the $1/8 - 1/4$ per cent quotation on earlier days. No change in the general condition of the call money market occurred, however, and offerings continued to be in substantial volume, with demand almost negligible. The rate for call money held at $1 1/2$ per cent on the Stock Exchange, and $1 1/2$ per cent was reported to be the nominal rate in the outside market, although a small amount of private banking house money was available as low as 1 per cent. Bid and asked rates for time money also held at the previously quoted levels, with trading in limited volume and confined to the 60 to 120 day maturities at $1 1/2$ per cent.

The available supply of open market commercial paper remained small during the past week, and consequently sales were in limited volume. Bank investment demand, on the other hand, continued to be well in excess of current offerings. Rates were steady, with prime material quoted at 2 per cent.

Government
Security
Market

Continuing the trend of the previous week, the Government security market was dull and rather weak. Prices of practically all issues of both the long and short-term Governments showed fractional recessions from the previous week's prices. The best demand was for the $3 1/8\%$ Treasury Bonds and the Fourth Liberty Loan Bonds, also to some extent for the September issues of certificates of indebtedness. At the close of the reporting period the average yield on the short-term issues, at dealers' offering prices, was about 0.36%, as compared with 0.35% the previous week, and the average price for Liberty Loan and Treasury Bonds was about 104.61, as compared with 104.75 the previous week.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2 3/8% Cert. of Ind. due Sept. 15, 1931	100 7/32	-2/32	0.30%
1 1/2% " " " " " 15, 1931	100 4/32	-1/32	0.31%
1 7/8% " " " " Dec. 15, 1931	100 16/32	-1/32	0.46%
2 % " " " " March 15, 1932	100 29/32	-1/32	0.49%
3 1/2% Treasury Notes called for payment Dec. 15, 1931	101 5/32	-	0.24%

Treasury Bills - all maturities 0.55% discount bid, 0.35% asked (nominal)

Closing Sale or Bid Prices on the New York Stock Exchange at the
Close of the Current Statement Week and Net Changes
from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
First 3 1/2s	102 15/32	-2/32	Treas. 4 1/4s 1947-52	112 12/32	-18/32
" 4 1/4s	103 3/32	-5/32	" 4 s 1944-54	108 1/32	- 5/32
Fourth 4 1/4s	104 25/32	-1/32	" 3 3/4s 1946-56	106 3/32(bid)	- 5/32
			" 3 3/8s 1943-47	102 24/32	- 4/32
			" 3 3/8s 1940-43	102 17/32(bid)	- 4/32
			" 3 3/8s 1941-43	102 17/32 "	- 2/32
			" 3 1/8s 1946-49	101 14/32	-

Bankers
Acceptances

Dealers' offerings of unindorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30's, 60's and 90's, 1 per cent for 120's, and 1 1/4 per cent for 180-day bills.

Reports
Week
Ending
Aug. 5

Boston reported that there was some improvement in the local bill market during the past period, one dealer particularly had a good local demand with some sales to an out-of-town bank. The supply, which increased considerably, was due to a few banks that lightened their acceptance line and not to any new bills. Dealers forwarded their excess bills to their other offices. In New York transactions in bankers acceptances continued in about the same volume as the previous week, with no particular inclination on the part of the local banks to either buy or sell bills to any extent. Dealers' purchases and sales, which were only about half the normal total, were practically offset, their portfolios showing a slight decrease from \$45,000,000 to \$42,000,000. Philadelphia reported that its acceptance market continued inactive, with the supply and the demand both light. Portfolios showed a moderate reduction. Chicago reported that the bill market in its district continued very dull. Dallas reported that there was no demand or offerings to the reserve bank during the past week.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week consisted of

Purchases of \$1,000,000	- 3 1/8%	Treasury Bonds of 1946-49	account Commissioner of Indian Affairs
184,000	- 3 3/8%	Treasury Bonds of 1943-47	account District of Columbia Teachers' Retirement Fund
<u>\$1,184,000</u>			

and sales of	27,000	- 3 1/2%	Treasury Notes called for payment Dec. 15, 1931	account German Special Deposit Account
	350,000	- 2 3/8%	certificates due September 15, 1931	account Alien Property Custodian
	76,500	- 1 7/8%	certificates due December 15, 1931	account Alien Property Custodian
	47,400	- 4 1/4%	Fourth Liberty Loan bonds	account Alien Property Custodian
	40,000	- 3 3/8%	Treasury Bonds of 1943-47	account Secretary of War
	<u>\$ 540,900</u>			

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions effected in the System Account during the current statement week consisted of

Redemption of \$11,850,000 Treasury Bills which matured on August 3, 1931 which were replaced by purchases in the market of:

11,850,000 Treasury Bills due November 2, 1931

and exchanges effected advantageously in the market of:

\$4,406,500	- 2 3/8%	certificates due Sept. 15, 1931
8,000,000	-	Treasury Bills due August 17, 1931
5,000,000	- " " " "	31, 1931
<u>7,400,000</u>	- 1 1/2%	certificates due Sept. 15, 1931
<u>\$24,806,500</u>		

exchanged for

\$2,000,000	- 4 1/4%	First Liberty Loan Bonds due 6/15/32-47
5,500,000	- 3 1/2%	" " " " " 6/15/32-47
8,406,500	- 2 %	certificates due March 15, 1932
<u>8,900,000</u>	-	Treasury Bills due November 2, 1931
<u>\$24,806,500</u>		

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These transactions did not change the total amount of holdings in the Account, which remained at \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, August 5, 1931, were as follows:

PARTICIPATIONS BY FEDERAL RESERVE BANKSRECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 52,455,500
New York	93,216,000
Philadelphia	44,481,500
Cleveland	62,085,000
Richmond	30,405,500
Atlanta	19,773,500
Chicago	73,734,000
St. Louis	26,475,500
Minneapolis	20,273,000
Kansas City	39,030,500
Dallas	20,132,000
San Francisco	42,406,000

Aug. 10, 1931-Treas. Bills	\$ 1,000,000
" 17, 1931- " "	17,700,000
" 31, 1931- " "	23,425,000
Sept. 30, 1931- " "	5,000,000
Oct. 15, 1931- " "	24,700,000
Nov. 2, 1931- " "	20,750,000
Sept. 15, 1931-1 1/2% C/I	50,632,000
Dec. 15, 1931-1 7/8% "	118,076,500
Mar. 15, 1932-2 % "	118,481,500
Dec. 15, 1931-3 1/2% T/N	11,027,250
June 15, 1947-3 1/2% 1st L/L	44,600,000
" 15, 1947-4 1/4% " "	22,950,000
Oct. 15, 1938-4 1/4% 4th "	66,125,750

Totals	\$524,468,000
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Totals	\$524,468,000
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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
 AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
 FROM JULY 30 TO AUGUST 5, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>
Boston	\$ 3,666,500	\$ 3,666,500
New York	6,514,500	6,514,500
Philadelphia	3,109,000	3,109,000
Cleveland	4,338,500	4,338,500
Richmond	2,125,500	2,125,500
Atlanta	1,382,000	1,382,000
Chicago	5,153,500	5,153,500
St. Louis	1,850,500	1,850,500
Minneapolis	1,417,000	1,417,000
Kansas City	2,728,000	2,728,000
Dallas	1,407,500	1,407,500
San Francisco	2,964,000	2,964,000
Totals	\$36,656,500	\$36,656,500

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES - (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$1,093,500	Misc. Gov't Sec.	\$1,093,500	Misc. Gov't Sec.
Philadelphia	2,800,000	Fourth 4 1/4% L/L	0	-
Atlanta	176,400	Misc. Gov't Sec.	145,300	Misc. Gov't Sec.
Minneapolis	406,200	" " "	582,200	" " "
Totals	\$4,476,100		\$1,821,000	

BANKERS ACCEPTANCES
(000 Omitted)

	<u>Hold- ings July 29</u>	<u>Pur- chased Own Mkt.</u>	<u>By Allot- ment from</u>			<u>Maturities & Sales</u>		<u>Hold- ings Aug. 5</u>	<u>Other Holdings Close Aug. 5, 1931</u>	
			<u>New York</u>	<u>New York</u>	<u>Elsewhere</u>	<u>Hold</u>	<u>Contracts</u>		<u>Other Bills</u>	
Boston	\$ 2,002	\$ 0	\$ 172	\$ 0	\$ 512	\$ 1,662	\$1,080	\$ 2,585		
New York	3,503	7,415*R 2,531 A	0	0	5,916	5,002	1,826	11,363		
Phila.	0	0	0	0	0	0	0	3,412		
Clove.	2,596	0	216	0	851	1,961	0	3,481		
Rich.	844	0	302	174	0	972	0	1,375		
Atlanta	5,218	0	266	1,907	641	2,936	0	1,438		
Chicago	2,967	0	290	0	502	2,755	63	4,653		
St. Louis	537	0	350	199	0	688	0	1,203		
Minn.	334	0	228	123	0	439	0	749		
Kan. City	1,368	0	327	535	0	1,160	0	1,000		
Dallas	705	0	212	398	28	491	0	977		
San Fran.	2,835	0	168	0	319	2,684	0	2,337		
Totals	\$22,909	\$9,946	\$2,531	\$3,336	\$8,769	\$20,750	\$2,969	\$34,573		
Bills held over night in Foreign Suspense Account - - - - -								7,782		
Total - - - - -								\$42,355		

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

*Includes \$7,414,000 bills purchased from foreign correspondent, with maturities too short to allot.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDED AUGUST 5, 1951
 (000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> -	<u>Over 90-days</u> -	<u>Total</u>
New York	\$9,945 *	\$ 1	0	0	\$9,946

*Includes \$7,414,000 purchased from foreign correspondent.

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT
SECURITIES AND BANKERS ACCEPTANCES DURING WEEK ENDED AUGUST 5, 1951
 (000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$41,132	\$ 9,946	\$51,078
Sold	26,628	0	26,628
Matured	11,850	<u>12,105</u>	<u>23,955</u>
		\$ 2,159-	\$ 495+
		2,355+(Net Change	2,355+(Net Change
		1-day holdover	1-day holdover
		& other bills)	& other bills)
Totals	<u>\$ 2,654+</u>	<u>\$ 196+</u>	<u>\$ 2,850+</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES AUGUST 5, 1951
 (000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$18,700	\$23,425	\$67,272	\$45,450	\$180,614	\$345,170	\$680,631
Bills Purchased	<u>26,030</u>	<u>5,315</u>	<u>27,567</u>	<u>7,127</u>	<u>35</u>	<u>0</u>	<u>66,074</u>
Totals	<u>\$44,730</u>	<u>\$28,740</u>	<u>\$94,839</u>	<u>\$52,577</u>	<u>\$180,649</u>	<u>\$345,170</u>	<u>\$746,705</u>

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August 1, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of July 31st, addressed to Governor Meyer, enclosing a report of open market operations for the period from July 23, 1931 to July 29, 1931 inclusive.

Very truly yours,

J. C. Noell,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Gov. Meyer ✓

Mr. Hamlin ✓

Mr. James ✓

Mr. Miller ✓

Mr. Magee ✓

Mr. Pole *absent*

FEDERAL RESERVE BANK

OF NEW YORK

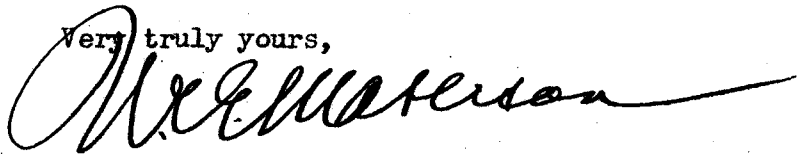
CONFIDENTIAL

July 31, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from July 23, 1931 to July 29, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,



W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

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JUL 31 1931
OFFICE OF
THE GOVERNOR

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JULY 29, 1931

Holdings of Earning Assets of Federal Reserve Banks from July 30, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
- 1930 -						
July 30	\$ 911,554	\$576,323	\$ 45	\$127,965	\$ 2,797	\$197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,593	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
- 1931 -						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
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Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 15	921,157	677,853	0	70,074	334	161,803
July 22	933,810	678,001	0	65,479	1,554	181,602
July 29	934,795	677,977	0	62,909	3,627	183,036

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JULY 29, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance July 29	Net Change	Balance July 29	Net Change	Balance July 29	Net Change
Boston	\$ 53,162	\$ 0	\$ 2,002	\$ 80-	\$ 9,376	\$ 1,202+
New York	169,535	0	3,503	2,634-	26,845	3,664+
Philadelphia	54,473	0	0	0	17,055	458+
Cleveland	72,085	0	2,596	995-	16,262	690-
Richmond	31,558	0	844	885-	17,785	356+
Atlanta	22,302	82-	5,218	1,236-	16,008	2,470+
Chicago	95,332	0	2,967	580-	13,636	1,739+
St. Louis	30,476	0	537	487-	9,724	438+
Minneapolis	27,816	58+	334	87-	4,667	313+
Kansas City	39,077	0	1,368	571-	10,340	1,225+
Dallas	30,130	0	705	716-	12,241	1,035+
San Francisco	52,031	0	2,835	1,377-	29,097	10,776-
N. Y. holdovers and other bills			40,000	7,078+		
Totals	\$677,977	\$24-	\$62,909	\$2,570-	\$183,036	\$ 1,434+

COMMENT ON CHANGES WEEK ENDED JULY 29, 1931

Total earning assets of the System showed an increase of \$985,000 for the current statement week. The changes by classification consisted of decreases of \$24,000 in outright purchases of Government securities and \$2,570,000 in outright purchases of bankers acceptances, and increases of \$1,434,000 in bills discounted and \$2,073,000 in bankers acceptances held under sales contracts.

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Money
Market

A large volume of funds continued to be offered in the call money market during the past week, but few new loans were contracted. The rate held at 1 1/2 per cent on the Stock Exchange, and trading in the outside market was principally at that rate, although small amounts of private banking house money were offered as low as 1 per cent. Nominal bid and asked rates for time money also were generally at the level of a week ago; 60 and 90 day loans were 1 1/4 - 1/2 per cent, 4 and 5 month loans, 1 1/2 - 3/4 per cent, and 6 month loans, 1 3/4 - 2 per cent. Trading in fixed maturity accommodation was confined principally to a limited amount of 90 day money loaned at 1 1/2 per cent, unchanged from previous transactions.

With respect to the position of the New York money market banks, substantial excess reserves existed throughout the week. At the opening of the period the surplus amounted to \$103,000,000, and at the close of the week the excess was \$84,000,000, although for some of the intervening days the excess hovered around \$55,000,000. The net decline in reserve balances for the week resulted chiefly from a rather substantial increase in balances of foreign correspondents at the Reserve Bank which involved withdrawals of funds from the market; also from a small increase in currency circulation and other miscellaneous charges against the market, all of which were only partly counterbalanced by a favorable balance of check settlements and wire-transfers. Treasury transactions during the week involved rather large amounts of funds, but resulted in only a slight loss to this market, as a Treasury Bill sale and calls for funds from Government depositories were largely, though not fully, offset by a Treasury Bill maturity, other Treasury disbursements, and Reserve Bank purchases of securities in replacement of maturing Treasury Bills held in the System Special and New York Bank's Investment Accounts.

In the commercial paper market, the narrow limits of the available supply continued to be the principal deterrent to an active turnover. Bank investment demand remained well in excess of dealers' current offerings. Rates were steady, with prime material selling principally at 2 per cent.

Government
Security
Market

The market for United States Government securities was quite inactive during the past week, prices of both the long and short-term issues working fractionally lower. Activity was largely confined to the 3 1/8% Treasury Bonds of 1946/49, and the short maturities of Treasury Bills and September certificates. At the close of the reporting period the average yield on the short-term issues at dealers' offering prices was about 0.35%, as compared with 0.30% the previous week, and the average yield price for Liberty Loan and Treasury Bonds was about 104.75 as compared with 105 the previous week.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	3/8% Cert. of Ind. due Sept. 15, 1931	100 9/32	+0.03%	0.13%
1	1/2% " " " " " 15, 1931	100 5/32	-0.01%	0.24%
1	7/8% " " " " Dec. 15, 1931	100 17/32	- 3/32	0.45%
2	% " " " " March 15, 1932	100 30/32	- 1/32	0.49%
3	1/2% Treasury Notes called for payment Dec. 15, 1931 to yield 0.24%		-0.09%	0.24%
Treasury Bills - all maturities 0.55% discount bid, 0.35% asked (nominal)				

Closing Sale or Bid Prices on the New York Stock Exchange at the
Close of the Current Statement Week and Net Changes
from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 17/32	-3/32	Treas. 4 1/4s 1947-52	112 30/32	-13/32
1st 4 1/4s	103 8/32	-3/32	" 4 s 1944-54	108 6/32	-20/32
4th 4 1/4s	104 26/32	-4/32	" 3 3/4s 1946-56	106 8/32 (bid)	-15/32
			" 3 3/8s 1943-47	102 28/32	- 4/32
			" 3 3/8s 1940-43	102 21/32	- 2/32
			" 3 3/8s 1941-43	102 19/32	- 8/32
			" 3 1/8s 1946-49	101 14/32	- 6/32

Bankers Dealers' offerings of unindorsed bankers acceptances con-
Acceptances tinued at the following rates during the current statement week:
7/8 per cent for 30's, 60's and 90's; 1 per cent for 120's, and
1 1/4 per cent for 180-day bills.

Reports
Week
Ending
July 29

Boston reported that there was practically no demand for bills in its district during the past period. The supply was small and dealers were obliged to forward their offerings to other cities. Bills did not move freely. The bill market in New York was extremely dull this week, the volume of bills handled by dealers being the lightest for any week since last summer. Dealers sales exceeded their purchases slightly and aggregate portfolios declined by about \$2,500,000 to \$45,000,000. Dealers reported there was an agreement between banks to charge the dealers a minimum rate of 3/4 of 1% on loans against acceptances. For the past two or three weeks previous to this, dealers had been carrying a large proportion of their portfolios at 1/2 of 1%. Our purchases for System Account were light and were all purchased from foreign correspondents. Philadelphia reported that its acceptance market was dull. There were no new offerings and dealers reported the volume very small with the demand fair. Chicago reported that its bill market was unusually dull during the past week. Very few new bills came out with the demand negligible. Dallas reported a small demand for bills, with no offerings to the reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week were as follows:

Sales of	\$ 506,000	- 1 7/8%	certificates due Dec. 15, 1931	
			account Alien Property Custodian	
	20,000	- 3 1/2%	Treasury Notes called for payment Dec. 15, 1931	
			account Alien Property Custodian	
	2,800,000	- 2 3/8%	certificates due Sept. 15, 1931	
			account Alien Property Custodian	
	<u>\$3,326,000</u>	Total Sales		
and				
purchases of	\$ 63,000	- 3 3/8%	Treasury Bonds of 1943-47	
			account District of Columbia Teachers' Retirement Fund	
	583,000	- 3 1/8%	Treasury Bonds of 1946-49	
			account Secretary of Interior	
	<u>\$ 646,000</u>	Total Purchases		

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions in the System Account during the current statement week consisted of the

Redemption of \$10,000,000 - Treas. Bills which matured on July 27, 1931, which were replaced by purchases of

\$ 1,800,000	- 3 1/2%	First Liberty Loan Bonds due 6/15/32-47
2,000,000	- 1 7/8%	certificates due December 15, 1931
1,200,000	- 2%	" " March 15, 1932
<u>5,000,000</u>	- 4 1/4%	Fourth Liberty Loan Bonds due 10/15/33-38
<u>\$10,000,000</u>		

and exchanges effected advantageously in the market of

\$ 3,000,000	- 3 1/2%	Treasury Notes called for payment Dec. 15, 1931
1,000,000	- 1 1/2%	certificates due Sept. 15, 1931
<u>1,000,000</u>	- 2 3/8%	" " " 15, 1931
<u>\$ 5,000,000</u>		

exchanged for

\$ 3,000,000	- 3 1/2%	First Liberty Loan Bonds due 6/15/32-47
1,000,000	- 4 1/4%	Fourth Liberty Loan Bonds " 10/15/33-38
<u>1,000,000</u>	- 4 1/4%	First Liberty Loan Bonds " 6/15/32-47
<u>\$ 5,000,000</u>		

These transactions did not affect the total holdings in the Account, which remained at \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, July 29, 1931, were as follows:

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-5-

PARTICIPATIONS BY FEDERAL RESERVE BANKSRECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 52,455,500	Aug. 3, 1931 - Treas. Bills	\$ 11,850,000
New York	93,216,000	" 10, 1931 - " "	1,000,000
Philadelphia	44,481,500	" 17, 1931 - " "	25,700,000
Cleveland	62,085,000	" 31, 1931 - " "	28,425,000
Richmond	30,405,500	Sept. 30, 1931 - " "	5,000,000
Atlanta	19,773,500	Oct. 15, 1931 - " "	24,700,000
Chicago	73,734,000	Sept. 15, 1931 - 1 1/2% C/I	58,032,000
St. Louis	26,475,500	" 15, 1931 - 2 3/8% " "	4,406,500
Minneapolis	20,273,000	Dec. 15, 1931 - 1 7/8% " "	118,076,500
Kansas City	39,030,500	March 15, 1932 - 2 % " "	110,075,000
Dallas	20,132,000	Dec. 15, 1931 - 3 1/2% T/N	11,027,250
San Francisco	42,406,000	June 15, 1947 - 3 1/2% 1st L/L	39,100,000
		" 15, 1947 - 4 1/4% " " "	20,950,000
		Oct. 15, 1938 - 4 1/4% 4th " "	66,125,750
Totals	\$524,468,000		\$524,468,000

**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JULY 23 TO JULY 29, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	Purchases	Sales
Boston	\$ 1,500,000	\$ 1,500,000
New York	2,666,000	2,666,000
Philadelphia	1,272,000	1,272,000
Cleveland	1,775,500	1,775,500
Richmond	869,500	869,500
Atlanta	565,500	565,500
Chicago	2,108,500	2,108,500
St. Louis	757,500	757,500
Minneapolis	580,000	580,000
Kansas City	1,116,500	1,116,500
Dallas	576,500	576,500
San Francisco	1,212,500	1,212,500
Totals	\$15,000,000	\$15,000,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES - (EXCLUDING SALES CONTRACTS)

	Purchases		Issue		Maturities and Sales		Issue
New York	\$9,000,000	Misc.	Gov't Sec.		\$4,000,000	Misc.	Gov't Sec.
					5,000,000		July 27/31 Treas. Bills
Atlanta	55,400	"	" "		137,700	Misc.	Gov't Sec.
Minneapolis	747,900	"	" "		689,900	"	" "
Totals	\$9,803,300				\$9,827,600		

BANKERS ACCEPTANCES
(000 Omitted)

	Holdings July 22	Purchased Own Mkt.	By Allot- ment from New York	Matur- ities & Sales	Holdings July 29	Other Holdings Close July 29, 1931 Sales Contracts	Other Bills
Boston	\$ 2,082	\$	0	80	\$ 2,002	\$ 263	\$ 2,580
New York	6,137	592 R *	0	3,226	3,503	3,206	11,400
Phila.	0	0	0	0	0	0	3,406
Cleve.	3,591	0	0	995	2,596	0	3,475
Rich.	1,729	0	0	885	844	0	1,372
Atlanta	6,454	0	0	1,236	5,218	0	1,471
Chicago	3,547	200 R	0	780	2,967	158	4,645
St. Louis	1,024	0	0	487	537	0	1,201
Minn.	421	0	0	87	334	0	749
Kan. City	1,939	0	0	571	1,368	0	998
Dallas	1,421	0	0	716	705	0	977
San Fran.	4,212	0	0	1,377	2,835	0	2,333
Totals	\$32,557	\$792	0	\$10,440	\$22,909	\$3,627	\$34,607
Bills held overnight by New York for distribution to other Fed. Res. Bks.							1,385
" " " In Foreign Suspense Account							4,008
						Total	\$40,000

NOTE: R. indicates Retained in the above statement.

*Includes \$585,000 bills purchased from foreign correspondent, with maturities too short to allot.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JULY 29, 1931
 (000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90-days</u> 0	<u>Total</u>
New York	\$585*	\$ 0	\$7	0	\$592
Chicago	100	100	0	0	200
Totals	<u>\$685</u>	<u>\$100</u>	<u>\$7</u>	<u>0</u>	<u>\$792</u>

*Purchased from foreign correspondent.

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT
SECURITIES AND BANKERS ACCEPTANCES DURING WEEK ENDING JULY 29, 1931
 (000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$24,803	\$ 792	\$25,595
Sold	9,827	0	9,827
Matured	15,000	10,440	25,440
		\$ 9,648-	\$ 9,672-
		7,078+ (Net Change	7,078+ (Net Change
		1-day holdover	1-day holdover
		& other bills)	& other bills)
Totals	<u>\$ 24-</u>	<u>\$ 2,570-</u>	<u>\$ 2,594-</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JULY 29, 1931
 (000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$12,850	\$25,700	\$103,597	\$29,700	\$179,615	\$326,515	\$677,977
Bills Purchased	21,782	7,821	4,303	32,532	98	0	66,536
Totals	<u>\$34,632</u>	<u>\$33,521</u>	<u>\$107,900</u>	<u>\$62,232</u>	<u>\$179,713</u>	<u>\$326,515</u>	<u>\$744,513</u>

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July 25, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of July 24th, addressed to Governor Meyer, enclosing a report of open market operations for the period from July 16, 1931 to July 22, 1931 inclusive.

Very truly yours,

J. C. Noell, Jr.,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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FOR SPECIAL CIRCULATION

PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Gov. Meyer ✓

Mr. Hamlin ✓

Mr. James ✓

Mr. Miller ✓

Mr. Magee ✓

Mr. Pole ✓

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

July 24, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from July 16, 1931 to July 22, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,



W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
JUL 25 1931
OFFICE OF
THE GOVERNOR

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CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JULY 22, 1931

Holdings of Earning Assets of Federal Reserve Banks from July 23, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
July 23	\$ 924,555	\$576,089	\$ 50	\$145,068	\$ 5,455	\$190,570
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 15	921,157	677,853	0	70,074	334	161,803
July 22	933,810	678,001	0	65,479	1,554	181,602

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JULY 22, 1931

(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance July 22	Net Change	Balance July 22	Net Change	Balance July 22	Net Change
Boston	\$ 53,162	\$ 205+	\$ 2,082	\$ 303-	\$ 8,174	\$ 402-
New York	169,535	1,738-	6,137	2,043-	23,181	1,049-
Philadelphia	54,473	226+	0	0	16,597	1,299+
Cleveland	72,085	282+	3,591	1,114-	16,952	1,417+
Richmond	31,558	0	1,729	250-	17,429	194+
Atlanta	22,384	200+	6,454	248-	13,538	1,525+
Chicago	95,332	381+	3,547	584-	11,897	227+
St. Louis	30,476	127+	1,024	748-	9,286	97+
Minneapolis	27,758	77+	421	784-	4,354	431+
Kansas City	39,077	155+	1,939	1,266-	9,115	298-
Dallas	30,130	0	1,421	277-	11,206	697+
San Francisco	52,031	233+	4,212	106-	39,873	15,661+
N. Y. holdovers and other bills			32,922	3,128+		
Totals	\$678,001	\$ 148+	\$65,479	\$4,595-	\$181,602	\$19,799+

COMMENT ON CHANGES WEEK ENDED JULY 22, 1931

Total earning assets of the System showed an increase of \$12,653,000 for the current statement week. The changes by classification consisted of increases of \$148,000 in outright purchases of government securities, \$19,799,000 in bills discounted, and \$1,220,000 in bankers acceptances held under sales contracts, and a decrease of \$4,595,000 in outright purchases of bankers acceptances.

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Money
Market

At the beginning of the past reporting week the excess reserves of the New York City banks aggregated \$90,000,000, but by Friday, July 17, the surplus had been reduced to \$27,000,000. This decrease was chiefly the result of an outflow of funds to other centers, withdrawals of currency from the Reserve Bank for week-end circulation, and of Treasury transactions which withdrew a larger amount of funds than was disbursed in this market.

In succeeding days through July 22, a considerable inflow of funds from other parts of the country and the usual return of currency from week-end circulation were only partly offset by moderate losses to the market through the earmarking of gold for foreign account and a small decline in the outstanding volume of Reserve Bank credit. In addition to this net gain of funds, a sizable decrease occurred in the reserve requirements of the banks. Consequently, surplus bank reserves increased again, and amounted to slightly more than \$100,000,000 at the close of the week.

Offerings of call money throughout the week remained considerably in excess of the new loan demand, and the rate, both at the Exchange and in the outside market, did not vary from the 1 1/2 per cent level which has prevailed for some time. Day to day loans to bill and government security dealers which have been freely available at 1/2% are now only made at 3/4% due to an informal agreement among the principal banks. Little interest was shown in time loans; business appeared to be confined to a little 4 months money which loaned at 1 1/2 per cent, unchanged from the last previous reported transaction. Bid and asked rates for all maturities were practically unchanged throughout the period.

Investment demand for commercial paper continued in good volume, but actual sales remained quite small, due to the limitations of supply. The prevailing rate for prime names was unchanged at 2 per cent; occasional trading in especially choice material at 1 3/4 per cent continued to be reported, when such paper became available.

Government
Security
Market

The market for United States Government securities, along with other markets, has been quiet during the week but prices have continued firm. During the latter part of the period the demand for the short-term issues diminished slightly, while the demand for the long-term Treasury bonds, especially the lowest priced issues, was good. At the close of the reporting period, the average yield on the short-term issues, at dealers' offering prices, was about 0.30% as compared with 0.33% the week previous, and the average selling price for Liberty Loan and Treasury bonds was about 105, as compared with 104.95 the week previous.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net</u> <u>Change</u>	<u>Approx.</u> <u>Yield</u>
2 3/8% Cert. of Ind. due Sept. 15, 1931	to yield 0.10%	+0.03%	0.10%
1 1/2% " " " " Sept. 15, 1931	" "	+0.10%	0.25%
1 7/8% " " " " Dec. 15, 1931	100 20/32	- - -	0.28%
2 % " " " " Mar. 15, 1932	100 31/32	- - -	0.49%
3 1/2% Treasury Notes called for payment Dec. 15, 1931	to yield 0.15%	-0.01%	0.15%
Treasury Bills - all maturities 0.55% discount bid, 0.35% asked (nominal)			

Closing Sale or Bid Prices on the New York Stock Exchange at the
Close of the Current Statement Week and Net Changes
from Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net</u> <u>Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net</u> <u>Change</u>
1st 3 1/2s	102 20/32	- - -	Treas. 4 1/4s 1947-52	113 11/32	-2/32
1st 4 1/4s	103 11/32	-1/32	" 4s 1944-54	108 26/32	+2/32
4th 4 1/4s	104 30/32	- - -	" 3 3/4s 1946-56	106 23/32 (Bid)	+1/32
			" 3 3/8s 1943-47	103 (Bid)	+2/32
			" 3 3/8s 1940-43	102 23/32 (Bid)	+5/32
			" 3 3/8s 1941-43	102 27/32	+2/32
			" 3 1/8s 1946-49	101 20/32	+6/32

Bankers
Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
week
ending
July 22

Boston reported that the demand for bills in its district slackened during the current reporting period. There was an increase in the supply which resulted in dealers forwarding over \$3,500,000 of bills to their offices in other cities. The bill market in New York was less active this week. Local banks were not buying as heavily as they had been for the past few weeks, but there was a substantial increase in the amount of bills this bank bought for the account of foreign correspondents. Dealers' sales exceeded their purchases moderately and aggregate portfolios decreased by about \$9,000,000 to \$47,000,000, the lowest they have been since the middle of March. Philadelphia reported that the volume of bills dealt in in its market continued small. There was a fair demand evident for bills with a very small amount offered. Chicago reported that the local supply of bills was very small and bills were scarce due to buying by one of the large banks. Dallas reported that there was only a small demand for bills in its district and no offerings were made to the reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

During the current statement week a sale was made in the market, under Treasury authorization, for account of the Alien Property Custodian of \$300,000 - 2 3/8% certificates due September 15, 1931.

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions consummated in the System Account during the current statement week consisted of the

Redemption of \$5,500,000 - Treasury Bills which matured on July 17, 1931

which was replaced by a purchase in the market of

\$5,500,000 - Treasury Bills due Oct. 15, 1931

and exchanges improving the yield which were effected in the market of

\$15,000,000	-	2 3/8%	certificates	due	Sept. 15, 1931
4,700,000	-	1 7/8%	"	"	Dec. 15, 1931
2,500,000	-	3 1/2%	Treasury notes	called for pay-	ment Dec. 15, 1931

a total of - - - \$22,200,000 - exchanged for

\$19,200,000	-	Treasury bills	due	Oct. 15, 1931
2,000,000	-	3 1/2%	First Liberty	Loan bonds
1,000,000	-	4 1/4%	"	" " "

\$22,200,000

There were no purchases of government securities made for the System Account during the week, under the authorization given at the Open Market Policy Conference meeting in Washington, April 29, 1931, the total amount of such purchases made to date remaining at \$80,000,000, and the total amount of holdings in the System Account remaining at \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the account at the close of business Wednesday, July 22, 1931, were as follows:

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5

PARTICIPATIONS BY FEDERAL RESERVE BANKSRECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 52,455,500	July 27, 1931 - Treas. Bills	\$ 10,000,000
New York	93,216,000	Aug. 3, 1931 - " "	11,850,000
Philadelphia	44,481,500	Aug. 10, 1931 - " "	1,000,000
Cleveland	62,085,000	Aug. 17, 1931 - " "	25,700,000
Richmond	30,405,500	Aug. 31, 1931 - " "	28,425,000
Atlanta	19,773,500	Sept. 30, 1931 - " "	5,000,000
Chicago	73,734,000	Oct. 15, 1931 - " "	24,700,000
St. Louis	26,475,500	Sept. 15, 1931 - 2 3/8% C/I	5,406,500
Minneapolis	20,273,000	Sept. 15, 1931 - 1 1/2% "	59,032,000
Kansas City	39,030,500	Dec. 15, 1931 - 1 7/8% "	116,076,500
Dallas	20,132,000	Mar. 15, 1932 - 2 % "	108,875,000
San Francisco	42,406,000	Dec. 15, 1931 - 3 1/2% T/N	14,027,250
		Oct. 15, 1938 - 4 1/4% 4th L/L	60,125,750
		June 15, 1947 - 3 1/2% 1st "	34,300,000
		June 15, 1947 - 4 1/4% 1st "	19,950,000
Totals	<u>\$524,468,000</u>		<u>\$524,468,000</u>

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6

ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JULY 16 TO JULY 22, 1931, INCLUSIVE

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>	<u>Net Decrease</u>
Boston	\$ 2,974,500	\$ 2,769,500	\$ 205,000	\$ 0
New York	5,682,500	7,420,000	0	1,737,500
Philadelphia	2,575,000	2,349,000	226,000	0
Cleveland	3,560,500	3,278,000	282,500	0
Richmond	1,606,000	1,606,000	0	0
Atlanta	1,171,000	1,044,000	127,000	0
Chicago	4,274,000	3,892,500	381,500	0
St. Louis	1,524,500	1,397,500	127,000	0
Minneapolis	1,071,000	1,071,000	0	0
Kansas City	2,216,000	2,060,500	155,500	0
Dallas	1,073,000	1,073,000	0	0
San Francisco	2,472,000	2,239,000	233,000	0
Totals	\$30,200,000	\$30,200,000	\$1,737,500*	\$1,737,500

*Represents reallocation to Federal reserve banks which expressed a desire to participate in temporary purchase from Federal Reserve Bank of Dallas of \$2,500,000 of its participation in System Account as mentioned in last week's report.

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$1,000,000	First L/L 3 1/2% Bonds	\$1,000,000	Series C 1930-32 T/N
Atlanta	200,300	Misc. Gov't Sec.	126,800	Misc. Gov't Sec.
Minneapolis	805,650	" " "	728,650	" " "
Totals	\$2,005,950		\$1,855,450	

BANKERS ACCEPTANCES
(000 Omitted)

	Holdings July 15	Purchased Own Mkt.	By Allot- ment from New York	Matur- ities & Sales	Holdings July 22	Other Holdings Close July 22/31		
						Sales Contracts	Other Bills	
Boston	\$ 2,385	0	0	\$ 303	\$ 2,082	\$ 320	\$ 2,442	
New York	8,180	1,013 R*	0	3,056	6,137	0	10,764	
Phila.	0	0	0	0	0	0	3,223	
Cleve.	4,705	0	0	1,114	3,591	0	3,288	
Richmond	1,979	0	0	250	1,729	0	1,302	
Atlanta	6,702	1,501 R	0	1,749	6,454	0	1,467	
Chicago	4,131	0	0	584	3,547	158	4,395	
St. Louis	1,772	0	0	748	1,024	0	1,139	
Minn.	1,205	0	0	784	421	0	749	
Kan. City	3,205	0	0	1,266	1,939	0	944	
Dallas	1,698	0	0	277	1,421	0	977	
San Fran.	4,318	1,557 R	0	1,663	4,212	1,076	2,214	
Totals	\$40,280	\$4,071	0	\$11,794	\$32,557	\$1,554	\$32,904	
Bills held overnight by New York for distribution to other Fed. Res. Bks.-								18
							Total - - - -	\$32,922

NOTE: R. indicates Retained in the above statement.

*Represents bills purchased from foreign correspondent, with maturities too short to allot.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JULY 22, 1931
(000 Omitted)

	1-30 days <u>1%</u>	31-60 days <u>1%</u>	61-90 days <u>-</u>	Over 90-days <u>1 1/8%</u>	Total
New York	\$1,013 *	0	0	0	\$1,013
Atlanta	1,372	129	0	0	1,501
San Francisco	<u>1,177**</u>	<u>341**</u>	<u>0</u>	<u>39</u>	<u>1,557</u>
Totals	<u>\$3,562</u>	<u>\$470</u>	<u>0</u>	<u>\$39</u>	<u>\$4,071</u>

*Purchased from foreign correspondent.

**Purchased at 1 to 1 1/8%.

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT
SECURITIES AND BANKERS ACCEPTANCES DURING WEEK ENDING JULY 22, 1931.
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$32,204	\$4,071	\$36,275
Sold	26,556	0	26,556
Matured	5,500	<u>11,794</u>	<u>17,294</u>
		<u>\$ 7,723-</u>	<u>\$ 7,575-</u>
		3,128+ (Net Change	3,128+ (Net Change
		1-day holdover	1-day holdover
		and other bills)	and other bills)
Totals	<u>\$ 148+</u>	<u>\$ 4,595-</u>	<u>\$ 4,447-</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JULY 22, 1931
(000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$26,850	\$26,700	\$105,597	\$29,700	\$180,615	\$308,539	\$678,001
Bills Purchased	<u>19,087</u>	<u>10,764</u>	<u>5,591</u>	<u>31,490</u>	<u>101</u>	<u>0</u>	<u>67,033</u>
Totals	<u>\$45,937</u>	<u>\$37,464</u>	<u>\$111,188</u>	<u>\$61,190</u>	<u>\$180,716</u>	<u>\$308,539</u>	<u>\$745,034</u>

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Authority E.O. 12958

July 18, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of July 17th, addressed to Governor Meyer, enclosing report of open market operations for the period from July 9, 1931 to July 15, 1931 inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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Mr. McCalland

FOR SPECIAL CLERK
PLEASE REPLY PROMPTLY, INITIAL AND RETURN TO
✓ Gov. Meyer Mr. Hamlin ✓ Mr. James ✓
 Mr. Miller ✓ Mr. Magee ✓

Mr. Folger
about

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

July 17, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from July 9, 1931 to July 15, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,
W. B. Matteson

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

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JUL 18 1931
OFFICE OF
THE GOVERNOR

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JULY 15, 1931

Holdings of Earning Assets of Federal Reserve Banks from July 16, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
July 16	\$ 960,116	\$576,893	\$ 225	\$153,978	\$14,689	\$207,030
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 8	932,102	667,953	0	88,936	2,852	162,386
July 15	921,157	677,853	0	70,074	334	161,803

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JULY 15, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance July 15	Net Change	Balance July 15	Net Change	Balance July 15	Net Change
Boston	\$ 52,957	\$ 753+	\$ 2,385	\$ 1,058-	\$ 8,576	\$ 217+
New York	171,273	5,124+	8,180	2,754-	24,230	2,111-
Philadelphia	54,247	780+	0	0	15,298	97+
Cleveland	71,803	1,013+	4,705	1,153-	15,535	185-
Richmond	31,558	525+	1,979	321-	17,235	490+
Atlanta	22,184	489+	6,702	1,536-	12,013	714+
Chicago	94,951	1,351+	4,131	1,310-	11,670	1,437+
St. Louis	30,349	546+	1,772	2,112-	9,189	1,945+
Minneapolis	27,681	88-	1,205	994-	3,923	256-
Kansas City	38,922	572+	3,205	1,542-	9,413	93-
Dallas	30,130	2,100-	1,698	1,553-	10,509	389+
San Francisco	51,798	935+	4,318	1,621-	24,212	3,227-
N. Y. holdovers and other bills			29,794	2,908-		
Totals	\$677,853	\$9,900+	\$70,074	\$18,862-	\$161,803	\$ 583-

COMMENT ON CHANGES WEEK ENDED JULY 15, 1931

Total earning assets of the System showed a decrease of \$10,945,000 for the current statement week. The changes by classification consisted of an increase of \$9,900,000 in outright purchases of government securities and decreases of \$18,862,000 in outright purchases of bankers acceptances, \$2,518,000 in bankers acceptances held under sales contracts, and \$583,000 in bills discounted.

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Money
Market

During the week ended July 15, the excess of reserves held by the New York City banks was increased to \$90,000,000 as the result of a rise of \$37,000,000 in actual reserve balances, partly offset by an increase of \$13,000,000 in the amount of reserve requirements. The increase in reserve balances maintained at the Reserve Bank entirely reflected a further inflow of funds from other parts of the country, which placed a larger amount at the disposal of the money market than was withdrawn through currency requirements, net gold earmarkings for foreign account, Treasury operations, and miscellaneous commercial and agency transactions. In addition to these partial offsets to the inflow of funds from other districts was a moderate reduction in the total volume of Federal Reserve credit outstanding here. This resulted from a decline in the Federal Reserve bill portfolio of larger extent than the additional \$10,000,000 of security purchases for the System Special Investment Account.

In the call money market, the prevailing rate continued to be 1 1/2 per cent, both on the Exchange and in the outside market. Time money quotations were lower in the respect that the asked rates for 60 days and 5 months loan were reduced 1/4 per cent. Trading rates were unchanged with 60 day loans at 1 1/4 per cent and 90 days at 1 1/2 per cent. The investment demand for commercial paper continued to be active, especially for the better grade names, but the supply of paper remained small. The prevailing rate for prime names was again reported as 2 per cent, with some sales also being made at 1 3/4 per cent.

Government
Security
Market

The market for United States Government securities was quiet and firm during the week, the best demand being for the short-term issues and the First 3 1/2s, First and Fourth 4 1/4s and 3 1/8% Treasury bonds of 1946-49. At the close of the reporting period, the average yield on the short-term issues, at dealers' offering prices was about 0.33 per cent as compared with 0.45 per cent the week previous, and the average selling price for the Liberty Loan and Treasury bonds was about 104.95 as compared with 104.84 the week previous.

Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

Issue	Price	Net Change	Approx. Yield
2 3/8% Cert. of Ind. due Sept. 15, 1931	100 12/32	-1/32	0.07%
1 1/2% " " " " Sept. 15, 1931	100 7/32	- - -	0.15%
1 7/8% " " " " Dec. 15, 1931	100 20/32	+1/32	0.35%
2 % " " " " Mar. 15, 1932	100 31/32	+1/32	0.53%
3 1/2% Treasury Notes called for payment Dec. 15, 1931	101 12/32	-1/32	0.16%
Treasury Bills - all maturities 0.625% discount bid,			0.375% asked (nominal)

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Closing Sale or Bid Prices on the New York Stock Exchange at the
Close of the Current Statement Week and Net Changes
from Close of the Previous Statement Week

Issue	Price	Net Change	Issue	Price	Net Change
1st 3 1/2s	102 20/32	+4/32	Treas. 4 1/4s 1947-52	113 13/32	+3/32
1st 4 1/4s	103 12/32	+2/32	" 4s 1944-54	108 24/32	+4/32
4th 4 1/4s	104 30/32	+5/32	" 3 3/4s 1946-56	106 22/32(Bid)	+6/32
			" 3 3/8s 1943-47	102 30/32	+3/32
			" 3 3/8s 1940-43	102 18/32(Bid)	-6/32
			" 3 3/8s 1941-43	102 18/32(Bid)	-6/32
			" 3 1/8s 1946-49	101 14/32	+1/32

Bankers
Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
week
ending
July 15

Boston reported that the demand for bills in its district continued good for maturities up to 90 days. The local supply of bills of these maturities was insufficient to meet the demand and dealers imported bills from offices in other cities and forwarded to offices in other cities about \$1,500,000 bills of longer maturities. There were no bills offered to the reserve bank except under sales contract. In New York there was an excellent demand for bills during the week, particularly for choice names. Local member banks who were considerably over in reserves were the principal buyers, although one substantial sale was made to a Chicago bank. The supply of bills was only fair and dealers' aggregate portfolios declined by about \$46,000,000 to \$56,000,000. Dealers carried the greater proportion of their portfolios during the week at 1/2 of 1 per cent. For a few days one dealer was 1/8 below the other dealers on rates, but on the 15th this dealer announced that he had increased his rates by 1/8 and was again in line with the other dealers. Philadelphia reported that the market in its district continued moderately active with bills offered a little more freely. The demand, however, continued very light. Chicago and Dallas reported that the markets in their respective districts were dull.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

During the current statement week sales were made in the market for account of the Alien Property Custodian of

\$360,500	-	2 3/8%	certificates	due	September 15, 1931
<u>46,500</u>	-	1 7/8%	"	"	December 15, 1931
\$407,000					

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

With the approval of the executive committee of the Open Market Policy Conference, under authorization given at the Open Market Policy Conference meeting in Washington, April 29, 1931, further purchases of \$10,000,000 United States Government securities were made for the System Account during the current statement week, as follows:

\$2,500,000	-	1 7/8%	certificates	due	Dec. 15, 1931
5,000,000	-	2 %	"	"	Mar. 15, 1932
500,000	-	3 1/2%	First Liberty Loan bonds		
<u>2,000,000</u>	-	4 1/4%	"	"	"

Total - - - \$10,000,000

This makes a total of \$80,000,000 purchased to date under the authorization referred to. During the week exchanges improving the yield were also effected in the market of

\$ 1,000,000	-	1 7/8%	certificates	due	Dec. 15, 1931
2,000,000	-	3 1/2%	Treasury notes	called for payment	Dec. 15, 1931

a total of \$ 3,000,000 - exchanged for

\$ 1,000,000	-	2 3/8%	certificates	due	Sept. 15, 1931
<u>2,000,000</u>	-	2 %	"	"	Mar. 15, 1932
\$ 3,000,000					

On July 15, the Federal Reserve Bank of Dallas, owing to its collateral position, asked to be relieved temporarily (approximately 60 days) of \$2,500,000 of its participation of government securities in the System Account. These securities were taken over into the participation of the Federal Reserve Bank of New York on July 15 and reallocated on July 16 to the Federal reserve banks who expressed a willingness to participate in this purchase.

The purchases made during the week of \$10,000,000 government securities increased the amount of total holdings in the System Account to \$524,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, July 15, 1931, were as follows:

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PARTICIPATIONS BY FEDERAL RESERVE BANKS

RECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 52,250,500
New York	94,953,500
Philadelphia	44,255,500
Cleveland	61,802,500
Richmond	30,405,500
Atlanta	19,646,500
Chicago	73,352,500
St. Louis	26,348,500
Minneapolis	20,273,000
Kansas City	38,875,000 ✓
Dallas	20,132,000
San Francisco	42,173,000
<hr/>	
Totals	\$524,468,000
<hr/> <hr/>	

July 17, 1931 - Treas. Bills	\$ 5,500,000
July 27, 1931 - " "	10,000,000
Aug. 3, 1931 - " "	11,850,000
Aug. 10, 1931 - " "	1,000,000
Aug. 17, 1931 - " "	25,700,000
Aug. 31, 1931 - " "	28,425,000
Sept. 30, 1931 - " "	5,000,000
Sept. 15, 1931 - 2 3/8% C/I	20,406,500
Sept. 15, 1931 - 1 1/2% "	59,032,000
Dec. 15, 1931 - 1 7/8% "	120,776,500
Mar. 15, 1932 - 2 % "	108,875,000
Dec. 15, 1931 - 3 1/2% T/N	16,527,250
Oct. 15, 1938 - 4 1/4% 4th L/L	60,125,750
June 15, 1947 - 3 1/2% 1st "	32,300,000
June 15, 1947 - 4 1/4% 1st "	18,950,000
<hr/>	
	\$524,468,000
<hr/> <hr/>	

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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JULY 9 TO JULY 15, 1931, INCLUSIVE**

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>	<u>Net Decrease</u>
Boston	\$ 1,053,000	\$ 299,000	\$ 754,000	0
New York	5,653,000	529,000	5,124,000	0
Philadelphia	1,033,000	253,000	780,000	0
Cleveland	1,366,500	353,500	1,013,000	0
Richmond	699,000	174,000	525,000	0
Atlanta	612,500	112,500	500,000	0
Chicago	1,770,500	419,500	1,351,000	0
St. Louis	696,500	150,500	546,000	0
Minneapolis	116,000	116,000	0	0
Kansas City	794,500	222,500	572,000	0
Dallas	529,500	2,629,500	0	2,100,000
San Francisco	1,176,000	241,000	935,000	0
Totals	\$15,500,000	\$5,500,000	\$12,100,000	\$2,100,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
Atlanta	\$166,100	Misc. Gov't Sec.	\$177,850	Misc. Gov't Sec.
Minneapolis	489,350	" " "	577,350	" " "
Totals	\$655,450		\$755,200	

BANKERS ACCEPTANCES
(000 Omitted)

	<u>Holdings July 8</u>	<u>Purchased Own Mkt.</u>	<u>By Allot- ment from New York</u>	<u>Matur- ities & Sales</u>	<u>Holdings July 15</u>	<u>Other Holdings Close July 15/31</u>		
						<u>Sales Contracts</u>	<u>Other Bills</u>	
Boston	\$ 3,443	0	\$ 30	\$ 1,088	\$ 2,385	\$176	\$ 2,214	
New York	10,934	359 R. 447 A.	0	3,113	8,180	0	9,712	
Phila.	0	0	0	0	0	0	2,922	
Cleve.	5,858	0	45	1,198	4,705	0	2,981	
Richmond	2,300	0	49	370	1,979	0	1,181	
Atlanta	8,238	46 R.	24	1,606	6,702	0	1,324	
Chicago	5,441	0	64	1,374	4,131	158	3,985	
St. Louis	3,884	0	52	2,164	1,772	0	1,033	
Minn.	2,199	0	42	1,036	1,205	0	679	
Kan. City	4,747	0	66	1,608	3,205	0	856	
Dallas	3,251	0	47	1,600	1,698	0	835	
San Fran.	5,939	0	28	1,649	4,318	0	2,007	
Totals	\$56,234	\$852	\$447	\$16,806	\$40,280	\$334	\$29,779	
Bills held overnight by New York in Foreign Suspense Account - - - - -								15
Total - - - - -								\$29,794

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JULY 15, 1931
(000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90-days</u> -	<u>Total</u>
New York	\$531*	\$229*	\$46*	0	\$806
Atlanta	0	3	43	0	46
Totals	<u>\$531</u>	<u>\$232</u>	<u>\$89</u>	<u>0</u>	<u>\$852</u>

*Includes small amount of bills not prime purchased at 1 1/8%.

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING JULY 15, 1931
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$16,155	\$ 852	\$17,007
Sold	6,255	0	6,255
Matured	0	16,806	16,806
		\$15,954-	\$ 6,054-
		2,908-	2,908-
		(Net Change 1-day holdover and other bills)	(Net Change 1-day holdover and other bills)
Totals	<u>\$ 9,900+</u>	<u>\$18,862-</u>	<u>\$ 8,962-</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JULY 15, 1931
(000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15 days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days--</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$20,500	\$12,850	\$54,125	\$ 97,172	\$188,831	\$304,375	\$877,853
Bills Purchased	21,373	11,710	8,568	28,682	75	0	70,408
Totals	<u>\$41,873</u>	<u>\$24,560</u>	<u>\$62,693</u>	<u>\$125,854</u>	<u>\$188,906</u>	<u>\$304,375</u>	<u>\$748,261</u>

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Authority E.O. 12958

July 11, 1931.

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of July 10th, addressed to Governor Meyer, enclosing report of transactions in Government securities and bankers' acceptances as reported to your committee for the period from July 2, 1931 to July 8, 1931, inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York City, N. Y.

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FOR SPECIAL CIRCULATION

PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Gov. Meyer ✓

Mr. Hamlin ✓

Mr. James ✓

Mr. Miller ✓

Mr. Magee ✓

Mr. Pole ✓

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

July 10, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from July 2, 1931 to July 8, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
JUL 11 1931
OFFICE OF
THE GOVERNOR

DECLASSIFIED

Authority E.O. 12958CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JULY 8, 1931

Holdings of Earning Assets of Federal Reserve Banks from July 9, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
July 9	\$ 983,141	\$577,185	\$13,395	\$122,612	\$26,333	\$236,315
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 1	927,541	663,399	0	96,851	6,490	150,200
July 8	932,102	667,953	0	88,936	2,852	162,386

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JULY 8, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance July 8	Net Change	Balance July 8	Net Change	Balance July 8	Net Change
Boston	\$ 52,204	\$2,415+	\$ 3,443	\$2,573-	\$ 8,359	\$ 3,210-
New York	166,149	1,592-	10,934	4,246-	26,341	1,527-
Philadelphia	53,467	2,497+	0	0	15,201	1,315-
Cleveland	70,790	3,246+	5,858	1,640-	15,720	1,891-
Richmond	31,033	1,050+	2,300	451-	16,745	150+
Atlanta	21,695	954+	8,238	519-	11,299	170-
Chicago	93,600	4,329+	5,441	1,066-	10,233	11+
St. Louis	29,803	1,748+	3,884	1,193-	7,244	630-
Minneapolis	27,769	4+	2,199	1,261-	4,179	154+
Kansas City	38,350	1,832+	4,747	821-	9,506	765+
Dallas	32,230	1,200+	3,251	473-	10,120	509+
San Francisco	50,863	13,129-	5,939	2,049-	27,439	19,340+
N. Y. holdovers and other bills			32,702	8,377+		
Totals	\$667,953	\$4,554+	\$88,936	\$7,915-	\$162,386	\$12,186+

COMMENT ON CHANGES WEEK ENDED JULY 8, 1931

Total earning assets of the System showed an increase of \$4,561,000 for the current statement week. The changes by classification consisted of increases of \$4,554,000 in outright purchases of government securities and \$12,186,000 in bills discounted, and decreases of \$7,915,000 in outright purchases of bankers acceptances and \$3,638,000 in bankers acceptances held under sales contracts.

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Money
Market

The excess reserves held by the New York City banks were reduced further between July 1 and July 6 to only \$5,000,000 on the latter date. This decrease in the amount of funds at the disposal of the money market was the result principally of holiday currency withdrawals from this Bank and of an outflow of funds to other districts, doubtless representing in part similar demands for currency outside of New York. During this period, part of the loss of funds to the New York money market was offset by an increase in Federal Reserve credit outstanding in this market, including the purchase of \$10,000,000 of Government's for the System Special Investment Account.

In the succeeding two days of the past week, the reserves of the New York banks again become surplus - to the extent of \$66,000,000 on July 8. This increase in the excess reserves to moderately large proportions reflected a return flow of currency from holiday circulation, a reversal in the inter-district transfer movement, and further purchases of \$20,000,000 of securities for the System Special Investment Account, and a reduction in reserve requirements after the passing of the mid-year peak.

During the reporting week, gold operations in this market were of small volume, in marked contrast to the gains that resulted from operations in June. Reflecting this situation, the monetary gold stock of the United States showed a rise of only \$8,000,000 for the week, the smallest net addition of gold since the week ended June 2 when a slight decrease was reported.

Conditions in the call money market continued easy during the week, and rates were unchanged from those previously current - 1 1/2 per cent on the Exchange and largely so in the outside market, the only exception being scattered offerings by private banking houses at concessions of 1/4 and 1/2 per cent. Day to day money for carrying bills and governments was available at 3/4 of one per cent and even some at 5/8. Bid and asked rates for time money were reduced slightly in certain categories. Ninety day money at 1 1/4 per cent bid, 1 1/2 per cent asked by the end of the week was nominally 1/4 per cent lower than at the beginning, although no trading was done at below 1 1/2 per cent; 5 months money was also 1/4 per cent lower on the bid side. In addition to the 90 day loans, some transactions were also reported in 60 days at 1 1/4 per cent and in 4 months' loans at 1 1/2 per cent. Investment demand for commercial paper remained in fairly good volume, but as supplies remained light, a quiet week was again reported in the paper market. Most of the prime names sold at 2 per cent, though some paper continued to be offered at 1 3/4 per cent.

Government
Security
Market

The market for United States Government securities was firm and moderately active during the current statement week, with the short-term issues in best demand. At the close of the reporting period the average yield on the short-term issues was about 0.45 per cent as compared with 0.50 per cent last week and the average selling price for the Liberty Loan and Treasury bonds was 104.84 as compared with last week's average price of 104.88.

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Dealers' Offering Prices at the Close of the Current Statement Week
 and Net Changes from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2 3/8% Cert. of Ind. due Sept. 15, 1931	100 13/32	- - -	0.14%
1 1/2% " " " " Sept. 15, 1931	100 7/32	- - -	0.29%
1 7/8% " " " " Dec. 15, 1931	100 19/32	- - -	0.49%
2 % " " " " Mar. 15, 1932	100 30/32	- - -	0.61%
3 1/2% Treasury Notes called for payment Dec. 15, 1931	101 13/32	- - -	0.23%
Treasury Bills - all maturities 0.70% discount bid, 0.50% asked (nominal)			

Closing Prices on the New York Stock Exchange at the Close
 of the Current Statement Week and Net Changes
 from Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 16/32	- - -	Treas. 4 1/4s 1947-52	113 10/32	-5/32
1st 4 1/4s	103 10/32	- - -	" 4s 1944-54	108 20/32	+5/32
4th 4 1/4s	104 25/32	+2/32	" 3 3/4s 1946-56	106 16/32	+1/32
			" 3 3/8s 1943-47	102 27/32	- - -
			" 3 3/8s 1940-43	102 24/32	-3/32
			" 3 3/8s 1941-43	102 24/32	-3/32
			" 3 1/8s 1946-49	101 13/32	+3/32

Bankers
 Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
 week
 ending
 July 8

Boston reported the activity in the local bill market showed a marked increase during the current reporting period. The demand was far in excess of the supply, and dealers imported bills from offices in other cities to fill orders. The increase in bank deposits over July 1 was the chief cause for the good demand. Offerings to the Reserve bank were very light. In New York the bill market during the week was very quiet. Dealers' purchases exceeded their sales moderately and their aggregate portfolios increased by about \$6,000,000 to \$102,000,000. Dealers did not seem to be disturbed by the light demand as they continue to carry their portfolios at 3/4 of 1 per cent and expect a better demand during the coming week. Rates unchanged. Philadelphia reported the market in its district was a little more active during the current period than for some time. Although there was a fair amount of new bills offered, the demand continued extremely light. Chicago and Dallas reported the bill market in their respective districts was very quiet.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

During the week a sale was consummated in the market, under Treasury authorization of

\$116,000 - Fourth 4 1/4% Liberty Loan bonds,
for account German Special Deposit Account

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

With the approval of the executive committee of the Open Market Policy Conference, under authorization given at Open Market Policy Conference meeting in Washington, April 29, 1931, further purchases of \$30,000,000 government securities were made during the current statement week as follows:

\$10,000,000	Treasury Bills due July 27, 1931
5,000,000	" " " Sept. 30, 1931
1,550,000	1 7/8% certificates due Dec. 15, 1931
1,300,000	3 1/2% First Liberty Loan bonds
4,150,000	4 1/4% First Liberty Loan bonds
8,000,000	4 1/4% Fourth Liberty Loan bonds
<u>\$30,000,000</u>	

This makes a total of \$70,000,000 purchased to date under the authorization referred to. During the week exchanges improving the yield were also effected in the market of

\$ 3,000,000	- 1 1/2% certificates due Sept. 15, 1931
2,000,000	- 2 3/8% " " Sept. 15, 1931
3,000,000	- 1 7/8% " " Dec. 15, 1931
<u>9,000,000</u>	- 3 1/2% Treasury notes, called for payment Dec. 15, 1931

a total of \$17,000,000 - exchanged for

\$ 1,000,000	- Treasury Bills due Aug. 3, 1931
9,000,000	- 2 % certificates due March 15, 1932
3,500,000	- 3 1/2% First Liberty Loan bonds
1,000,000	- 4 1/4% " " " "
<u>2,500,000</u>	- 4 1/4% Fourth " " "
<u>\$17,000,000</u>	

On July 3 the Federal Reserve Bank of San Francisco repurchased the \$10,000,000 of its participation of government securities in the System Account which was temporarily taken over on June 29 by the Federal Reserve Bank of New York, as mentioned in last week's report. At the same time the San Francisco bank resold a block of securities taken over temporarily from a member bank.

The purchase of \$30,000,000 governments made during the week increased the amount of total holdings in the System Account to \$514,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, July 8, 1931 were as follows:

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PARTICIPATIONS BY FEDERAL RESERVE BANKSRECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 51,496,500
New York	89,829,500
Philadelphia	43,475,500
Cleveland	60,789,500
Richmond	29,880,500
Atlanta	19,146,500
Chicago	72,001,500
St. Louis	25,802,500
Minneapolis	20,273,000
Kansas City	38,303,000
Dallas	22,232,000
San Francisco	41,238,000

Totals \$514,468,000

July 17, 1931 - Treas. Bills	\$ 5,500,000
July 27, 1931 - " "	10,000,000
Aug. 3, 1931 - " "	11,850,000
Aug. 10, 1931 - " "	1,000,000
Aug. 17, 1931 - " "	25,700,000
Aug. 31, 1931 - " "	28,425,000
Sept. 30, 1931 - " "	5,000,000
Sept. 15, 1931 - 2 3/8% C/I	19,406,500
Sept. 15, 1931 - 1 1/2% "	59,032,000
Dec. 15, 1931 - 1 7/8% "	119,276,500
Mar. 15, 1932 - 2 " "	101,875,000
Dec. 15, 1931 - 3 1/2% T/N	18,527,250
Oct. 15, 1938 - 4 1/4% 4th L/L	60,125,750
June 15, 1947 - 3 1/2% 1st "	31,800,000
June 15, 1947 - 4 1/4% 1st "	16,950,000

\$514,468,000

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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JULY 2 TO JULY 8, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>	<u>Net Decrease</u>
Boston	\$ 4,134,000	\$ 1,719,500	\$ 2,414,500	\$ 0
New York	11,293,000	12,885,500	0	1,592,500
Philadelphia	3,936,500	1,439,500	2,497,000	0
Cleveland	5,266,000	2,020,000	3,246,000	0
Richmond	2,050,500	1,000,500	1,050,000	0
Atlanta	1,630,000	630,000	1,000,000	0
Chicago	3,707,000	2,378,500	4,328,500	0
St. Louis	2,594,500	847,000	1,747,500	0
Minneapolis-	1,102,500	696,000	406,500	0
Kansas City	3,110,000	1,278,500	1,831,500	0
Dallas	1,938,000	738,000	1,200,000	0
San Francisco	13,238,000	1,367,000	11,871,000	0
Totals	\$57,000,000	\$27,000,000	\$31,592,500	\$1,592,500

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
Atlanta	\$152,900	Misc. Gov't Sec.	\$ 199,450	Misc. Gov't Sec.
Minneapolis	373,600	" " "	776,100	" " "
San Francisco	0	-	25,000,000	" " "
Totals	\$526,500		\$25,975,550	

BANKERS ACCEPTANCES
(000 Omitted)

	Holdings July 1	Purchased Own Mkt.	By Allot-		Holdings July 8	Other Holdings Close July 8, 1931	
			ment from New York	Matur- ities & Sales		Sales Contracts	Other Bills
Boston	\$ 6,016	\$ 0	\$ 236	\$ 2,809	\$ 3,443	\$ 975	\$ 2,214
New York	15,180	493 R 2,262 A	0	4,739	10,934	1,877	9,712
Phila.	0	0	0	0	0	0	2,922
Cleve.	7,498	0	319	1,959	5,858	0	2,981
Rich.	2,751	0	176	627	2,300	0	1,181
Atlanta	8,757	0	167	686	8,238	0	1,383
Chicago	6,507	0	425	1,491	5,441	0	3,985
St. Louis	5,077	0	207	1,400	3,884	0	1,033
Minn.	3,460	0	106	1,367	2,199	0	379
Kan. City	5,568	0	202	1,023	4,747	0	856
Dallas	3,724	15 R	127	615	3,251	0	885
San Fran.	7,988	242 R	297	2,588	5,939	0	2,007
Totals	\$72,526	\$3,012	\$2,262	\$19,304	\$56,234	\$2,852	\$29,836
Bills held over night by New York in Foreign Suspense Account							2,864
Total							\$32,702

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JULY 8, 1931
 (OOO Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90-days</u> 1 1/8%	<u>Total</u>
New York	\$2,167	\$460	\$126	\$ 2	\$2,755
Dallas	15	0	0	0	15
San Francisco	57	27	90	68	242
Totals	<u>\$2,239</u>	<u>\$487</u>	<u>\$216</u>	<u>\$70</u>	<u>\$3,012</u>

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING JULY 8, 1931
 (OOO Omitted)

(Excluding Sales Contracts)

	<u>Government Securities</u>	<u>Bankers Acceptances</u>	<u>Total</u>
Purchased	\$57,528	\$3,012	\$60,540
Sold	52,974	0	52,974
Matured	0	19,304	19,304
		<u>\$16,292-</u>	<u>\$11,738-</u>
		8,377+ (Net Change	8,377+ (Net Change
		1-day holdover	1-day holdover
		and other bills)	and other bills)
Totals	<u>\$ 4,554+</u>	<u>\$ 7,915-</u>	<u>\$ 3,361-</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JULY 8, 1931
 (OOO Omitted)

(Including Sales Contracts)

	<u>Within 15-days</u>	<u>16-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days-6 months</u>	<u>Over 6 months</u>	<u>Total</u>
Gov't Securities	\$ 5,500	\$26,850	\$55,125	\$ 96,172	\$189,319	\$294,987	\$667,953
Bills Purchased	35,792	12,203	14,683	28,996	114	0	91,788
Totals	<u>\$41,292</u>	<u>\$39,053</u>	<u>\$69,808</u>	<u>\$125,168</u>	<u>\$189,433</u>	<u>\$294,987</u>	<u>\$759,741</u>

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July 6, 1931.

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of July 3rd, addressed to Governor Meyer, enclosing report of transactions in Government securities and bankers' acceptances as reported to your committee for the period from June 25, 1931 to July 1, 1931, inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York City, N. Y.

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Mr. Riefler ✓
Mr. Sweeney ✓
Mr. Collier

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JUL -6 1931
DIVISION OF RESEARCH
AND STATISTICS.

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

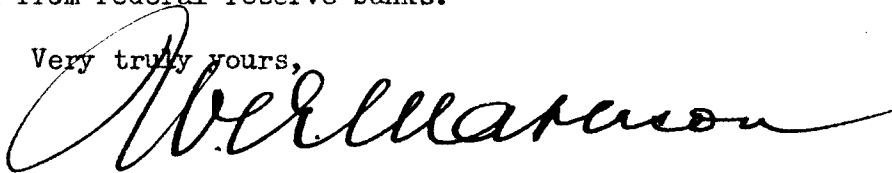
July 3, 1931.

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from June 25, 1931 to July 1, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,



W. B. Matteson
Assistant Deputy Governor

Encl.

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PLEASE READ

Gov. Meyer ✓

FOR SPECIAL CIRCULATION

APPLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Mr. Hamlin ✓

Mr. James ✓

Mr. Miller

Mr. Magee

Mr. Pole ✓

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

July 3, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from June 25, 1931 to July 1, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
JUL 6 1931
OFFICE OF
THE GOVERNOR

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JULY 1, 1931

Holdings of Earning Assets of Federal Reserve Banks from July 2, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
July 2	\$1,021,152	\$582,088	\$13,865	\$132,863	\$24,622	\$260,413
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
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-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 24	947,334	618,503	0	103,164	3,226	197,678
July 1	927,541	663,399	0	96,851	6,490	150,200

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JULY 1, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance July 1	Net Change	Balance July 1	Net Change	Balance July 1	Net Change
Boston	\$ 49,789	\$ 1,813+	\$ 6,016	\$1,632-	\$ 11,569	\$ 1,395-
New York	167,741	16,317+	15,180	8,385-	27,868	6,191-
Philadelphia	50,970	1,876+	0	0	16,516	1,169-
Cleveland	67,544	2,439+	7,498	2,390-	17,611	758+
Richmond	29,983	0	2,751	1,016-	16,595	5,327-
Atlanta	20,741	97-	8,757	2,037+	11,469	1,338-
Chicago	89,271	3,252+	6,507	4,030-	10,222	6,851-
St. Louis	28,055	1,313+	5,077	903-	7,874	309+
Minneapolis	27,765	807+	3,460	563-	4,025	460-
Kansas City	36,518	1,376+	5,568	383-	8,741	2,299-
Dallas	31,030	800+	3,724	329-	9,611	898-
San Francisco	63,992	15,000+	7,988	275-	8,099	22,617-
N. Y. holdovers and other bills			24,325	11,556+		
Totals	\$663,399	\$44,896+	\$96,851	\$ 6,313-	\$150,200	\$47,478-

COMMENT ON CHANGES WEEK ENDED JULY 1, 1931

Total earning assets of the System showed a decrease of \$19,793,000 for the current statement week. The changes by classification consisted of increases of \$44,896,000 and \$3,264,000 in outright purchases of government securities and bankers acceptances held under sales contracts respectively, and decreases of \$6,313,000 in outright purchases of bankers acceptances and \$47,478,000 in bills discounted.

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2

Money
Market

The excess reserves held by the New York City banks were reduced from \$157,000,000 on June 24 to only \$29,000,000 by the close of July 1, the last day of the reporting week under review. This change in the banks' position resulted from an increase of \$36,000,000 in the reserve requirement figures and a decrease of \$92,000,000 in the reserve balances maintained here.

Large withdrawals of currency and coin from the Reserve Bank and a moderately heavy outflow of funds to other parts of the country accounted for the most substantial losses to the New York money market, in addition to which there were smaller losses through Treasury operations and other commercial transactions, including principally an accumulation of foreign correspondent balances held at the New York Reserve Bank, resulting from the fact that a part of the proceeds of maturing bills held by foreign account were not reinvested. On the other hand, gold transactions resulted in a much smaller net gain to the market than in preceding weeks. Part of the \$26,000,000 of gold that arrived from Germany was used to retire advances made in the previous week against this gold while in transit and the balance was earmarked for foreign account; other gold imports and earmark transactions contributed a gain of \$14,000,000. In addition to the moderate gain in gold, there were Reserve Bank purchases of another \$20,000,000 of Government securities, which acted to partly offset the aforementioned losses in commercial and agency transactions. Federal Reserve bill operations in the aggregate had little effect on the market, since an excess of maturities over new purchases of domestic bills was largely offset by an increase in the System's holdings of foreign bills,

Notwithstanding the currency and credit demands incident to the turn of the half year, the call money market was unaffected - a reflection of the large surplus of reserves with which the New York banks entered the final week of June. Throughout the period the call rate was quoted at 1 1/2 per cent on the Exchange, and this rate prevailed in the outside market - except for a small amount of funds offered at 1 and 1 1/4 per cent from private banking sources. Bid and asked rates for time loans were also unchanged during the week. Limited trading in 3 and 4 months loans was conducted at both the bid and asked rates of 1 1/2 and 1 3/4 per cent, and 6 months money was similarly traded in at 1 3/4 and 2 per cent. In the commercial paper market, some sales of high grade material continued to be made at 1 3/4 per cent, but the general run of prime names was again quoted at 2 per cent.

Government
Security
Market

The market for United States Government securities during the current statement week was firm and less active than during the past few weeks and prices for the various issues showed only slight irregular variations. At the close of the reporting period the average yield on the short-term issues, at dealers' offering prices, was approximately 0.50% as compared with 0.55% for the past few weeks, and the average selling price for the Liberty Loan and Treasury bonds was 104.88 unchanged from the previous week.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2 3/8% Cert. of Ind. due Sept. 15, 1931	100 13/32	-1/32	0.35%
1 1/2% " " " Sept. 15, 1931	100 7/32	- - -	0.40%
1 7/8% " " " Dec. 15, 1931	100 19/32	+1/32	0.55%
2 % " " " Mar. 15, 1932	100 30/32	- - -	0.65%
3 1/2% Treasury Notes called for payment Dec. 15, 1931	101 13/32	-1/32	0.37%
Treasury Bills - all maturities 0.70% discount bid, 0.50% asked (nominal)			

Closing Prices on the New York Stock Exchange at the Close
of the Current Statement Week and Net Changes
from Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 16/32	-1/32	Treas. 4 1/4s 1947-52	113 15/32	+1/32
1st 4 1/4s	103 10/32	-1/32	" 4s 1944-54	108 15/32	- - -
4th 4 1/4s	104 23/32	-5/32	" 3 3/4s 1946-56	106 15/32	-1/32
			" 3 3/8s 1943-47	102 27/32	+1/32
			" 3 3/8s 1940-43	102 27/32	+2/32
			" 3 3/8s 1941-43	102 27/32	+1/32
			" 3 1/8s 1946-49	101 10/32	+1/32

BankersAcceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s; 1 per cent for 120s, and 1 1/4 per cent for 180-day bills.

ReportsweekendingJuly 1

Boston reported that there was practically no change in the local bill market during the past week. Both the supply and demand continued very light. No offerings were made to the Reserve bank except in sales contracts. In New York the bill market was considerably more active this week than last. Both the supply and demand increased substantially, the supply, however, exceeded the demand and dealers' aggregate portfolios increased by \$23,000,000 to \$96,000,000. About 92 per cent of dealers' sales were made in the outside market, practically all to local banks who were buying for their own accounts as foreign buying was very light. Rates unchanged. Philadelphia reported that its acceptance market continued dull. Offerings were spotty, with the demand very light and preference for short maturities. Chicago reported that its bill market was quiet. There was a good demand for bills with the supply small. Dallas reported that its bill market was dull with small demand and no offerings to the Reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

There were no transactions consummated under Treasury authorization during the past week.

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

As mentioned in last week's report, purchases of \$20,000,000 government securities were made during the current statement week, with the approval of the Executive Committee of the Open Market Policy Conference under authorization given at the Open Market Policy Conference meeting in Washington, April 29, 1931, as follows:

\$10,000,000	-	Treasury bills maturing July 17, 1931
1,000,000	-	2 % certificates due March 15, 1932
1,000,000	-	3 1/2% First Liberty Loan bonds
1,000,000	-	4 1/4% " " " "
7,000,000	-	4 1/4% Fourth " " "
<u>\$20,000,000</u>		

During the week exchanges were also advantageously effected in the market of

\$10,000,000	-	Treasury bills maturing July 27, 1931
5,000,000	-	" " " Aug. 3, 1931
7,000,000	-	1 1/2% certificates due Sept. 15, 1931
12,984,750	-	Series C Treasury notes called for payment Dec. 15, 1931

a total of \$34,984,750 - exchanged for

\$ 2,500,000	-	1 7/8% certificates due Dec. 15, 1931
15,000,000	-	3 1/2% Treasury notes called for payment Dec. 15, 1931
5,000,000	-	2 % certificates due Mar. 15, 1932
3,000,000	-	3 1/2% First Liberty Loan bonds
9,484,750	-	4 1/4% Fourth " " "
<u>\$34,984,750</u>		

In connection with the above noted exchanges, \$9,484,750 Fourth 4 1/4s were taken over from Joint Stock Land Bank accounts (representing part of a large block of securities sold for these accounts) and an offsetting sale was made to the market of \$9,484,750 Series "C" notes for which issue there was more demand in the market than for Fourth 4 1/4s, on the day of the sale.

As an accommodation to the Federal Reserve Bank of San Francisco, who desired to be relieved of \$10,000,000 of government securities over the end of the month to meet window dressing requirements of a member bank by taking over \$25,000,000 of governments, the Federal Reserve Bank of New York took over temporarily on June 29 in its participation \$10,000,000 governments from the participation of the San Francisco bank.

The purchase of \$20,000,000 governments made during the week increased the amount of total holdings in the System Account to \$484,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, July 1, 1931, were as follows:

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PARTICIPATIONS BY FEDERAL RESERVE BANKSRECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 49,082,000	July 17, 1931 - Treas. Bills	\$ 5,500,000
New York	91,422,000	Aug. 3, 1931 - " "	10,850,000
Philadelphia	40,978,500	Aug. 10, 1931 - " "	1,000,000
Cleveland	57,543,500	Aug. 17, 1931 - " "	25,700,000
Richmond	28,830,500	Aug. 31, 1931 - " "	28,425,000
Atlanta	18,146,500	Sept. 15, 1931 - 2 3/8% C/I	21,406,500
Chicago	67,673,000	Sept. 15, 1931 - 1 1/2% "	62,032,000
St. Louis	24,055,000	Dec. 15, 1931 - 1 7/8% "	120,726,500
Minneapolis	19,866,500	Mar. 15, 1932 - 2 "	92,875,000
Kansas City	36,471,500	Dec. 15, 1931 - 3 1/2% T/N	27,527,250
Dallas	21,032,000	Oct. 15, 1938 - 4 1/4% 4th L/L	49,625,750
San Francisco	29,367,000	June 15, 1947 - 3 1/2% 1st "	27,000,000
		June 15, 1947 - 4 1/4% 1st "	11,800,000
Totals	\$484,468,000		\$484,468,000

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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JUNE 25 TO JULY 1, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>	<u>Net Decrease</u>
Boston	\$ 6,373,500	\$ 4,559,500	\$ 1,814,000	\$ 0
New York	23,846,750	7,529,750	16,317,000	0
Philadelphia	5,679,500	3,803,500	1,876,000	0
Cleveland	7,781,500	5,342,500	2,439,000	0
Richmond	2,689,000	2,689,000	0	0
Atlanta	1,693,000	1,693,000	0	0
Chicago	9,531,000	6,279,000	3,252,000	0
St. Louis	3,543,000	2,230,000	1,313,000	0
Minneapolis	2,657,500	1,844,500	813,000	0
Kansas City	4,763,500	3,387,500	1,376,000	0
Dallas	2,753,500	1,953,500	800,000	0
San Francisco	3,673,000	13,673,000	0	10,000,000
Totals	\$74,984,750	\$54,984,750	\$30,000,000	\$10,000,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$10,900,000	Misc. Gov't Sec.	\$10,900,000	Misc. Gov't Sec.
Atlanta	273,050	" " "	369,550	" " "
Minneapolis	1,457,550	" " "	1,463,100	" " "
San Francisco	25,000,000	" " "	0	-
Totals	\$37,630,600		\$12,732,650	

**BANKERS ACCEPTANCES
(000 Omitted)**

	<u>Holdings June 24</u>	<u>Purchased Own Mkt.</u>	<u>By Allot- ment from New York</u>	<u>Matur- ities & Sales</u>	<u>Holdings July 1</u>	<u>Other Holdings Close July 1, 1931</u>	
						<u>Sales Contracts</u>	<u>Other Bills</u>
Boston	\$ 7,648	\$ 0	\$ 334	\$ 1,966	\$ 6,016	\$ 2,471	\$ 791
New York	23,565	1,348 R 2,875 A	0	6,732 3,001*	15,180	1,389	8,797
Phila.	0	0	0	0	0	0	1,045
Cleve.	9,888	0	434	2,824	7,498	0	1,066
Rich.	3,767	0	236	1,252	2,751	0	422
Atlanta	6,720	3,001*R	235	1,199	8,757	0	494
Chicago	10,537	0	485	4,515	6,507	560	1,424
St. Louis	5,980	0	260	1,163	5,077	0	360
Minn.	4,023	0	173	736	3,460	0	243
Kan. City	5,951	83 R	254	720	5,568	0	306
Dallas	4,053	0	223	552	3,724	0	317
San Fran.	8,263	1,691 R	241	2,207	7,988	2,070	717
Totals	\$90,395	\$8,998	\$2,875	\$26,867	\$72,526	\$6,490	\$15,991
Bills held over night by New York in Foreign Suspense Account							6,639
" " " " " " " for distribution to other Fed. Res. Banks							1,695
Total							\$24,325

*Sold to Atlanta from New York Portfolio

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JULY 1, 1931
 (000 Omitted)

	<u>1-30 days</u> <u>1-1 1/8%</u>	<u>31-60 days</u> <u>1-1 1/8%</u>	<u>61-90 days</u> <u>1-1 1/8%</u>	<u>Over 90-days</u> <u>-</u>	<u>Total</u>
New York	\$2,702	\$ 922	\$ 599	0	\$4,223
Kansas City	6	74	3	0	83
San Francisco	<u>1,621</u>	<u>70</u>	<u>0</u>	<u>0</u>	<u>1,691</u>
Totals	<u>\$4,329</u>	<u>\$1,066</u>	<u>\$ 602</u>	<u>0</u>	<u>\$5,997</u>

**RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
 AND BANKERS ACCEPTANCES DURING WEEK ENDING JULY 1, 1931.**
 (000 Omitted)

(Excluding Sales Contracts)

	<u>Government Securities</u>	<u>Bankers Acceptances</u>	<u>Total</u>
Purchased	\$112,615	\$ 8,998	\$121,613
Sold	67,719	3,001	70,720
Matured	0	<u>23,866</u>	<u>23,866</u>
		\$17,869-	\$ 27,027+
		11,556+ (Net Change 1-day holdover & other bills)	11,556+ (Net Change 1-day holdover & other bills)
Totals	<u>\$ 44,896+</u>	<u>\$ 6,313-</u>	<u>\$ 38,583+</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JULY 1, 1931
 (000 Omitted)

(Including Sales Contracts)

	<u>Within 15-days</u>	<u>16-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days- 6 months</u>	<u>Over 6 months</u>	<u>Total</u>
Gov't Securities	\$ 0	\$10,500	\$37,550	\$124,597	\$199,764	\$290,988	\$663,399
Bills Purchased	<u>52,167</u>	<u>18,788</u>	<u>16,157</u>	<u>13,223</u>	<u>6</u>	<u>0</u>	<u>103,341</u>
Totals	<u>\$52,167</u>	<u>\$29,288</u>	<u>\$53,707</u>	<u>\$140,820</u>	<u>\$199,770</u>	<u>\$290,988</u>	<u>\$766,740</u>

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June 27, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of June 26th, addressed to Governor Meyer, enclosing a report of open market operations for the period from June 18, 1931 to June 24, 1931 inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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Mr. Riefler ✓
Mr. Smead ✓
Mr. Collier

RECEIVED
JUN 27 1931
DIVISION OF RESEARCH
AND STATISTICS.

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

June 26, 1931.

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from June 18, 1931 to June 24, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,
W. B. Matteson

W. B. Matteson
Assistant Deputy Governor

Encl.

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FOR SPECIAL CIRCULATION

PLEASE READ FROM [] BY, INITIAL AND RETURN TO SEC. [] OFFICE

Gov. Meyer

Mr. Hamlin ✓

Mr. James ✓

Mr. Miller

Mr. Magee *absent*

Mr. Pollock ✓

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

June 26, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from June 18, 1931 to June 24, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
JUN 27 1931
OFFICE OF
THE GOVERNOR

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CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JUNE 24, 1931

Holdings of Earning Assets of Federal Reserve Banks from June 25, 1930 to Date
 (000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES			BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts		Outright Purchases	Sales Contracts	DISCOUNTED
-1930-							
June 25	\$ 916,038	\$576,560	\$ 410	\$ 94,735	\$ 7,578	\$231,505	
July 30	911,554	576,323	45	127,965	2,797	197,101	
Aug. 27	967,034	601,913	0	159,137	4,137	193,275	
Sept. 24	973,483	601,656	150	192,161	5,583	167,162	
Oct. 29	975,021	601,438	0	161,906	3,752	201,603	
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852	
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398	
-1931-							
Jan. 28	945,405	609,877	0	118,453	1,788	215,137	
Feb. 25	895,606	599,442	0	105,431	886	189,847	
Mar. 25	847,256	598,459	100	83,272	0	165,425	
Apr. 29	923,572	598,306	0	133,949	35,816	155,151	
May 27	876,489	598,368	0	121,210	3,291	152,852	
June 17	900,454	599,004	0	102,711	4,103	185,388	
June 24	947,334	618,503	0	103,164	3,226	197,678	

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
 DURING WEEK ENDED JUNE 24, 1931
 (000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance June 24	Net Change	Balance June 24	Net Change	Balance June 24	Net Change
Boston	\$ 47,976	\$ 1,796+	\$ 7,648	\$ 668-	\$ 12,964	\$ 1,704+
New York	151,424	6,254+	23,565	2,048-	34,059	795+
Philadelphia	49,094	1,858+	0	0	17,685	1,138-
Cleveland	65,105	2,415+	9,888	321-	16,853	3,320-
Richmond	29,983	0	3,767	131+	21,922	4,087+
Atlanta	20,838	159+	6,720	112+	12,807	508+
Chicago	86,019	3,223+	10,537	1,904-	17,073	733+
St. Louis	26,742	1,300+	5,980	113+	7,565	349+
Minneapolis	26,958	141+	4,023	101+	4,485	168+
Kansas City	35,142	1,362+	5,951	439-	11,040	793-
Dallas	30,230	991+	4,053	372+	10,509	230+
San Francisco	48,992	0	8,263	593+	30,716	8,967+
N.Y. holdovers and other bills			12,769	4,411+		
Totals	\$618,503	\$19,499+	\$103,164	\$ 453+	\$197,678	\$12,290+

COMMENT ON CHANGES WEEK ENDED JUNE 24, 1931

Total earning assets of the System showed an increase of \$46,880,000 for the current statement week. The changes by classification consisted of increases of \$19,499,000 and \$453,000 in outright purchases of government securities and bankers acceptances respectively, and \$12,290,000 in bills discounted and a decrease of \$877,000 in bankers acceptances held under sales contracts.

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Money
Market

At the beginning of the past reporting week the New York money market banks were in possession of excess reserves amounting to \$95,000,000 which resulted from the operations of the previous week - principally the gain of \$90,000,000 to the monetary gold stock of the United States. This excess of reserves was further increased during the week just closed by a number of factors, and occurred in the face of an increase in the balances carried by the Treasury at all Reserve Banks over the previous week.

The largest element in the gain of funds to the New York market during the week was a favorable balance of wire transfers and check settlements with other districts. Additional gold imports and releases of gold from earmark also put about \$20,000,000 in the market, and gains occurred through advances of \$17,000,000 made by the Reserve Banks against shipments of \$26,000,000 of gold now in transit from Germany to this country, and through purchases of \$20,000,000 of Government securities for the System Special Investment Account. As these gains of funds were offset only in part by net Treasury collections in this market and by a net debit to the market in miscellaneous commercial and agency transactions, the New York City banks closed the week with their reserve balances nearly \$160,000,000 above the required levels.

Call money against securities continued to be quoted at 1 1/2 per cent on the Stock Exchange, and this rate was also largely effective in the outside market as little money was available at 1 1/4 per cent. A plethora of funds continued to be in evidence in the call market, while the demand for additional accommodation remained extremely limited, as in other recent weeks. Nominal quotations for time funds were adjusted upward in a slight degree, although there was no change in the actual trading rates for loans, the volume of which was again very limited. Bid and asked rates at the end of the week were: 30 and 60 days, 1 1/4 per cent bid, 1 1/2 per cent asked; 3 and 4 months, 1 1/2 per cent bid, 1 3/4 per cent asked; and 5 and 6 months, 1 3/4 per cent bid, 2 per cent asked. The supply of open market commercial paper continued to be relatively small, and although some names were offered and sold at 1 3/4 per cent, the general quotation for the usual grade of prime name was again reported by most dealers as 2 per cent.

Government
Security
Market

The market for United States Government securities was active and irregular during the current statement week. The short-term issues were strong throughout the week. Prices of the Liberty Loan and Treasury bonds were firm during the first three days of the period, but showed pronounced losses during the next two days. On the last day of the period, however, the market recovered part of the losses of the two preceding days. At the close of the current reporting period the average yield on the short-term issues, at dealers' offering prices, was approximately 0.55 per cent unchanged from the two previous weeks, and the average selling price for the Liberty Loan and Treasury bonds was 104.88 as compared with 105.27 last week.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2 3/8%	Cert. of Ind. due Sept. 15, 1931	100 14/32	-1/32	0.38%
1 1/2%	" " " " Sept. 15, 1931	100 7/32	- - -	0.50%
1 7/8%	" " " " Dec. 15, 1931	100 18/32	-1/32	0.67%
2	" " " " Mar. 15, 1932	100 30/32	-1/32	0.69%
3 1/2%	Treasury Notes called for payment Dec. 15, 1931	101 14/32	-3/32	0.43%
	Treasury Bills - all maturities	0.75% discount bid, 0.50% asked (nominal)		

Closing Prices on the New York Stock Exchange at the Close
of the Current Statement Week and Net Changes
from Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 17/32	-2/32	Treas. 4 1/4s 1947-52	113 14/32	-18/32
1st 4 1/4s	103 11/32	-1/32	" 4s 1944-54	108 15/32	-31/32
4th 4 1/4s	104 28/32	-4/32	" 3 3/4s 1946-56	106 16/32	-29/32
			" 3 3/8s 1943-47	102 26/32	-12/32
			" 3 3/8s 1940-43	102 25/32	- 9/32
			" 3 3/8s 1941-43	102 26/32	- 8/32
			" 3 1/8s 1946-49	101 9/32	- 8/32

BankersAcceptances

Dealers' offering rates for unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

ReportsweekendingJune 24

Boston reported that the demand for bills in its district continued very light during the past week with the supply of new bills correspondingly small. There were no offerings to the Reserve bank except on sales contract. In New York the bill market was considerably less active this week. Certain foreign banks discontinued reinvesting as their bill holdings matured and this resulted in a substantial reduction in the demand. The supply, however, only exceeded the demand moderately and dealers' aggregate portfolios increased by about \$7,000,000 to \$73,000,000, this increase being about the same amount as was transferred by dealers from their out-of-town offices. Rates unchanged. Philadelphia reported that its bill market continued quiet although there were a few new bills offered toward the end of the week. There was no demand. In Chicago, bill dealers reported some local demand for bills with the supply small. Dallas reported that its bill market was dull with small demand. There were no offerings to the Reserve bank.

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4

OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week were as follows:

Sales of	\$ 200,000	- 2 3/8%	certificates due Sept. 15, 1931,
			account Alien Property Custodian
	9,089,300	- 4 1/4%	Fourth Liberty Loan bonds, account
			General Railroad Contingent Fund
	<u>\$9,289,300</u>	- Total Sales	

and purchase of \$9,254,900 - 3 3/8% Treasury bonds due March 15, 1941-43,
account General Railroad Contingent
Fund

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

With the approval of the Executive Committee of the Open Market Policy Conference under authorization given at the Open Market Policy Conference meeting in Washington, April 29, 1931, purchases were made for the System Account during the current statement week of \$20,000,000 United States Government securities as follows:

\$ 1,500,000	- 3 1/2%	Treasury notes called for
		payment Dec. 15, 1931
7,000,000	- 2 %	certificates due March 15, 1932
1,500,000	- 3 1/2%	First Liberty Loan bonds
500,000	- 4 1/4%	" " " "
9,500,000	- 4 1/4%	Fourth " " "
<u>\$20,000,000</u>		

Also, the following exchanges were advantageously effected in the market:

\$ 3,800,000	- Treasury bills due July 1, 1931
4,000,000	- " " " July 2, 1931
5,000,000	- " " " July 17, 1931
4,000,000	- 1 1/2% certificates due Sept. 15, 1931
a total of <u>\$16,800,000</u>	- exchanged for

\$ 5,000,000	- Treasury bills due Aug. 31, 1931
1,000,000	- 1 1/2% certificates due Sept. 15, 1931
3,500,000	- 2% certificates due Mar. 15, 1932
3,000,000	- 3 1/2% First Liberty Loan bonds
2,800,000	- 4 1/4% " " " "
1,500,000	- 4 1/4% Fourth " " "
<u>\$16,800,000</u>	

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The purchase of \$20,000,000 governments referred to increased the total amount of holdings in the System Account to \$464,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, June 24, 1931, were as follows:

<u>PARTICIPATIONS BY FEDERAL RESERVE BANKS</u>		<u>RECAPITULATION OF HOLDINGS BY MATURITIES</u>	
Boston	\$ 47,268,000	July 17, 1931 - Treas. Bills	\$ 15,500,000
New York	75,105,000	July 27, 1931 - " "	10,000,000
Philadelphia	39,102,500	Aug. 3, 1931 - " "	15,850,000
Cleveland	55,104,500	Aug. 10, 1931 - " "	1,000,000
Richmond	28,830,500	Aug. 17, 1931 - " "	25,700,000
Atlanta	18,146,500	Aug. 31, 1931 - " "	28,425,000
Chicago	64,421,000	Sept. 15, 1931 - 2 3/8% C/I	21,406,500
St. Louis	22,742,000	Sept. 15, 1931 - 1 1/2% "	69,032,000
Minneapolis	19,053,500	Dec. 15, 1931 - 1 7/8% "	108,226,500
Kansas City	35,095,500	Mar. 15, 1932 - 2 % "	86,875,000
Dallas	20,232,000	Dec. 15, 1931 - 3 1/2% T/N	15,512,000
San Francisco	39,367,000	Oct. 15, 1938 - 4 1/4% 4th L/L	33,141,000
		June 15, 1947 - 3 1/2% 1st "	24,000,000
		June 15, 1947 - 4 1/4% 1st "	10,800,000
Totals	\$464,468,000		\$464,468,000

After the close of the statement week, additional purchases were made of \$20,000,000 government securities of which amount \$10,000,000 were for delivery June 25 and \$10,000,000 June 26.

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ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JUNE 18 TO JUNE 24, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>	<u>Net Decrease</u>
Boston	\$ 3,514,500	\$ 1,719,000	\$1,795,500	\$ 0
New York	8,857,000	2,603,000	6,254,000	0
Philadelphia	3,265,000	1,407,500	1,857,500	0
Cleveland	4,406,000	1,991,500	2,414,500	0
Richmond	1,090,000	1,090,000	0	0
Atlanta	685,000	685,000	0	0
Chicago	5,533,500	2,313,500	3,220,000	0
St. Louis	2,110,000	810,000	1,300,000	0
Minneapolis	1,495,000	690,000	805,000	0
Kansas City	2,637,500	1,275,000	1,362,500	0
Dallas	1,718,500	727,500	991,000	0
San Francisco	1,488,000	1,488,000	0	0
Totals	\$36,800,000	\$16,800,000	\$20,000,000	\$ 0

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$1,500,000	Fourth L/L bds	\$1,500,000	Treas. Bills 7/2/31
Atlanta	274,100	Misc. Gov't Sec.	114,400	Misc. Gov't Sec.
Chicago	3,000	3 1/8% T/B 1946-49	0	-
Minneapolis	1,043,550	Misc. Gov't Sec.	1,707,600	Misc. Gov't Sec.
Totals	\$2,820,650		\$3,322,000	

BANKERS ACCEPTANCES
(000 Omitted)

	<u>Holdings</u> June 17	<u>Purchased</u> Own Mkt.	<u>By Allot-</u> <u>ment from</u> New York	<u>Matur-</u> <u>ities &</u> <u>Sales</u>	<u>Holdings</u> June 24	<u>Other Holdings</u> Close June 24, 1931	
						<u>Sales</u> Contracts	<u>Other</u> Bills
Boston	\$ 8,316	\$ 0	\$ 917	\$ 1,585	\$ 7,648	\$2,416	\$ 80
New York	25,613	3,095 R 8,514 A	0	5,143	23,565	0	1,452
Phila.	0	0	0	0	0	0	106
Cleve.	10,209	0	1,210	1,531	9,888	0	108
Rich.	3,636	0	726	595	3,767	0	43
Atlanta	6,608	101 R	687	676	6,720	0	458
Chicago	12,441	0	1,603	3,507	10,537	810	145
St. Louis	5,867	0	718	605	5,980	0	38
Minn.	3,922	0	446	345	4,023	0	25
Kan. City	6,390	0	721	1,160	5,951	0	31
Dallas	3,681	0	501	129	4,053	0	32
San Fran.	7,670	1,466 R	985	1,858	8,263	0	73
Totals	\$94,353	\$13,176	\$8,514	\$17,134	\$90,395	\$3,226	\$2,591
Bills held over night by New York in Foreign Suspense Account							9,399
" " " " " " " for distribution to other Fed. Res. Bks.							779
Total							\$12,769

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JUNE 24, 1931
(000 Omitted)

	<u>1-30 days</u> <u>1%</u>	<u>31-60 days</u> <u>1%</u>	<u>61-90 days</u> <u>1%</u>	<u>Over 90-days</u> <u>-</u>	<u>Total</u>
New York	\$3,876	\$5,981	\$1,752	0	\$11,609
Atlanta	0	101	0	0	101
San Francisco	<u>1,348*</u>	<u>84</u>	<u>34</u>	<u>0</u>	<u>1,466</u>
Totals	<u>\$5,224</u>	<u>\$6,166</u>	<u>\$1,786</u>	<u>0</u>	<u>\$13,176</u>

*Purchased at 1 to 1 1/8%

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING JUNE 24, 1931
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$39,621	\$13,176	\$52,797
Sold	20,122	201	20,323
Matured	0	<u>16,933</u>	<u>16,933</u>
		\$ 3,958-	\$15,541+
		4,411+(Net Change	4,411+(Net Change
		1-day holdover	1-day holdover
		& other bills)	& other bills)
Totals	<u>\$19,499+</u>	<u>\$ 453+</u>	<u>\$19,952+</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JUNE 24, 1931
(000 Omitted)

	(Including Sales Contracts)						
	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$ 0	\$15,500	\$57,550	\$131,616	\$182,153	\$231,684	\$618,503
Bills Purchased	<u>57,073</u>	<u>27,832</u>	<u>17,280</u>	<u>4,088</u>	<u>117</u>	<u>0</u>	<u>106,390</u>
Totals	<u>\$57,073</u>	<u>\$43,332</u>	<u>\$74,830</u>	<u>\$135,704</u>	<u>\$182,270</u>	<u>\$231,684</u>	<u>\$724,893</u>

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June 20, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of June 19th, addressed to Governor Meyer, enclosing report of open market operations for the period from June 11, 1931 to June 17, 1931 inclusive.

Very truly yours,

J. C. Noell

J. C. Noell,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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Mr. Riefler
Mr. Smead
Mr. Collier

FEDERAL RESERVE BANK
OF NEW YORK

RECEIVED
JUN 20 1931
DIVISION OF RESEARCH
AND STATISTICS.

CONFIDENTIAL

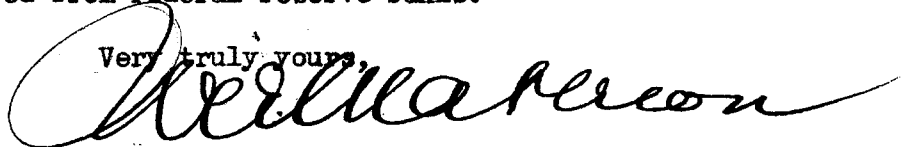
June 19, 1931.

Dr. E. A. Goldenweiser, Director,
Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser,

Enclosed is a report of open market operations for
the period from June 11, 1931 to June 17, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,



W. B. Matteson
Assistant Deputy Governor

Encl.

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FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO PRIMARY'S OFFICE
Gov. Meyer Mr. Hamlin ✓ Mr. James ✓
Mr. Miller ✓ Mr. Magee ✓ Mr. Fols ✓

**FEDERAL RESERVE BANK
OF NEW YORK**

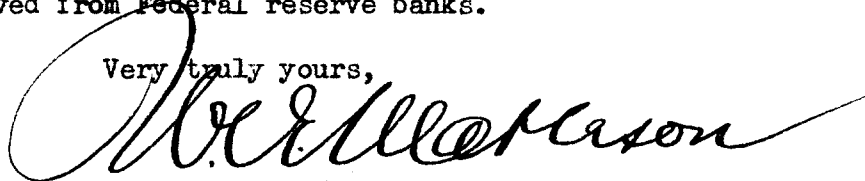
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June 19, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from June 11, 1931 to June 17, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,



W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

See below 6/20/31

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JUNE 17, 1931

Holdings of Earning Assets of Federal Reserve Banks from June 18, 1930 to date

(000 Omitted)

1930	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	
June 18	\$ 942,568	\$576,332	\$21,316	\$ 99,466	\$33,310	\$206,794
June 25	916,038	576,560	410	94,735	7,578	231,505
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
<u>1931</u>						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 10	912,683	599,024	0	119,287	7,930	184,755
June 17	900,454	599,004	0	102,711	4,103	185,388

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JUNE 17, 1931

(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance June 17	Net Change	Balance June 17	Net Change	Balance June 17	Net Change
Boston	\$ 46,180	\$ 0	\$ 8,316	\$2,864-	\$ 11,260	\$1,799+
New York	145,170	0	25,613	3,025-	33,264	4,263+
Philadelphia	47,236	2,117-	0	0	18,823	945-
Cleveland	62,690	0	10,209	3,850-	20,173	2,643+
Richmond	29,983	0	3,636	901-	17,835	1,200-
Atlanta	20,679	6+	6,608	2,083-	12,299	162-
Chicago	82,796	899+	12,441	2,401-	16,340	510-
St. Louis	25,442	0	5,867	1,530-	7,216	364+
Minneapolis	26,817	1,192+	3,922	1,699-	4,317	358+
Kansas City	33,780	0	6,390	1,415-	11,833	728+
Dallas	29,239	0	3,681	1,141-	10,279	585+
San Francisco	48,992	0	7,670	1,375-	21,749	7,290-
N. Y. holdovers and other bills			8,358	5,708+		
Totals	\$599,004	\$ 20-	\$102,711	\$16,576-	\$185,388	\$ 633+

COMMENT ON CHANGES WEEK ENDED JUNE 17, 1931

Total earning assets of the System showed a decrease of \$12,229,000 for the current statement week. The changes by classification consisted of an increase of \$633,000 in bills discounted and decreases of \$16,576,000 in outright purchases of bankers acceptances, and \$3,827,000 in bankers acceptances held under sales contracts.

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Money
Market

Throughout the past reporting week the New York City banks were in possession of somewhat larger excess reserves than in the preceding week. In the three business days prior to the June Treasury tax date the banks' excess reserves were built up by funds realized from releases of gold previously held under earmark at this bank for foreign account, as well as from gold imports and a favorable balance of inter-district transfers and check settlements; these factors much exceeded the usual week-end demand for currency, and were complemented somewhat by a drop in the reserve requirements of the banks.

On June 15, the Treasury operations centering on that day resulted in a comparatively moderate gain of funds to this market for the first day of a Treasury tax period. Due to the large proportion of exchanges of the maturing Treasury certificates for the new Treasury bonds, the volume of maturing certificates to be paid for in cash was reduced to an amount which, with interest payments, was offset to a considerable extent by cash payments received by the Treasury on account of the indebtedness of foreign governments, cash sales of the new Treasury bond issue, and income tax collections. Consequently, the Treasury overdraft at this bank on the 15th was only \$21,000,000 and at all Reserve Banks amounted to only \$38,500,000. The usual peak volume of tax collections on the second day of the period completely retired the Treasury's overdraft and some credit balance was established. This credit balance of the Treasury at the Reserve Banks rose to \$44,000,000 on the 17th and to a considerably larger figure on the 18th, indicating that there has been a net withdrawal of funds from the national money market by the Treasury during the past week.

Despite the funds concentrated in the Reserve Banks by Treasury operations, the excess of reserves held by the New York City banks remained substantial, although some decrease from the temporary large overage of reserves on June 15 did occur. The principal reason for the continuance of the very favorable reserve position of the New York banks is to be found in the daily releases of gold from the earmarked holdings of foreign account and several imports of gold, which for the week as a whole resulted in putting \$90,000,000 of funds in the money market. Two other factors were that the inter-district movement of funds was not greatly against New York, and that the reserve requirements of the New York banks underwent a further material reduction.

Call money again was quoted at 1 1/2 per cent on the Exchange, and in the outside market virtually all funds were offered and placed at the 1 1/2 per cent rate during the past week. Bid and asked rates for time funds were little changed. The principal trading was in 2 and 4 month loans, which were placed in fair volume at 1 1/4 and 1 1/2 per cent, respectively. The prevailing rate for prime commercial paper remained at 2 per cent with the market generally rather quiet. It has been reported that a small amount of paper priced at 1 3/4 per cent has appeared in the market, but sales response to this rate is still indeterminate.

Government
Security
Market

The market for United States Government securities was active and firm during the current reporting period. There was a good demand for both the short and long-term issues and especially for the new 3 1/8 per cent Treasury bonds dated June 15. At the close of the current statement week the average yield on the short-term issues, at dealers' offering prices, was approximately 0.55 per cent and the average selling price for the Liberty Loan and Treasury bonds was 105.27 as compared with 105.66 last week. This change is affected by the inclusion in the average of the new issue of 3 1/8 per cent Treasury bonds of 1946-49. Excluding the new issue in the calculation, the average selling price of the bond issues would have been 105.68.

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**Dealers' Offering Prices at the Close of the Current Statement Week
 and Net Changes from the Close of the Previous Statement Week**

Issue		Price	Net Change	Approx. Yield
2	3/8% Cert. of Ind. due Sept. 15, 1931	100 15/32	-2/32	0.41%
1	1 1/2% " " " " Sept. 15, 1931	100 7/32	-2/32	0.58%
1	7/8% " " " " Dec. 15, 1931	100 19/32	-1/32	0.65%
2	" " " " " Mar. 15, 1932	100 31/32	-1/32	0.68%
3	1/2% Treasury Notes called for payment Dec. 15, 1931	101 17/32	-2/32	0.36%

Treasury Bills - all maturities 0.75% discount bid, 0.50% asked (nominal)

**Closing Sale or Bid Prices on the New York Stock Exchange at
 the Close of the Current Statement Week and Net Changes
 from Close of the Previous Statement Week**

Issue	Price	Net Change	Issue	Price	Net Change
1st 3 1/2s	102 19/32	- - -	Treas. 4 1/4s 1947-52	114	- - -
1st 4 1/4s	103 12/32	- - -	" 4s 1944-54	109 14/32	- - -
4th 4 1/4s	105	+3/32	" 3 3/4s 1946-56	107 13/32(Bid)	- - -
			" 3 3/8s 1943-47	103 6/32(Bid)	+2/32
			" 3 3/8s 1940-43	103 2/32	+2/32
			" 3 3/8s 1941-43	103 2/32	- - -
			" 3 1/8s 1946-49	101 17/32	+8/32

Bankers
 Acceptances

Dealers' offerings of unindorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
 week
 ending
 June 17

Boston reported that the local bill market continued inactive during the past period. The supply of bills was small with practically no demand. Bills did not move freely. In New York the bill market was considerably more active this week. Easier money conditions resulted in an excellent demand which came principally from local banks. The supply of new bills was good but was exceeded very substantially by the demand and dealers' aggregate portfolios declined by \$45,000,000 to \$66,000,000. Rates unchanged. Philadelphia reported that the trend of the bill market in its district was unchanged from the last few weeks. There were very few bills offered with the demand drying up. Chicago reported that the bill market locally was very quiet with both the supply and demand small. Dallas reported that its bill market was dull with little demand. Offerings to the Reserve bank were negligible.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week were as follows:

Sales of	\$140,000	- 4 1/4%	Fourth Liberty Loan bonds, account German Special Deposit Account
	45,000	- 3 1/2%	Treasury Notes called for payment Dec. 15, 1931, account German Special Deposit Account
	600,000	- 2 3/8%	certificates due Sept. 15, 1931, account Alien Property Custodian
	<u>\$785,000</u>		- Total Sales
and purchases of	\$129,000	- 1 7/8%	certificates due Dec. 15, 1931, account Alien Property Custodian
	70,500	- 3 3/8%	Treasury bonds due March 15, 1941-43, account General Railroad Contingent Fund
	<u>\$199,500</u>		- Total Purchases

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions consummated in the System Account during the current statement week consisted of the following exchanges which were advantageously effected in the market:

\$ 2,050,000	- 1 3/4%	certificates matured	June 15, 1931
2,881,000	- 2 7/8%	" "	June 15, 1931
17,500,000	-	Treasury Bills maturing	July 1, 1931
7,500,000	-	" " "	July 2, 1931
<u>15,000,000</u>	- 2 3/8%	certificates maturing	Sept. 15, 1931

a total of \$44,931,000 - exchanged for

\$ 3,130,000	- 1 1/2%	certificates maturing	Sept. 15, 1931
1,201,000	- 2 3/8%	" "	Sept. 15, 1931
3,100,000	- 1 7/8%	" "	Dec. 15, 1931
8,500,000	- 2 %	" "	March 15, 1932
18,500,000	- 3 1/2%	First Liberty Loan bonds	1932-47
5,500,000	- 4 1/4%	" " "	" 1932-47
<u>5,000,000</u>	- 4 1/4%	Fourth " "	" 1933-38
<u>\$44,931,000</u>			

These exchanges did not affect the amount of total holdings in the System Account which remained at \$44,468,000. The participations by Federal reserve

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banks and the classification of issues held in the Account at the close of business Wednesday, June 17, 1931, were as follows:

<u>PARTICIPATIONS BY FEDERAL RESERVE BANKS</u>	<u>RECAPITULATION OF HOLDINGS BY MATURITIES</u>		
Boston	\$ 45,472,500	July 1, 1931 - Treas. Bills	\$ 3,800,000
New York	68,851,000	July 2, 1931 - " "	4,000,000
Philadelphia	37,245,000	July 17, 1931 - " "	20,500,000
Cleveland	52,690,000	July 27, 1931 - " "	10,000,000
Richmond	28,830,500	Aug. 3, 1931 - " "	15,850,000
Atlanta	18,146,500	Aug. 10, 1931 - " "	1,000,000
Chicago	61,201,000	Aug. 17, 1931 - " "	25,700,000
St. Louis	21,442,000	Aug. 31, 1931 - " "	23,425,000
Minneapolis	18,248,500	Sept. 15, 1931 - 2 3/8% C/I	21,406,500
Kansas City	33,733,000	Sept. 15, 1931 - 1 1/2% "	72,032,000
Dallas	19,241,000	Dec. 15, 1931 - 1 7/8% "	108,226,500
San Francisco	39,367,000	Mar. 15, 1932 - 2 " "	76,375,000
		Dec. 15, 1931 - 3 1/2% T/N	14,012,000
		Oct. 15, 1938 - 4 1/4% 4th L/L	22,141,000
		June 15, 1947 - 3 1/2% 1st "	18,500,000
		June 15, 1947 - 4 1/4% 1st "	7,500,000
Totals	<u><u>\$444,468,000</u></u>		<u><u>\$444,468,000</u></u>

OPERATIONS IN GOVERNMENT SECURITIES IN THE
 INVESTMENT ACCOUNT OF THE FEDERAL RESERVE BANK OF NEW YORK

As a partial offset to the easing effect in the market, caused by Treasury tax period operations, delivery was deferred on June 15 for two days of \$11,500,000 of replacement purchases made in the market for the Investment Account of the Federal Reserve Bank of New York. Due to the small amount of the Treasury special certificate of indebtedness issued on June 15 to cover the Treasury overdraft, which amounted to \$21,000,000 for one day, there were no participations in the Treasury special certificate sold to New York City banks.

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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JUNE 11 TO JUNE 17, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>
Boston	\$ 4,596,500	\$ 4,596,500
New York	6,960,500	6,960,500
Philadelphia	3,765,000	3,765,000
Cleveland	5,326,500	5,326,500
Richmond	2,914,000	2,914,000
Atlanta	1,834,000	1,834,000
Chicago	6,187,000	6,187,000
St. Louis	2,168,000	2,168,000
Minneapolis	1,844,500	1,844,500
Kansas City	3,410,500	3,410,500
Dallas	1,945,500	1,945,500
San Francisco	3,979,000	3,979,000
Totals	\$44,931,000	\$44,931,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Maturities and Sales</u>	<u>Issue</u>
New York	\$16,793,500	Misc. Gov't Sec.	\$16,793,500	Misc. Gov't Sec.
	21,000,000	Spec. 1-day C/I	21,000,000	Spec. 1-day C/I
Philadelphia	2,805,850	3 1/8% T/B 1946-49	4,922,500	June 15/31 C/I
	3,000,000	Spec. 1-day C/I	3,000,000	Spec. 1-day C/I
Atlanta	152,200	Misc. Gov't Sec.	146,900	Misc. Gov't Sec.
Chicago	2,095,100	3 1/8% T/B 1946-49	1,195,500	June 15/31 C/I
	12,500,000	Spec. 1-day C/I	12,500,000	Spec. 1-day C/I
Minneapolis	2,089,700	Misc. Gov't Sec.	897,700	Misc. Gov't Sec.
Dallas	2,000,000	Spec. 1-day C/I	2,000,000	Spec. 1-day C/I
Totals	\$62,436,350		\$62,456,100	

BANKERS ACCEPTANCES
(000 Omitted)

	<u>Holdings June 10</u>	<u>Purchased Own Mkt.</u>	<u>By Allot- ment from New York</u>	<u>Matur- ities & Sales</u>	<u>Holdings June 17</u>	<u>Other Holdings Close June 17/31 Sales</u>	<u>Other Bills</u>
Boston	\$ 11,180	\$ 135 R.	\$ 119	\$ 3,118	\$ 8,316	\$2,689	\$ 80
New York	28,638	2,339 "	0	5,364	25,613	0	1,452
		1,152 A.					
Phila.	0	0	0	0	0	0	106
Clevc.	14,059	0	165	4,015	10,209	0	108
Richmond	4,537	0	94	995	3,636	0	43
Atlanta	8,691	0	90	2,173	6,608	0	485
Chicago	14,842	1,747 R.	218	4,366	12,441	1,414	145
St. Louis	7,397	0	86	1,616	5,867	0	37
Minn.	5,621	0	60	1,759	3,922	0	24
Kan. City	7,805	0	105	1,520	6,390	0	31
Dallas	4,822	3 "	70	1,214	3,681	0	32
San Fran.	9,045	1,248 "	145	2,768	7,670	0	73
Totals	\$116,637	\$6,624	\$1,152	\$28,908	\$94,353	\$4,103	\$2,616
Bills held overnight by New York in Foreign Suspense Account							5,742
Total							\$8,358

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JUNE 17, 1931

(000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90 days</u> -	<u>Total</u>
Boston	\$ 135	\$ 0	\$ 0	0	\$ 135
New York	2,459	828	204	0	3,491
Chicago	1,747	0	0	0	1,747
Dallas	0	3	0	0	3
San Francisco	1,180	68	0	0	1,248
Totals	<u>\$5,521</u>	<u>\$899</u>	<u>\$204</u>	<u>0</u>	<u>\$6,624</u>

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES

AND BANKERS ACCEPTANCES DURING WEEK ENDING JUNE 17, 1931

(000 Omitted)

(Excluding Sales Contracts and Special one-day Certificates of Indebtedness)

	<u>Government Securities</u>	<u>Bankers Acceptances</u>	<u>Total</u>
Purchased	\$68,867	\$ 6,624	\$75,491
Sold	62,769	0	62,769
Matured	6,118	28,908	35,026
		<u>\$22,284-</u>	<u>\$22,304-</u>
		5,708+ (Net Change	5,708+ (Net Change
		1-day holdover	1-day holdover
		& other bills)	& other bills)
Totals	<u>\$ 20-</u>	<u>\$16,576-</u>	<u>\$16,596-</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JUNE 17, 1931

(000 Omitted)
 (Including Sales Contracts)

	<u>Within 15-days</u>	<u>16-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days-6 months</u>	<u>Over 6 months</u>	<u>Total</u>
Gov't Securities	\$ 9,300	\$20,500	\$31,850	\$155,297	\$128,273	\$253,784	\$599,004
Bills Purchased	49,808	32,025	20,665	4,200	116	0	106,814
Totals	<u>\$59,108</u>	<u>\$52,525</u>	<u>\$52,515</u>	<u>\$159,497</u>	<u>\$128,389</u>	<u>\$253,784</u>	<u>\$705,818</u>

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Authority E.O. 12958

June 15, 1931.

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of June 12th, addressed to Governor Meyer, enclosing report of transactions in Government securities and bankers' acceptances as reported to your committee for the period from June 4, 1931 to June 10, 1931, inclusive.

Very truly yours,

J. C. Noell,
Assistant Secretary.

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, N. Y.

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*Mr. Peffer
Mr. [unclear]
Mr. [unclear]*

FEDERAL RESERVE BANK
OF NEW YORK

RECEIVED
JUN 13 1931
DIVISION OF RESEARCH
AND STATISTICS.

CONFIDENTIAL

June 12, 1931

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from June 4, 1931 to June 10, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,
W. B. Matteson

W. B. Matteson
Assistant Deputy Governor

Encl.

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Authority E.O. 12958

FEDERAL RESERVE BANK
OF NEW YORK

FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Gov. Meyer ✓ Mr. Hamlin ✓ Mr. James ✓
Mr. Miller ✓ Mr. Magee ✓ Mr. Pole ✓

CONFIDENTIAL

June 12, 1931.

Dear Governor Meyer:

We are enclosing, for your files, a report of open market operations for the period from June 4, 1931 to June 10, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,
W. B. Matteson

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
JUN 13 1931
OFFICE OF
THE GOVERNOR

Confidential 6/13/31

DECLASSIFIED

Authority E.O. 12958CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JUNE 10, 1931

Holdings of Earning Assets of Federal Reserve Banks from June 11, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
June 11	\$ 943,213	\$578,452	\$ 255	\$107,711	\$40,461	\$210,484
June 25	916,038	576,560	410	94,735	7,578	231,505
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 3	907,016	598,348	0	126,205	7,950	172,826
June 10	912,683	599,024	0	119,287	7,930	184,755

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JUNE 10, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance	Net	Balance	Net	Balance	Net
	June 10	Change	June 10	Change	June 10	Change
Boston	\$ 46,180	\$ 1-	\$ 11,180	\$ 4+	\$ 9,461	\$ 409+
New York	145,170	15+	28,638	1,139+	29,001	926-
Philadelphia	49,353	0	0	0	19,768	56+
Cleveland	62,690	0	14,059	1,586-	17,530	3,622+
Richmond	29,983	0	4,537	1,715+	19,035	7+
Atlanta	20,673	142-	8,391	579+	12,461	37-
Chicago	81,897	766+	14,842	1,206+	16,850	4,508+
St. Louis	25,442	0	7,397	63-	6,852	1,223-
Minneapolis	25,625	38+	5,621	733+	3,959	234-
Kansas City	33,780	0	7,805	932+	11,105	273+
Dallas	29,259	0	4,822	645+	9,694	266+
San Francisco	48,992	0	9,045	47+	29,039	6,026+
N. Y. holdovers and other bills			2,650	12,319-		
Totals	\$599,024	\$676+	\$119,287	\$ 6,918-	\$184,755	\$11,929+

COMMENT ON CHANGES WEEK ENDED JUNE 10, 1931

Total earning assets of the System, showed an increase of \$5,667,000 for the current statement week. The changes by classification consisted of increases of \$676,000 in outright purchases of government securities and \$11,929,000 in bills discounted, and a decrease of \$6,918,000 in outright purchases of bankers acceptances.

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Money
Market

Week-end currency withdrawals beginning on Thursday, June 4, together with a sizable increase in reserve requirements, resulted in the development of a small deficit in actual reserves of the New York City banks at the close of business on that day. On the following day, however, a substantial movement of funds to this market from other centers and the sale of a moderate amount of bills to the Reserve Bank more than offset currency requirements, and the City banks consequently closed the reserve period with their actual reserves well above requirements. These excess reserves were reduced somewhat in the next two days by outward transfers of commercial funds and retirement of Reserve Bank bill holdings which were larger than the return of currency from circulation, but on Tuesday a large excess of reserves developed due to a reversal in the inter-district movement of funds which was supplemented by further retirement of currency in circulation. During this part of the reporting week, the Treasury disbursed about \$40,000,000 more of funds than were collected from the national money market, and this drawing down of credit balances maintained at the Reserve Banks probably actuated the net inflow of commercial and financial funds to New York that occurred for the period.

On Wednesday, a large reduction in the amount of excess bank reserves in this market occurred chiefly as a result of an unfavorable balance of wire transfers and check settlements, and of an additional retirement of Federal Reserve bill holdings. The large loss of funds by this market to other districts on Wednesday represented almost entirely a movement of funds to Chicago, following a similar large transfer to that district on Monday.

Call money continued for the second week to hold at 1 1/2 per cent on the Exchange. This rate also prevailed in the outside market, except for a small amount of money placed by private banking institutions at 1 per cent. There was little demand for new accommodation, and funds were in supply throughout the week. In time money also, little demand for loans was apparent. Bid and asked rates for 90 day loans were 1/4 per cent lower at 1 1/4 - 1 1/2 per cent, while other maturities were nominally unchanged. Actual loans placed were principally for 4 and 6 months - at 1 1/2 and 1 3/4 per cent, respectively. Activity of the commercial paper market continued to be restricted by the exceedingly small drawings of new paper that came into dealers' hands. Whatever prime material that dealers obtained was quickly sold to banking institutions throughout the country. Prime names generally were offered and sold at 2 per cent, which is now considered the prevailing rate, as compared with a range of 2 - 2 1/4 per cent a week ago.

Government
Security

During the current statement week the market for the short-term issues of United States Government securities was quiet and steady, while the market for long-term issues was active and moderately strong with prices advancing fractionally. The new issue of 3 1/8 per cent Treasury bonds also continued in good demand and was quoted in the "over the counter" market on a when issued basis, at a premium of about 1 1/4 points. At the close of the current reporting period the average yield on the short-term issues, at dealers' offering prices, was about 0.55 per cent as compared with 0.60 per cent the week previous, and the average selling price of the Liberty Loan and Treasury bonds was 105.66 as compared with last week's average price of 105.55.

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Dealers' Offering Prices at the Close of the Current Statement Week and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	3/8% Cert. of Ind. due Sept. 15, 1931	100 17/32	- - -	0.31%
1	1/2% " " " " Sept. 15, 1931	100 9/32	- - -	0.40%
1	7/8% " " " " Dec. 15, 1931	100 20/32	- - -	0.64%
2	% " " " " Mar. 15, 1932	100 30/32	+1/32	0.75%
3	1/2% Treasury Notes called for payment Dec. 15, 1931	101 19/32	- - -	0.41%
Treasury Bills - all maturities 0.75% discount bid, 0.55% asked (nominal)				

Closing Prices on the New York Stock Exchange at the Close of the Current Statement Week and Net Changes from Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 19/32	+1/32	Treas. 4 1/4s 1947-52	114	- 2/32
1st 4 1/4s	103 12/32	+1/32	" 4s 1944-54	109 14/32	+ 6/32
4th 4 1/4s	104 29/32	+2/32	" 3 3/4s 1946-56	107 13/32	+ 1/32
			" 3 3/8s 1943-47	103 4/32	- - -
			" 3 3/8s 1940-43	103	+ 4/32
			" 3 3/8s 1941-43	103 2/32	+10/32

Bankers

Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports

week

ending

June 10

Boston reported that the bill market in its district continued quiet during the past week; the supply of bills was small with practically no demand, and dealers were obliged to forward their offerings to offices in other cities. Bills did not move freely. In New York the bill market was considerably less active this week. The first two days of the period money conditions were slightly firmer and dealers' purchases exceeded their sales substantially. This resulted in their aggregate portfolios increasing to about \$124,000,000. Money then became easier and their sales exceeded their purchases during the balance of the week. Portfolios at the close of the week had declined again to \$111,000,000, only \$5,000,000 higher than at the close of last week. Rates unchanged. Philadelphia reported that its acceptance market continued inactive. There were a few new bills during the week with no demand. Chicago reported that its market continued very quiet. Dallas reported that there was no demand for bills in its district during the past week and no bills were offered to the reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

The only transaction consummated under Treasury authorization during the current statement week was a sale of \$360,000 - 2 7/8 per cent certificates of indebtedness due June 15, 1931, account Alien Property Custodian.

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Transactions consummated in the System account during the current reporting period consisted of the following exchanges which were advantageously effected in the market:

	\$ 5,500,000	- 1 1/2%	certificates due Sept. 15, 1931	
	<u>6,925,000</u>	- 2 3/8%	" " Sept. 15, 1931	
a total of	\$12,425,000	- exchanged for		
	\$ 5,500,000	- 2%	certificates due March 15, 1931	
	<u>6,925,000</u>	- Treasury Bills	" Aug. 31, 1931	
	<u>\$12,425,000</u>			

Accordingly the amount of total holdings in the Account remained unchanged at \$444,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, June 10, 1931, were as follows:

<u>PARTICIPATIONS BY FEDERAL RESERVE BANKS</u>	<u>RECAPITULATION OF HOLDINGS BY MATURITIES</u>		
Boston	\$ 45,472,500	July 1, 1931 - Treas. Bills	\$ 21,300,000
New York	68,851,000	July 2, 1931 - " "	11,500,000
Philadelphia	37,245,000	July 17, 1931 - " "	20,500,000
Cleveland	52,690,000	July 27, 1931 - " "	10,000,000
Richmond	28,830,500	Aug. 3, 1931 - " "	15,850,000
Atlanta	18,146,500	Aug. 10, 1931 - " "	1,000,000
Chicago	61,201,000	Aug. 17, 1931 - " "	25,700,000
St. Louis	21,442,000	Aug. 31, 1931 - " "	23,425,000
Minneapolis	18,248,500	June 15, 1931 - 1 3/4% C/I	2,050,000
Kansas City	33,733,000	June 15, 1931 - 2 7/8% "	2,881,000
Dallas	19,241,000	Sept. 15, 1931 - 2 3/8% "	35,205,500
San Francisco	39,367,000	Sept. 15, 1931 - 1 1/2% "	68,902,000
		Dec. 15, 1931 - 1 7/8% "	105,126,500
		Mar. 15, 1932 - 2 % "	67,875,000
		Dec. 15, 1931 - 3 1/2% T/N	14,012,000
		Oct. 15, 1938 - 4 1/4% 4th L/L	17,141,000
		June 15, 1947 - 4 1/4% 1st "	<u>2,000,000</u>
Totals	<u>\$444,468,000</u>		<u>\$444,468,000</u>

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5

ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM JUNE 4 TO JUNE 10, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>
Boston	\$ 1,271,500	\$ 1,271,500
New York	1,925,500	1,925,500
Philadelphia	1,041,500	1,041,500
Cleveland	1,473,000	1,473,000
Richmond	805,500	805,500
Atlanta	507,000	507,000
Chicago	1,711,000	1,711,000
St. Louis	599,500	599,500
Minneapolis	510,000	510,000
Kansas City	942,500	942,500
Dallas	537,500	537,500
San Francisco	<u>1,100,500</u>	<u>1,100,500</u>
Totals	<u>\$12,425,000</u>	<u>\$12,425,000</u>

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
Boston	0	-	\$ 1,000	Misc. Gov't Sec.
New York	3,515,000	Misc. Gov't Sec.	3,500,000	" " "
Atlanta	73,500	" " "	214,950	" " "
Chicago	765,500	June 15, 1931 C/I	0	-
Minneapolis	<u>757,500</u>	Misc. Gov't Sec.	<u>719,500</u>	Misc. Gov't Sec.
Totals	<u>\$5,111,500</u>		<u>\$4,435,450</u>	

BANKERS ACCEPTANCES
(000 Omitted)

	Holdings June 3	Purchased Own Mkt.	By Allot- ment from New York	Matur- ities & Sales	Holdings June 10	Other Holdings Close June 10/31	
						Contracts	Sales Other Bills
Boston	\$ 11,176	\$ 115 R.	\$ 1,970	\$ 2,081	\$ 11,180	\$ 4,026	\$ 80
New York	27,499	5,187 " 20,531 A.	0	4,048	28,638	1,697	1,453
Phila.	0	0	0	0	0	0	106
Cleve.	15,645	0	2,986	4,572	14,059	0	108
Richmond	2,822	0	1,720	5	4,537	0	43
Atlanta	8,112	0	1,651	1,072	8,691	0	516
Chicago	13,636	0	3,963	2,757	14,842	2,207	145
St. Louis	7,460	0	1,726	1,789	7,397	0	38
Minn.	4,888	0	1,106	373	5,621	0	25
Kan. City	6,823	0	1,793	811	7,805	0	31
Dallas	4,177	0	1,301	656	4,822	0	32
San Fran.	8,998	751 R.	2,315	3,019	9,045	0	73
Totals	<u>\$111,236</u>	<u>\$26,584</u>	<u>\$20,531</u>	<u>\$21,183</u>	<u>\$116,637</u>	<u>\$7,930</u>	<u>\$2,650</u>

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JUNE 10, 1931
(000 Omitted)

	<u>1-30 days</u> <u>1%</u>	<u>31-60 days</u> <u>1%</u>	<u>61-90 days</u> <u>1%</u>	<u>Over 90-days</u> <u>-</u>	<u>Total</u>
Boston	\$ 115	0	0	0	\$ 115
New York	12,247	11,332	2,139	0	25,718
San Francisco	501*	0	250	0	751
Totals	\$12,863	\$11,332	\$2,389	0	\$26,584

*Purchased at 1 to 1 1/8%

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING JUNE 10, 1931
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$17,536	\$26,584	\$44,120
Sold	16,860	0	16,860
Matured	0	21,183	21,183
		\$ 5,401+	\$ 6,077+
		12,319- (Net Change	12,319- (Net Change
		1-day holdover	1-day holdover
		and other bills)	and other bills)
Totals	\$ 676+	\$ 6,918-	\$ 6,242-

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JUNE 10, 1931
(000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$19,618	\$39,300	\$51,350	\$50,125	\$108,272	\$330,359	\$599,024
Bills Purchased	52,076	39,003	30,927	5,034	177	0	127,217
Totals	\$71,694	\$78,303	\$82,277	\$55,159	\$108,449	\$330,359	\$726,241

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Authority E.O. 12958

June 6, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of June 5th, addressed to Governor Meyer, enclosing report of open market operations for the period from May 28, 1931 to June 3, 1931 inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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Authority E.O. 12958

*Mr. Ruggles ✓
Mr. Boardman ✓
Mr. Collier*

FEDERAL RESERVE BANK
OF NEW YORK

RECEIVED
JUN -6 1931
DIVISION OF RESEARCH
AND STATISTICS.

CONFIDENTIAL

June 5, 1931.

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from May 28, 1931 to June 3, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Encl.

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Authority E.O. 12958

FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

Gov. Meyer ✓ Mr. Hamlin ✓ Mr. James ✓
Mr. Miller ✓ Mr. Magee ✓ Mr. Pole ✓

FEDERAL RESERVE BANK
OF NEW YORK

Mr. McChesney

CONFIDENTIAL

June 5, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from May 28, 1931 to June 3, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
JUN 6 1931
OFFICE OF
THE GOVERNOR

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CONFIDENTIAL
REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED JUNE 3, 1931

Holdings of Earning Assets of Federal Reserve Banks from June 4, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
June 4	\$ 978,652	\$542,159	\$ 1,675	\$127,969	\$61,271	\$239,728
June 25	916,038	576,560	410	94,735	7,578	231,505
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,308	0	133,949	35,816	155,151
May 27	876,489	598,368	0	121,210	3,291	152,852
June 3	907,016	598,348	0	126,205	7,950	172,826

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED JUNE 3, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance June 3	Net Change	Balance June 3	Net Change	Balance June 3	Net Change
Boston	\$ 46,181	\$ 0	\$ 11,176	\$ 239-	\$ 9,870	\$ 757-
New York	145,155	15-	27,499	2,830+	29,927	2,928+
Philadelphia	49,353	0	0	0	19,712	782+
Cleveland	62,690	3-	15,645	1,822-	13,908	454+
Richmond	29,983	0	2,822	659+	19,028	814+
Atlanta	20,815	113+	8,112	302+	12,498	142+
Chicago	81,131	3+	13,636	2,764-	12,342	402+
St. Louis	25,442	0	7,460	1,216-	8,075	1,024+
Minneapolis	25,587	118-	4,888	805-	4,193	193-
Kansas City	33,780	0	6,823	987-	10,832	126+
Dallas	29,239	0	4,177	42+	9,428	400+
San Francisco	48,992	0	8,998	1,997-	23,013	13,852+
N. Y. holdovers and other bills			14,969	10,992+		
Totals	\$598,348	\$ 20-	\$126,205	\$ 4,995+	\$172,826	\$19,974+

COMMENT ON CHANGES WEEK ENDED JUNE 3, 1931

Total earning assets of the System showed an increase of \$30,527,000 for the current statement week. The changes by classification consisted of increases of \$4,995,000 and \$19,974,000 respectively, in outright purchases of bankers acceptances and bills discounted, \$4,659,000 in bankers acceptances held under sales contracts, and a decrease of \$20,000 in outright purchases of government securities.

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Money
Market

The large New York City banks began the reporting week just closed with their reserve balances some \$75,000,000 in excess of requirements. This surplus, however, was largely absorbed during Thursday and Friday by withdrawals of currency from the Reserve Bank and by an accompanying outflow of funds to other parts of the country, so that at the opening of business June 1 only a small excess existed. On this day, the sale of \$74,000,000 of new Treasury bills in this market was only partly offset by a rather substantial inward movement of commercial and financial funds from other centers, and as a result a small volume of bankers' bills was sold to the New York Reserve Bank in order to maintain the reserve position of the New York City banks. On Tuesday, the reserve settlement day, losses of funds through an inter-district movement away from New York together with some net retirement of Federal Reserve bill holdings were partly counterbalanced by a return of currency from circulation, but the borrowing of \$19,000,000 by the City banks was required to hold their reserves above the required level.

On Wednesday, further return of currency, a net inflow of funds here from other cities, and moderate offerings of bills to the Reserve Bank, accompanied by a sizable drop in reserve requirement figures, placed the banks in a position whereby they could retire the indebtedness incurred on the previous day and still leave their reserve balances showing some excess.

Throughout the week, call money held at 1 1/2 per cent on the Stock Exchange, and this rate also prevailed in the outside market, except for a small amount of funds which was reported to have been lent at 1 per cent by small private banking houses not parties to the agreement of the larger institutions to lend money no lower than 1 1/2 per cent. Funds were in large supply during the week, with substantial amounts reported unlent on most days. Meanwhile, demand for accommodation against stock exchange collateral remained extremely light.

Time money quotations were little changed during the week at 1 per cent bid, 1 1/2 per cent asked for 30 and 60 days; 1 1/2 - 1 3/4 per cent for 90 days; 1 1/2 per cent flat for 4 months; and 1 3/4 per cent flat for 5 and 6 months. The principal activity was in loans for 3 and 4 months at 1 1/2 per cent, but on the whole only a small volume of business was transacted. Bank investment demand for prime commercial paper continued in excess of current offerings. Rates of 2 - 2 1/4 per cent continued to be quoted for high grade material.

Government
Security
Market

During the forepart of the current statement week the market for United States Government securities was quiet with prices firm for the short-term issues and slightly lower for the long-term bonds. However, following the announcement by the Secretary of the Treasury on June 1 of the new issue of 3 1/8% Treasury bonds, the market reflected a much better undertone and prices advanced fractionally to levels slightly above those which prevailed at the close of the previous statement week. On June 3 the new bonds were being quoted "over the counter" on a when-issued basis at slightly below 101. At the close of the statement week the average yield on short-term issues at dealers' offering prices, exclusive of June 15 maturities, was about 0.60% as compared with 0.70% for the past two weeks, and the average selling prices for the Liberty Loan and Treasury bonds was 105.55 as compared with 105.40 the week previous.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	7/8% Cert. of Ind. due June 15, 1931	100 10/32	+7/32	- - -
1	3/4% " " " " June 15, 1931	100 10/32	+9/32	- - -
2	3/8% " " " " Sept. 15, 1931	100 17/32	- - -	0.45%
1	1/2% " " " " Sept. 15, 1931	100 9/32	+1/32	0.48%
1	7/8% " " " " Dec. 15, 1931	100 20/32	+1/32	0.68%
2	% " " " " Mar. 15, 1932	100 29/32	+2/32	0.82%
3	1/2% Treasury Notes " Dec. 15, 1932	101 19/32	- - -	0.46%

Treasury Bills - all maturities 0.80% discount bid, 0.60% asked (nominal)

Closing Sale or Bid Prices on the New York Stock Exchange at
the Close of the Current Statement Week and Net Changes
from Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 18/32	+2/32	Treas. 4 1/4s 1947-52	114 2/32	+15/32
1st 4 1/4s	103 11/32	+1/32	" 4s 1944-54	109 8/32	+ 8/32
4th 4 1/4s	104 27/32	+1/32	" 3 3/4s 1946-56	107 12/32 (Bid)	+12/32
			" 3 3/8s 1943-47	103 4/32	+ 6/32
			" 3 3/8s 1940-43	102 28/32 (Bid)	+ 6/32
			" 3 3/8s 1941-43	102 24/32	+ 1/32

Bankers Dealers' offerings of unendorsed bankers acceptances continued
Acceptances at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
week
ending
June 3

Boston reported that there was very little activity in the bill market in its district during the past period, the supply and demand continuing small. In New York the bill market was only moderately active during the week. Dealers' purchases were somewhat heavier than they have been for the past three weeks while their sales were lighter and aggregate portfolios increased by about \$28,000,000 to \$106,000,000, the highest they have been since last fall. Rates unchanged. Philadelphia reported that its acceptance market was dull and inactive. Offerings and demand were both very limited. Portfolios showed a further small increase. Chicago reported that its bill market continued very dull. Dallas also reported that its bill market continued dull with no demand or offerings to the reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week were as follows:

Sale of \$100,000 - 2 3/8% certificates due Sept. 15, 1931,
account Alien Property Custodian
and purchase of 279,550 - 4 1/4% Fourth Liberty Loan bonds, account
Director of Public Buildings

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

During the current statement week exchanges were advantageously effected in the market of \$40,800,000 certificates of indebtedness due June 15, 1931, for other issues of government securities as follows:

\$30,300,000 - 2 7/8% certificates due June 15, 1931
10,500,000 - 1 3/4% " " June 15, 1931
a total of \$40,800,000 - exchanged for
\$ 7,500,000 - Treasury bills due July 17, 1931
16,500,000 - " " " Aug. 31, 1931
2,000,000 - 1 1/2% certificates due Sept. 15, 1931
2,000,000 - 4 1/4% First Liberty Loan bonds
12,800,000 - 4 1/4% Fourth " " "
\$40,800,000

These exchanges did not affect the amount of total holdings in the Account which remained at \$444,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, June 3, 1931, were as follows:

PARTICIPATIONS BY FEDERAL RESERVE BANKS

Boston	\$ 45,472,500
New York	68,851,000
Philadelphia	37,245,000
Cleveland	52,690,000
Richmond	28,830,500
Atlanta	18,146,500
Chicago	61,201,000
St. Louis	21,442,000
Minneapolis	18,248,500
Kansas City	33,733,000
Dallas	19,241,000
San Francisco	39,367,000

RECAPITULATION OF HOLDINGS BY MATURITIES

July 1, 1931-Treasury Bills	\$ 21,300,000
July 2, 1931- " "	11,500,000
July 17, 1931- " "	20,500,000
July 27, 1931- " "	10,000,000
Aug. 3, 1931- " "	15,850,000
Aug. 10, 1931- " "	1,000,000
Aug. 17, 1931- " "	25,700,000
Aug. 31, 1931- " "	16,500,000
June 15, 1931- 1 3/4% C/I	2,050,000
June 15, 1931- 2 7/8% "	2,881,000
Sept. 15, 1931- 2 3/8% "	42,130,500
Sept. 15, 1931- 1 1/2% "	74,402,000
Dec. 15, 1931- 1 7/8% "	105,126,500
Mar. 15, 1932- 2 % "	62,375,000
Dec. 15, 1932- 3 1/2% T/N	14,012,000
Oct. 15, 1938- 4 1/4% 4th L/L	17,141,000
June 15, 1947- 4 1/4% 1st "	2,000,000

Totals \$444,468,000

\$444,468,000

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ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM MAY 28 TO JUNE 3, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>
Boston	\$ 4,174,000	\$ 4,174,000
New York	6,320,500	6,320,500
Philadelphia	3,418,500	3,418,500
Cleveland	4,836,500	4,836,500
Richmond	2,646,500	2,646,500
Atlanta	1,665,500	1,665,500
Chicago	5,618,500	5,618,500
St. Louis	1,968,500	1,968,500
Minneapolis	1,675,000	1,675,000
Kansas City	3,097,000	3,097,000
Dallas	1,766,500	1,766,500
San Francisco	3,613,000	3,613,000
Totals	<u>\$40,800,000</u>	<u>\$40,800,000</u>

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$2,644,000	Misc. Gov't Sec.	\$2,659,000	Misc. Gov't Sec.
Cleveland	0	-	2,600	3% Conversions
Atlanta	276,250	Misc. Gov't Sec.	163,900	Misc. Gov't Sec.
Chicago	430,000	June Cifs.	427,400	3% Conversions
Minneapolis	677,650	Misc. Gov't Sec.	796,050	Misc. Gov't Sec.
Totals	<u>\$4,027,900</u>		<u>\$4,048,950</u>	

BANKERS ACCEPTANCES
(000 Omitted)

	Holdings May 27	Purchased Own Mkt.	By Allot- ment from New York	Matur- ities & Sales	Holdings June 3	Other Holdings Close June 3, 1931	
						Sales Contracts	Other Bills
Boston	\$ 11,415	\$ 0	\$ 717	\$ 956	\$ 11,176	\$4,419	\$ 80
New York	24,669	5,909 R 8,388 A	0	3,079	27,499	359	1,013
Phila.	0	0	0	0	0	0	106
Cleveland	17,467	0	1,214	3,036	15,645	0	108
Richmond	2,163	0	765	106	2,822	0	43
Atlanta	7,810	278 R	750	726	8,112	0	513
Chicago	16,400	0	1,610	4,374	13,636	2,595	145
St. Louis	8,676	0	762	1,978	7,460	0	38
Minn.	5,693	0	502	1,307	4,888	0	25
Kan. City	7,810	0	791	1,778	6,823	0	31
Dallas	4,135	0	554	512	4,177	0	32
San Fran.	10,995	0	723	2,720	8,998	577	73
Totals	<u>\$117,233</u>	<u>\$14,575</u>	<u>\$8,388</u>	<u>\$20,572</u>	<u>\$111,236</u>	<u>\$7,950</u>	<u>\$ 2,207</u>
Bills held overnight by New York for distribution to other Fed. Res. Bks.							6,950
" " " " " in Foreign Suspense Account							5,812
Total							<u>\$14,969</u>

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING JUNE 3, 1931
(000 Omitted)

	<u>1-30 days</u> 1%	<u>31-60 days</u> 1%	<u>61-90 days</u> 1%	<u>Over 90-days</u> -	<u>Total</u>
New York	\$10,574	\$3,587	\$136	0	\$14,297
Atlanta	18	231	29	0	278
Totals	<u>\$10,592</u>	<u>\$3,818</u>	<u>\$165</u>	<u>0</u>	<u>\$14,575</u>

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING JUNE 3, 1931
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$44,828	\$14,575	\$59,403
Sold	44,848	50	44,898
Matured	0	20,522	20,522
		\$ 5,997-	\$ 6,017-
		10,992+ (Net Change	10,992+ (Net Change
		1-day holdover	1-day holdover
		and other bills)	and other bills)
Totals	<u>\$ 20-</u>	<u>\$ 4,995+</u>	<u>\$ 4,975+</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES JUNE 3, 1931
(000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$22,353	\$39,300	\$35,500	\$59,050	\$120,682	\$321,463	\$598,348
Bills Purchased	62,110	33,242	34,418	4,008	377	0	134,155
Totals	<u>\$84,463</u>	<u>\$72,542</u>	<u>\$69,918</u>	<u>\$63,058</u>	<u>\$121,059</u>	<u>\$321,463</u>	<u>\$732,503</u>

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June 1, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Board your letter of May 29th, enclosing a report of open market operations for the period from May 21, 1931 to May 27, 1931 inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, N. Y.

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*Mr. Riefler ✓
Mr. Loomis
Mr. Callie*

FEDERAL RESERVE BANK
OF NEW YORK

RECEIVED
JUN - 1 1931
DIVISION OF RESEARCH
AND STATISTICS

CONFIDENTIAL

May 29, 1931.

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from May 21, 1931 to May 27, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
for W. B. Matteson
Assistant Deputy Governor

Encl.

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FOR SPECIAL CIRCULATION
PLEASE READ: COPY, INITIAL AND RETURN TO SECRETARY'S OFFICE
Gov. Meyer ✓ Mr. Hamlin ✓ Mr. James ✓
Mr. Miller ✓ Mr. Magee ✓ Mr. Pola ✓

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

May 29, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from May 21, 1931 to May 27, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
JUN 1 1931
OFFICE OF
THE GOVERNOR

5/31/31

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CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED MAY 27, 1931

Holdings of Earning Assets of Federal Reserve Banks from May 28, 1930 to Date
(000 Omitted)

1930	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
May 28	\$ 958,776	\$529,450	\$ 320	\$130,066	\$45,494	\$247,046
June 25	916,038	576,560	410	94,735	7,578	231,505
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
<u>1931</u>						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 20	879,186	598,536	0	124,069	6,938	148,876
May 27	876,489	598,368	0	121,210	3,291	152,852

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED MAY 27, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance May 27	Net Change	Balance May 27	Net Change	Balance May 27	Net Change
Boston	\$ 46,181	\$ 0	\$ 11,415	\$ 5+	\$ 10,627	\$1,060-
New York	145,170	0	24,669	332+	26,999	772-
Philadelphia	49,353	1+	0	0	18,930	51+
Cleveland	62,693	0	17,467	805+	13,454	83-
Richmond	29,983	0	2,163	1,265+	18,214	1,418+
Atlanta	20,702	155-	7,810	107+	12,356	369+
Chicago	81,128	0	16,400	927-	11,940	1,464-
St. Louis	25,442	0	8,676	495-	7,051	336+
Minneapolis	25,705	9-	5,693	70+	4,386	545+
Kansas City	33,780	0	7,810	910-	10,706	528+
Dallas	29,239	5-	4,135	938-	9,028	418+
San Francisco	48,992	0	10,995	2,194-	9,161	2,688+
N. Y. holdovers and other bills			3,977	31+		
Totals	\$598,368	\$168-	\$121,210	\$2,859-	\$152,852	\$3,976+

COMMENT ON CHANGES WEEK ENDED MAY 27, 1931

Total earning assets of the System showed a decrease of \$2,697,000 for the current statement week. The changes by classification consisted of decreases of \$168,000 and \$2,859,000 in outright purchases of government securities and bankers acceptances respectively, and \$3,647,000 in bankers acceptances held under sales contracts and an increase of \$3,976,000 in bills discounted.

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Money
Market

During the reporting week ended May 27, an inward movement of commercial funds from other parts of the country placed at the disposal of the New York money market more than \$50,000,000, much of which came here on Tuesday and Wednesday, the 26th and 27th. In addition, the money market gained \$20,000,000 through gold imports from Argentina. The aggregate addition to bank reserves from both of these sources was only partly offset by a moderate loss in other commercial transactions and in the movement of Treasury funds. As the banks held a moderate excess of reserves at the opening of the week, the net gain of funds during the period served to increase this surplus, so that at the close of business yesterday bank reserves were more than \$75,000,000 above the required level. Today's transactions indicate a continuance of the inward movement of commercial funds, probably at least in part in anticipation of June 1 interest and dividend payments, but large currency withdrawals, incident to a holiday, week-end, and month-end falling on the same date, and a Government call for funds from depositaries have resulted in a net loss of funds to the money market.

Call money held at 1 1/2 per cent on the Stock Exchange throughout the week, and on Thursday and Friday, the 21st and 22nd, business was done in the outside market as low as 3/4 of 1 per cent. In more recent days, the rate in the outside market has been largely held at 1 1/2 per cent, due to the reported agreement among New York City banks to offer no funds below that rate. It was unofficially estimated that well in excess of \$100,000,000 of funds offered for placement in call loans was unloaned today.

Time money rates showed no change from the levels reported a week ago. Actual trading in fixed maturity accommodation was confined to a small volume of funds loaned for 3 and 6 months at 1 1/2 and 1 3/4 per cent respectively. Open market rates for commercial paper also continued at the previously reported levels, with a good investment demand reported at 2 per cent for the paper of the highest grade of borrowers. Other prime names were priced for resale at 2 1/4 per cent. Supply generally continued meager, and sales consequently were at a low figure.

Government
Security
Market

During the current statement week the market for the short-term issues of United States Government securities was quiet with offerings scarce, and prices generally remained unchanged from those prevailing at the close of the previous week. The market for long-term government bonds, however, was weak, particularly in the early part of the period. At the close of the reporting period the average yield on short-term issues at dealers' offering prices was approximately the same as at the close of the previous reporting period, namely, 0.70%, while the average selling price for the Liberty Loan and Treasury bonds was 105.40 as compared with 105.89 the week previous and 105.38 two weeks previous.

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Dealers' Offering Prices at the Close of the Current Statement Week
and Net Changes from the Close of the Previous Statement Week

		<u>Issue</u>			<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	7/8%	Cert. of Ind.	due	June 15, 1931	to yield 0.35%	- - -	0.35%
1	3/4%	"	"	June 15, 1931	" " 0.35%	- - -	0.35%
2	3/8%	"	"	Sept. 15, 1931	100 17/32	- - -	0.57%
1	1/2%	"	"	Sept. 15, 1931	100 8/32	- - -	0.65%
1	7/8%	"	"	Dec. 15, 1931	100 19/32	- - -	0.78%
2	%	"	"	Mar. 15, 1932	100 27/32	+1/32	0.93%
3	1/2%	Treasury Notes	"	Dec. 15, 1932	101 19/32	-1/32	0.57%

Treasury Bills - all maturities 0.90% discount bid, 0.65% asked
(nominal)

Closing Prices on the New York Stock Exchange at the Close
of the Current Statement Week and Net Changes from
Close of the Previous Statement Week

		<u>Issue</u>	<u>Price</u>	<u>Net Change</u>			<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st	3 1/2s	102	16/32	-5/32	Treas.	4 1/4s	113	19/32	-17/32
1st	4 1/4s	103	10/32	-3/32	"	4s	109		-22/32
4th	4 1/4s	104	26/32	-9/32	"	3 3/4s	107		-22/32
					"	3 3/8s	102	30/32	-22/32
					"	3 3/8s	102	22/32	-22/32
					"	3 3/8s	102	23/32	-25/32

Bankers
Acceptances

Dealers' offerings of unendorsed bankers acceptances continued at the following rates during the current statement week: 7/8 per cent for 30s, 60s and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills.

Reports
week
ending
May 27

Boston reported that activity in its local bill market declined considerably during the past period. The supply of new bills continued small with practically no demand for bills up to 90 days at the present rates. There was however some inquiry for longer maturities which offered a little better yield. As a whole bills did not move freely at offered rates and dealers were obliged to forward their offerings to other cities. In New York the bill market was slightly more active this week than it has been for the past two weeks. Dealers' sales exceeded their purchases moderately and aggregate portfolios declined by about \$12,000,000 to \$78,000,000. There was a noticeable increase in the demand during the week from banks located in the middle and far west. Rates were unchanged. Philadelphia reported conditions in its acceptance market were unchanged. There was a fair amount of offerings with the demand limited. Dealers reported portfolios slightly higher. Chicago reported that the bill market in its district was very quiet and Dallas reported that its bill market continued dull with no demand or offerings to the reserve bank.

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OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

Transactions consummated under Treasury authorization during the current statement week were as follows:

Sale of \$500,000 - par amount 2 3/8% certificates due September 15, 1931
 account Alien Property Custodian
 495,000 - " " Fourth 4 1/4% Liberty Loan bonds, account
 German Special Deposit Account

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

During the current statement week exchanges were advantageously effected in the market of

\$15,000,000 - 2 7/8% certificates maturing June 15, 1931
 1,500,000 - 1 3/4% " " June 15, 1931
1,000,000 - 1 1/2% " " Sept. 15, 1931

\$17,500,000 - for a like amount of other issues of government securities as follows:

\$ 1,000,000 - Treasury bills maturing July 17, 1931
 1,000,000 - " " " Aug. 17, 1931
 3,000,000 - 1 1/2% certificates maturing Sept. 15, 1931
 2,000,000 - 2 3/8% " " Sept. 15, 1931
 9,500,000 - 1 7/8% " " Dec. 15, 1931
1,000,000 - 2 % " " Mar. 15, 1932

\$17,500,000

These exchanges, almost all of which were in anticipation of June 15 maturities, did not affect the total amount of holdings in the System Account which remained at \$444,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, May 27, 1931, were as follows:

<u>PARTICIPATIONS BY FEDERAL RESERVE BANKS</u>		<u>RECAPITULATION OF HOLDINGS BY MATURITIES</u>	
Boston	\$ 45,472,500	July 1, 1931 - Treas. Bills	\$ 21,300,000
New York	68,851,000	July 2, 1931 - " "	11,500,000
Philadelphia	37,245,000	July 17, 1931 - " "	13,000,000
Cleveland	52,690,000	July 27, 1931 - " "	10,000,000
Richmond	28,830,500	Aug. 3, 1931 - " "	15,850,000
Atlanta	18,146,500	Aug. 10, 1931 - " "	1,000,000
Chicago	61,201,000	Aug. 17, 1931 - " "	25,700,000
St. Louis	21,442,000	June 15, 1931 - 2 7/8% G/I	33,181,000
Minneapolis	18,248,500	June 15, 1931 - 1 3/4% "	12,550,000
Kansas City	33,733,000	Sept. 15, 1931 - 2 3/8% "	42,130,500
Dallas	19,241,000	Sept. 15, 1931 - 1 1/2% "	72,402,000
San Francisco	39,367,000	Dec. 15, 1931 - 1 7/8% "	105,126,500
		Mar. 15, 1932 - 2 % "	62,375,000
		Dec. 15, 1932 - 3 1/2% T/N	14,012,000
		Oct. 15, 1938 - 4 1/4% 4th L/L	4,341,000
Totals	<u>\$444,468,000</u>		<u>\$444,468,000</u>

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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
 AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
 FROM MAY 21 TO MAY 27, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>
Boston	\$ 1,791,500	\$ 1,791,500
New York	2,711,500	2,711,500
Philadelphia	1,467,000	1,467,000
Cleveland	2,074,500	2,074,500
Richmond	1,135,500	1,135,500
Atlanta	715,000	715,000
Chicago	2,409,000	2,409,000
St. Louis	843,500	843,500
Minneapolis	718,000	718,000
Kansas City	1,328,500	1,328,500
Dallas	756,500	756,500
San Francisco	1,549,500	1,549,500
Totals	<u>\$17,500,000</u>	<u>\$17,500,000</u>

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
Philadelphia	\$ 550,000	3 3/8% 1943-47 T/B	\$ 549,200	3% Conversions 1947
Atlanta	271,300	Misc. Gov't Sec.	425,900	Misc. Gov't Sec.
Minneapolis	543,500	" " "	552,500	" " "
Dallas	3,770,000	" " "	3,775,350	Fourth L/L bds.
Totals	<u>\$5,134,800</u>		<u>\$5,302,950</u>	

BANKERS ACCEPTANCES
 (000 Omitted)

	Holdings May 20	Purchased Own Mkt.	By Allot- ment from New York	Matur- ities & Sales	Holdings May 27	Other Holdings Close May 27, 1931	
						Sales Contracts	Other Bills
Boston	\$ 11,410	\$ 252 R	\$ 1,061	\$ 1,308	\$ 11,415	\$1,607	\$ 81
New York	24,347	4,532 " 13,629 A	0	4,210	24,669	0	352
Phila.	0	0	0	0	0	0	106
Cleveland	16,632	0	2,065	1,260	17,467	0	109
Richmond	898	0	1,265	0	2,163	0	43
Atlanta	7,703	0	1,244	1,137	7,810	0	509
Chicago	17,327	267 R	2,617	3,811	16,400	1,684	145
St. Louis	9,171	0	1,269	1,764	8,676	0	38
Minneapolis	5,623	0	802	732	5,693	0	25
Kan. City	8,720	0	1,316	2,226	7,810	0	31
Dallas	5,073	0	935	1,873	4,135	0	32
San Fran.	13,189	218 "	1,055	3,467	10,995	0	73
Totals	\$120,123	\$18,898	\$13,629	\$21,788	\$117,233	\$3,291	\$1,544
Bills held over night by New York in Foreign Suspense Account - - - - -						2,433	
Total - - - - -						<u>\$3,977</u>	

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING MAY 27, 1931
(000 Omitted)

	<u>1-30 days</u> <u>1%</u>	<u>31-60 days</u> <u>1%</u>	<u>61-90 days</u> <u>1%</u>	<u>Over 90-days</u> <u>1 1/8%</u>	<u>Total</u>
Boston	\$ 250	\$ 0	\$ 0	\$ 2	\$ 252
New York	6,901	11,260	0	0	18,161
Chicago	70	88	109	0	267
San Francisco	34	154	30	0	218
Totals	\$7,255	\$11,502	\$139	\$ 2	\$18,898

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING MAY 27, 1931
(000 Omitted)

(Excluding Sales Contracts)

	<u>Government</u> <u>Securities</u>	<u>Bankers</u> <u>Acceptances</u>	<u>Total</u>
Purchased	\$25,134	\$18,898	\$44,032
Sold	25,302	50	25,352
Matured	0	21,738	21,738
		\$ 2,890-	\$ 3,058-
		31+(Net Change 1-day holdover & other bills)	31+(Net Change 1-day holdover & other bills)
Totals	\$ 138-	\$ 2,859-	\$ 3,027-

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES MAY 27, 1931
(000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15 days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	\$ 0	\$65,376	\$52,300	\$57,550	\$118,697	\$304,445	\$598,368
Bills Purchased	46,582	30,805	42,768	3,848	498	0	124,501
Totals	\$46,582	\$96,181	\$95,068	\$61,398	\$119,195	\$304,445	\$722,869

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May 23, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of May 22nd, enclosing report of open market operations for the period from May 14, 1931 to May 20, 1931, inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, New York.

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Mr. Rieple ✓
Mr. Smead ✓
Mr. Collier ✓

FEDERAL RESERVE BANK
OF NEW YORK

RECEIVED
MAY 23 1931
DIVISION OF RESEARCH
AND STATISTICS.

CONFIDENTIAL

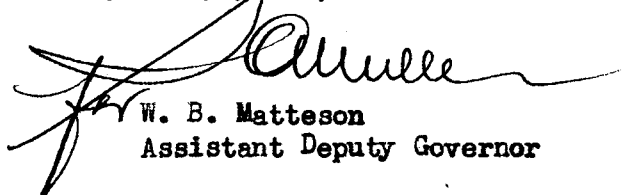
May 22, 1931.

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from May 14, 1931 to May 20, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,


W. B. Matteson
Assistant Deputy Governor

Encl.

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FOR SPECIAL CIRCULATION
PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE
Gov. Meyer ✓ Mr. Hamlin ✓ Mr. James ✓
Mr. Miller ✓ Mr. Magee ✓ Mr. Pole ✓
FEDERAL RESERVE BANK
OF NEW YORK

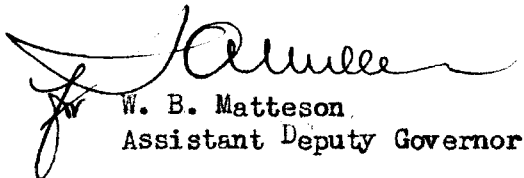
CONFIDENTIAL

May 22, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from May 14, 1931 to May 20, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,


W. B. Matteson,
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

RECEIVED
MAY 23 1931
OFFICE OF
THE GOVERNOR

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED MAY 20, 1931

Holdings of Earning Assets of Federal Reserve Banks from May 21, 1930 to Date

(000 Omitted)

1930	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	
May 21	\$ 931,603	\$526,696	\$1,625	\$147,915	\$38,969	\$209,999
May 28	958,776	529,450	320	130,066	45,494	247,046
June 25	916,038	576,560	410	94,735	7,578	231,505
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
<u>1931</u>						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 13	897,544	598,414	0	142,269	10,839	144,904
May 20	879,186	598,536	0	124,069	6,938	148,876

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED MAY 20, 1931

(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance	Net	Balance	Net	Balance	Net
	May 20	Change	May 20	Change	May 20	Change
Boston	\$ 46,181	\$ 1-	\$ 11,410	\$ 1,379+	\$ 11,687	\$ 392+
New York	145,170	0	24,347	3,113-	27,771	4,126-
Philadelphia	49,352	0	0	0	18,879	1,150+
Cleveland	62,693	1+	16,662	1,245-	13,537	1,025-
Richmond	29,983	0	898	897+	16,796	3,413+
Atlanta	20,857	59-	7,703	850-	11,987	1,946+
Chicago	81,128	0	17,327	1,176-	13,404	1,175+
St. Louis	25,442	0	9,171	23-	6,713	25+
Minneapolis	25,714	161+	5,623	354-	3,841	179-
Kansas City	33,780	0	8,720	702-	9,178	466+
Dallas	29,244	20+	5,073	465-	8,610	350+
San Francisco	48,992	0	13,189	3,188-	6,473	385+
N. Y. holdovers and other bills			3,946	9,360-		
Totals	\$598,536	\$122+	\$124,069	\$18,200-	\$148,876	\$3,972+

COMMENT ON CHANGES WEEK ENDED MAY 20, 1931

Total earning assets of the System showed a decrease of \$18,358,000 for the current statement week. The changes by classification consisted of increases of \$122,000 and \$3,972,000 in outright purchases of government securities and bills discounted respectively, and decreases of \$18,200,000 in outright purchases of bankers acceptances and \$3,901,000 in bankers acceptances held under sales contracts.

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Money
Market

During the entire past week, call money has been quoted at 1 1/2 per cent on the Exchange, but large amounts of funds have been offered in the outside market at 1 per cent. In fact, a limited amount of offerings at 3/4 of one per cent appeared in the outside market on Thursday, May 21.

The New York City banks began the past reporting week with their actual reserves well above requirements, but transactions in the money market during the first four days resulted in losses which caused the development of a considerable accumulated deficit in average reserves by the opening of business on Tuesday, May 19, the reserve position settlement date. These transactions included week-end and mid-month currency withdrawals from the Reserve Bank, a decline in Federal Reserve bill holdings, a further rise in member bank reserve requirements, and a small net loss through Treasury operations. In order to raise their actual reserves on Tuesday high enough to balance the average for the four day period with average requirements, the New York City banks borrowed \$70,000,000. This left their actual reserves at the beginning of Wednesday far above requirements, and to this surplus was added a gain to the market through further deposits of currency at the Reserve Bank and an inflow of funds from other centers, as well as a decline in reserve requirements, so that the indebtedness incurred by the banks on Tuesday was completely retired on Wednesday. For the whole week, there was a decline in Federal Reserve bill holdings which resulted in a loss of \$17,000,000 to this market, and actual reserves of the City banks consequently showed only a moderate excess over requirements at the end of the week.

Time money quotations were unchanged during the week, following the reductions effected in the preceding period. Thirty and sixty day loans were quoted nominally at 1 per cent bid, 1 1/2 per cent asked, three and four months at 1 1/2 - 1 3/4 per cent, and 5 and 6 months at 1 3/4 per cent flat. Aside from a small amount of 5 and 6 months loans placed at 1 3/4 per cent, activity in the time money market was lacking.

Prime commercial paper is now being offered in the open market at a range of 2 - 2 1/4 per cent. A larger amount of high grade paper priced at the lower figure has appeared in the market and is being taken rather quickly by investing institutions, though the aggregate turnover of paper continues light.

Government
Security
Market

The market for United States Government securities continued active and strong during the current statement week, and prices for both the short-term and long-term issues continued to move forward to new high levels. The demand was especially good for the Fourth Liberty Loan 4 1/4% bonds and Treasury bonds, for which issues the turnover was in substantial volume. However, late on the last day of the reporting period the market reflected less activity in trading, with offerings of Liberty Loan and Treasury bonds considerably in excess of the demand. At the close of the reporting period the average yield on the short-term issues, at dealers' offering prices, was about 0.70%, as compared with 0.90% at the close of the previous reporting period, and the average selling price for the Liberty Loan and Treasury bonds established a new all time high level of 105.89, as compared with 105.38 last week.

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Dealers' Offering Prices at the Close of the Current Statement Week
 and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	7/8% Cert. of Ind. due June 15, 1931 to yield 0.35%		-0.30%	0.35%
1	3/4% " " " " June 15, 1931 " " 0.35%		-0.30%	0.35%
2	3/8% " " " " Sept. 15, 1931 100 17/32		+1/32	0.68%
1	1/2% " " " " Sept. 15, 1931 100 8/32		+2/32	0.70%
1	7/8% " " " " Dec. 15, 1931 100 19/32		+2/32	0.82%
2	% " " " " Mar. 15, 1932 100 26/32		+6/32	0.99%
3	1/2% Treasury Notes " Dec. 15, 1932 101 20/32		+2/32	0.61%
Treasury Bills - all maturities 0.90% discount bid, 0.65% asked (nominal)				

Closing Sale or Bid Prices on the New York Stock Exchange at
 the Close of the Current Statement Week and Net Changes
 from Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 21/32	+5/32	Treas. 4 1/4s 1947-52	114 4/32	+26/32
1st 4 1/4s	103 13/32	+3/32	" 4s 1944-54	109 22/32	+25/32
4th 4 1/4s	105 3/32	+13/32	" 3 3/4s 1946-56	107 22/32	+25/32
			" 3 3/8s 1943-47	103 20/32	+20/32
			" 3 3/8s 1940-43	103 12/32	+15/32
			" 3 3/8s 1941-43	103 16/32	+19/32

Bankers Acceptances

Dealers' offerings of unendorsed bankers acceptances were at the following rates at the close of the current statement week: 7/8 per cent for 30s, 60s, and 90s, 1 per cent for 120s and 1 1/4 per cent for 180-day bills. This represents a reduction of 1/8 per cent on 30s, 60s and 90s from the previous week's offering rates.

Reports week ending May 20

Boston reported that the supply of bills in the local market decreased somewhat during the past period, while the demand showed a good improvement due to a further ease in money rates. This resulted in a few of the local banks withdrawing funds from New York and investing them in bankers acceptances. One dealer alone withdrew over \$3,000,000 of bills from the Reserve bank under resale contract and sold them to local banks following the decrease in rates. Local dealers lowered their rates in line with New York dealers to 1 per cent bid and 7/8 per cent asked for 90-day maturities. In New York during the first three days of the period, beginning the 14th, the bill market was very dull with dealers' purchases and sales about equal. On the 18th and 19th, a good demand developed which exceeded the supply substantially and dealers' aggregate portfolios were reduced by about \$20,000,000 to \$72,000,000. On the 19th, the Reserve bank extended its 1 per cent buying rate on maturities up to 90 days and dealers also reduced their rates by 1/8 per cent on maturities up to 90 days to 1 per cent bid for unendorsed bills, 7/8 asked. Endorsed bills 1/8 less. Other maturities unchanged. The last day of the period the demand fell off very substantially, while the supply increased considerably and at the close of the week dealers' portfolios had increased again by \$18,000,000 to approximately \$90,000,000. Philadelphia reports that its acceptance market was dull and inactive. Offerings were very light with the demand nil. Chicago and Dallas also reported that their bill markets were dull during the past week.

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4

OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

There were no transactions consummated under Treasury authorization during the current statement week.

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

At the request of the Federal Reserve Bank of St. Louis and with the approval of the Open Market Policy Executive Committee, a block of \$4,625,000 - 1 1/2% Treasury certificates of indebtedness maturing September 15, 1931, was transferred on May 19 at the market price, from the holdings in the Investment Account of the Federal Reserve Bank of St. Louis to the System Account and the participation of the St. Louis reserve bank in the System Account was increased by \$4,625,000.

Other transactions consummated in the System Account during the current reporting period consisted of the redemption and replacement of \$19,200,000 Treasury bills which matured on May 18 and exchanges of \$29,500,000 Treasury certificates maturing June and September 15, for a like amount of other issues of short-term governments as follows:

Redemption

on May 18 of \$19,200,000 maturing Treasury bills which were replaced by purchase in the market of \$14,200,000 Treasury bills maturing in July and August and \$5,000,000 Treasury certificates maturing September and December 15, 1931 and March 15, 1932.

Exchange in

the market of \$5,000,000 - 1 3/4% certificates maturing June 15, 1931
 6,000,000 - 2 7/8% " " June 15, 1931
 2,500,000 - 1 1/2% " " Sept. 15, 1931
 16,000,000 - 2 3/8% " " Sept. 15, 1931

a total of \$29,500,000 for

\$ 6,000,000 - Treasury bills due July 17, 1931
 17,500,000 - " " " August 17, 1931
 6,000,000 - 1 7/8% certificates due December 15, 1931
 \$29,500,000

As a result of the above noted transfer, the total holdings in the System Account were increased by \$4,625,000 to \$444,468,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, May 20, 1931, were as follows:

PARTICIPATIONS BY FEDERAL RESERVE BANKS

Boston	\$ 45,472,500
New York	68,851,000
Philadelphia	37,245,000
Cleveland	52,690,000
Richmond	28,330,500
Atlanta	18,146,500
Chicago	61,201,000
St. Louis	21,442,000
Minneapolis	18,248,500
Kansas City	33,735,000
Dallas	19,241,000
San Francisco	39,367,000

RECAPITULATION OF HOLDINGS BY MATURITIES

July 1, 1931 - Treas. Bills	\$ 21,300,000
July 2, 1931 - " "	11,500,000
July 17, 1931 - " "	12,000,000
July 27, 1931 - " "	10,000,000
Aug. 3, 1931 - " "	15,850,000
Aug. 10, 1931 - " "	1,000,000
Aug. 17, 1931 - " "	24,700,000
June 15, 1931 - 2 7/8% C/I	48,181,000
June 15, 1931 - 1 3/4% "	14,050,000
Sept. 15, 1931 - 1 1/2% "	70,402,000
Dec. 15, 1931 - 1 7/8% "	95,626,500
Mar. 15, 1932 - 2 % "	61,375,000
Dec. 15, 1932 - 3 1/2% T/N	14,012,000
Oct. 15, 1938 - 4 1/4% 4th L/L	4,341,000

Totals \$444,468,000

\$444,468,000

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**ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
 AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
 FROM MAY 14 TO MAY 20, 1931, INCLUSIVE**

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>
Boston	\$ 5,035,000	\$ 5,035,000	0
New York	7,623,000	7,623,000	0
Philadelphia	4,124,000	4,124,000	0
Cleveland	5,833,500	5,833,500	0
Richmond	3,192,500	3,192,500	0
Atlanta	2,009,500	2,009,500	0
Chicago	6,776,000	6,776,000	0
St. Louis	6,487,000	1,862,000	4,625,000
Minneapolis	2,020,500	2,020,500	0
Kansas City	3,735,000	3,735,000	0
Dallas	2,130,000	2,130,000	0
San Francisco	4,359,000	4,359,000	0
Totals	\$53,325,000	\$48,700,000	\$4,625,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Sales</u>	<u>Issue</u>
New York	\$1,461,050	Misc. Gov't Sec.	\$ 1,461,050	Misc. Gov't Sec.
Atlanta	555,550	" " "	614,750	" " "
St. Louis	0	-	4,625,000	TS2-1931 C/I
Minneapolis	699,950	Misc. Gov't Sec.	538,950	Misc. Gov't Sec.
Dallas	6,100,000	" " "	6,080,000	" " "
Totals	\$8,816,550		\$13,319,750	

BANKERS ACCEPTANCES
(000 Omitted)

	<u>Holdings May 13</u>	<u>Purchased Own Mkt.</u>	<u>By Allot- ment from New York</u>	<u>Matur- ities & Sales</u>	<u>Holdings May 20</u>	<u>Other Holdings Close May 20, 1931</u>	<u>Sales Contracts</u>	<u>Other Bills</u>
Boston	\$ 10,031	\$ 1,201 R.	\$ 1,099	\$ 921	\$ 11,410	\$ 1,954	\$ 81	
New York	27,460	4,411 "	0	7,524	24,347	3,200	352	
		14,065 A.						
Phila.	0	0	0	0	0	0	106	
Cleve.	17,907	0	2,216	3,461	16,662	0	109	
Richmond	1	0	897*	0	898	0	42	
Atlanta	8,553	0	1,249	2,099	7,703	0	487	
Chicago	18,503	499 R.	2,791	4,466	17,327	1,784	145	
St. Louis	9,194	0	1,369	1,392	9,171	0	38	
Minn.	5,977	0	850	1,204	5,623	0	25	
Kan. City	9,422	0	1,397	2,099	8,720	0	31	
Dallas	5,538	35 "	1,006	1,506	5,073	0	32	
San Fran.	16,377	600 "	1,191	4,979	13,189	0	73	
Totals	\$128,963	\$20,811	\$14,065	\$29,651	\$120,123	\$6,938	\$1,521	
Bills held overnight by New York in Foreign Suspense Account							302	
" " " " " for distribution to other F. R. Banks							2,123	
Total							\$3,946	

*Federal Reserve Bank of Richmond resumed participation in open market purchases of bills on May 14, 1931.

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING MAY 20, 1931
 (000 Omitted)

	<u>1-30 days</u> 1 - 1 1/8%	<u>31-60 days</u> 1 - 1 1/8%	<u>61-90 days</u> 1 - 1 1/8%	<u>Over 90-days</u> 1 1/8 - 1 1/4%	<u>Total</u>
Boston	\$ 642	\$ 150	0	\$409	\$ 1,201
New York	5,780	9,742	2,950	4	18,476
Chicago	276	222	1	0	499
Dallas	0	25	10	0	35
San Francisco	600	0	0	0	600
Totals	<u>\$7,298</u>	<u>\$10,139</u>	<u>\$2,961</u>	<u>\$413</u>	<u>\$20,811</u>

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
AND BANKERS ACCEPTANCES DURING WEEK ENDING MAY 20, 1931
 (000 Omitted)

(Excluding Sales Contracts)

	<u>Government Securities</u>	<u>Bankers Acceptances</u>	<u>Total</u>
Purchased	\$62,141	\$20,811	\$82,952
Sold	42,819	0	42,819
Matured	19,200	29,651	48,851
		<u>\$ 8,840-</u>	<u>\$ 8,718-</u>
		9,360- (Net Change	9,360- (Net Change
		1-day holdover	1-day holdover
		and other bills)	and other bills)
Totals	<u>\$ 122+</u>	<u>\$18,200-</u>	<u>\$18,078-</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES MAY 20, 1931
 (000 Omitted)

(Including Sales Contracts)

	<u>Within</u> <u>15-days</u>	<u>16-30</u> <u>days</u>	<u>31-60</u> <u>days</u>	<u>61-90</u> <u>days</u>	<u>91 days-</u> <u>6 months</u>	<u>Over 6</u> <u>months</u>	<u>Total</u>
Gov't Securities	0	\$81,866	\$51,300	\$56,550	\$114,697	\$294,123	\$598,536
Bills Purchased	50,995	36,368	35,799	7,233	612	0	131,007
Totals	<u>\$50,995</u>	<u>\$118,234</u>	<u>\$87,099</u>	<u>\$63,783</u>	<u>\$115,309</u>	<u>\$294,123</u>	<u>\$729,543</u>

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May 16, 1931

Dear Mr. Matteson:

I acknowledge receipt of and shall bring to the attention of the members of the Federal Reserve Board your letter of May 15th, enclosing a report of open market operations for the period from May 7, 1931 to May 13, 1931 inclusive.

Very truly yours,

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, N. Y.

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*Mr. Bigley
Mr. Farnsworth
Mr. Callahan*

FEDERAL RESERVE BANK
OF NEW YORK

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MAY 16 1931
DIVISION OF RESEARCH
AND STATISTICS.

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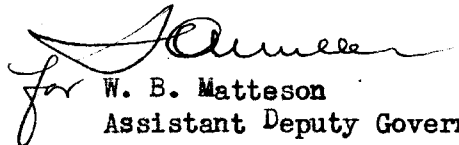
May 15, 1931.

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from May 7, 1931 to May 13, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,

for 
W. B. Matteson
Assistant Deputy Governor

Encl.

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FOR SPECIAL CIRCULATION

PLEASE READ PROMPTLY, INITIAL AND RETURN TO SECRETARY'S OFFICE

✓ Gov. Meyer

Mr. Hamlin ✓

Mr. James ✓

Mr. Miller

Mr. Poole ✓

FEDERAL RESERVE BANK
OF NEW YORK

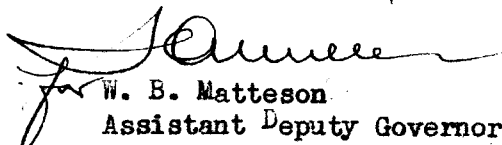
CONFIDENTIAL

May 15, 1931.

Dear Governor Meyer:

Enclosed is a report of open market operations for the period from May 7, 1931 to May 13, 1931 inclusive, together with data received from Federal reserve banks.

Very truly yours,


W. B. Matteson
Assistant Deputy Governor

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Encl.

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REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED MAY 13, 1931

Holdings of Earning Assets of Federal Reserve Banks from May 14, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
May 14	\$ 920,023	\$527,637	\$ 265	\$150,352	\$20,683	\$210,486
May 28	958,776	529,450	320	130,066	45,494	247,046
June 25	916,038	576,560	410	94,735	7,578	231,505
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	609,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	598,459	100	83,272	0	165,425
Apr. 29	923,572	598,306	0	133,949	35,816	155,151
May 6	943,522	598,351	0	161,460	32,409	150,202
May 13	897,544	598,414	0	142,269	10,839	144,904

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED MAY 13, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance	Net	Balance	Net	Balance	Net
	May 13	Change	May 13	Change	May 13	Change
Boston	\$ 46,182	\$ 0	\$ 10,031	\$ 817-	\$ 11,295	\$2,189+
New York	145,170	15,000-	27,460	1,906-	31,897	3,425+
Philadelphia	49,352	0	0	0	17,729	1,315+
Cleveland	62,692	1-	17,907	1,922-	14,562	1,467+
Richmond	29,983	0	1	0	13,383	1,545-
Atlanta	20,916	5,238+	8,553	1,299-	10,041	104+
Chicago	81,128	0	18,503	1,755-	12,229	1,271-
St. Louis	25,442	0	9,194	469-	6,688	341-
Minneapolis	25,553	156-	5,977	169-	4,020	355+
Kansas City	33,780	0	9,422	1,041-	8,712	100+
Dallas	29,224	18-	5,538	889-	8,260	309+
San Francisco	48,992	10,000+	16,377	1,931-	6,088	11,405-
N. Y. holdovers and other bills			13,306	6,993-		
Totals	\$598,414	\$ 63+	\$142,269	\$19,191-	\$144,904	\$5,298-

COMMENT ON CHANGES WEEK ENDED MAY 13, 1931

Total earning assets of the System showed a decrease of \$45,978,000 for the current statement week. The changes by classification consisted of an increase of \$63,000 in outright purchases of government securities and decreases of \$19,191,000 and \$5,298,000 in outright purchases of bankers acceptances and bills discounted respectively, and \$21,570,000 in bankers acceptances held under sales contracts.

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Money
Market

At the beginning of the past reporting week, the New York City banks were in possession of moderately large surplus reserves, and as commercial and agency transactions resulted in little net change in the amount of funds in the market, the banks were able easily to balance their average position for the period ended on Friday, even after a moderately large retirement of Federal Reserve bill holdings. On Monday, however, the sale of \$50,000,000 of Treasury bills, involving the withdrawal from this market of a large volume of funds, together with some outflow to other centers and an excess of Federal Reserve bill maturities over bills offered to this bank, considerably exceeded the return of currency from week-end circulation and imports of \$10,000,000 of gold; consequently, the reserves of the City banks dropped below requirements by a large amount. Part of this deficit was eliminated on Tuesday, the reserve position settlement day, by an inflow of funds from other districts, further return of currency to the Reserve Bank, and imports of \$10,000,000 of gold, but additional member bank borrowing to the extent of \$35,000,000 and sales of bills to the Reserve Bank under repurchase agreement were necessary to balance the banks' average reserve position. On Wednesday, the member bank indebtedness incurred on the previous day was retired by incoming commercial and financial transfers, deposits of currency, and Reserve Bank takings of bills, leaving actual bank reserves comfortably in excess of requirements, which have risen considerably in the last few days.

Immediately after the reduction in the discount rate of the New York Reserve Bank call money on the Exchange turned easier. On Friday, May 8th, the rate for new loans was reduced to 1 per cent, and on the succeeding two business days the renewal rate was set at 1 per cent, which is the lowest figure since 1903. On Tuesday, however, the Exchange new loan rate reverted to 1 1/2 per cent, as the reserve position of the New York banks had become considerably impaired by the opening of business on that day. Subsequently, the call rate remained at 1 1/2 per cent on the Exchange, though throughout the week money was freely available at 1 per cent in the outside market.

Time money bid and asked rates also declined during the week - by 1/4 to 1/2 per cent. On May 14, 30 and 60 day money was nominally quoted at 1 per cent bid, 1 1/2 per cent asked; 3 and 4 months money at 1 1/2 - 1 3/4 per cent; and 5 and 6 months at 1 3/4 per cent flat. On that day a fairly sizable volume of 5 and 6 months loans was placed at 1 3/4 per cent, as against 2 per cent in the preceding days. On the whole, activity in the time money market, however, remained of limited proportions.

The prevailing rate for prime commercial paper has declined to 2 1/4 per cent from the 2 1/4 - 2 1/2 per cent range in effect previously. In addition, some extra high grade names are now being sold at 2 per cent. Lack of demand for money on the part of commercial and industrial concerns continues to limit the amount of paper available in the open market, and dealers' sales necessarily have been comparatively small.

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Government
 Security
 Market

Accompanying generally lower money rates during the week, the volume of trading in the market for United States Government securities gained considerable momentum, especially in the Liberty Loan and Treasury bonds, for which there was a strong demand, and prices for both the short and long-term issues advanced substantially. At the close of the reporting period the average yield on the short-term issues, at dealers' offering prices was about 0.90% as compared with 1.12% at the close of the previous reporting period, and the average selling price for nine outstanding issues of Liberty Loan and Treasury bonds was 105.38 as compared with 104.58 the previous week. The current average price of 105.38 for bonds is a new high price since early in 1928 after allowing for adjustments to include subsequent issues of Treasury bonds.

Dealers' Offering Prices at the Close of the Current Statement Week
 and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. Yield</u>
2	7/8% Cert. of Ind. due June 15, 1931	to yield 0.65%	-0.35%	0.65%
1	3/4% " " " " June 15, 1931	" " 0.75%	-0.25%	0.75%
2	3/8% " " " " Sept. 15, 1931	100 16/32	+2/32	0.87%
1	1/2% " " " " Sept. 15, 1931	100 6/32	+3/32	0.93%
1	7/8% " " " " Dec. 15, 1931	100 17/32	+7/32	0.96%
2	1/2% " " " " Mar. 15, 1932	100 20/32	+9/32	1.24%
3	1/2% Treasury Notes " Dec. 15, 1932	101 18/32	+3/32	0.81%

Treasury Bills - all maturities 1.10% discount bid 0.87% asked (nominal)

Closing Prices on the New York Stock Exchange at the Close
 of the Current Statement Week and Net Changes from
 Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	102 16/32	+18/32	Treas. 4 1/4s 1947-52	113 10/32	+1.
1st 4 1/4s	103 10/32	+10/32	" 4s 1944-54	108 29/32	+27/32
4th 4 1/4s	104 22/32	+18/32	" 3 3/4s 1946-56	106 29/32	+25/32
			" 3 3/8s 1943-47	103	+31/32
			" 3 3/8s 1940-43	102 29/32	+1.4/32
			" 3 3/8s 1941-43	102 29/32	+1.3/32

Bankers
 Acceptances

Dealers' offerings of unendorsed bankers acceptances were at the following rates at the close of the current statement week: 1 per cent for 30s, 60s, 90s and 120-day bills, and 1 1/4 per cent for 180-day bills. This represents a reduction of 1/8 per cent for 30s, 60s, 90s and 180-day bills and 1/4 per cent for 120-day bills.

Reports
 Week
 ending
 May 13

Boston reports that the bill market in its district continued quiet and showed very little change in the supply and demand during the past period. Following the reduction in the reserve bank's buying rate, dealers lowered their rates for 90-day bills to 1 1/8 per cent bid, 1 per cent asked. As a whole bills up to 90 days moved best at offered rates. In New York the bill market was very dull during the week. The volume of bills handled by dealers this week was lighter than any week since January 21 of this year. As a result of dealers transferring bills from their out-of-town offices, the supply exceeded the demand and dealers' aggregate portfolios increased by about \$5,000,000 to \$92,000,000. Coincident with the reduction in the reserve bank's

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buying rate on May 13, dealers reduced their rates also to 1 1/8 bid for unendorsed bills maturing up to 120 days, 1 per cent asked; 1 3/8 bid for 5 and 6 months', 1 1/4 asked. Endorsed bills 1/8 less bringing rates to the lowest levels in the history of the bill market in this country. Philadelphia reports that its acceptance market was relatively inactive. The further lowering of rates produced few new bills in its district, although the supply generally was slightly in excess of the demand resulting in a moderate increase in portfolios. Chicago reports that its bill market was rather inactive with the supply in excess of the demand. Dallas reports that its bill market continued dull with no demand. There were no offerings to the reserve bank.

OPERATIONS FOR ACCOUNT OF UNITED STATES TREASURY

There were no transactions consummated under Treasury authorization during the current statement week.

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

During the week ended May 13, transfers of \$5,000,000 and \$10,000,000 of government securities were made from the holdings in our Investment Account to the participations of the Federal Reserve Banks of Atlanta and San Francisco respectively, in the System Special Investment Account. These transfers completed the distribution of \$37,543,000 of government securities from the account of the Federal Reserve Bank of New York to Federal reserve banks showing shortages in total holdings of government securities, as mentioned in last week's report. The only other transaction in the Account during the week consisted of an

	Exchange of \$2,000,000 - 2 3/8% certificates due Sept. 15, 1931
	1,000,000 - 1 7/8% " " Dec. 15, 1931
for	2,000,000 - 1 1/2% certificates due Sept. 15, 1931
	1,000,000 - 2 % " " Mar. 15, 1932

As a result of this week's transfers the total holdings in the System Account were increased to \$439,843,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business Wednesday, May 13, 1931, were as follows:

PARTICIPATIONS BY FEDERAL RESERVE BANKS

Boston	\$ 45,472,500
New York	68,851,000
Philadelphia	37,245,000
Cleveland	52,690,000
Richmond	28,830,500
Atlanta	18,146,500
Chicago	61,201,000
St. Louis	16,817,000
Minneapolis	18,248,500
Kansas City	33,733,000
Dallas	19,241,000
San Francisco	39,367,000

Totals \$439,843,000

RECAPITULATION OF HOLDINGS BY MATURITIES

May 18, 1931 - Treas. Bills	\$ 19,200,000
July 1, 1931 - " "	21,300,000
July 2, 1931 - " "	11,500,000
July 27, 1931 - " "	10,000,000
Aug. 3, 1931 - " "	15,850,000
June 15, 1931 - 2 7/8% C/I	54,181,000
June 15, 1931 - 1 3/4% "	19,050,000
Sept. 15, 1931 - 1 1/2% "	66,277,000
Sept. 15, 1931 - 2 3/8% "	56,130,500
Dec. 15, 1931 - 1 7/8% "	88,626,500
Mar. 15, 1932 - 2 % "	59,375,000
Dec. 15, 1932 - 3 1/2% T/N	14,012,000
Oct. 15, 1938 - 4 1/4% 4th L/L	4,341,000

\$439,843,000

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ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
FROM MAY 7 TO MAY 13, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	Purchases	Sales	Net Increase
Boston	\$ 321,000	\$ 321,000	\$ 0
New York	486,000	486,000	0
Philadelphia	263,000	263,000	0
Cleveland	372,000	372,000	0
Richmond	203,500	203,500	0
Atlanta	5,093,000	93,000	5,000,000
Chicago	432,000	432,000	0
St. Louis	119,000	119,000	0
Minneapolis	129,000	129,000	0
Kansas City	238,000	238,000	0
Dallas	136,000	136,000	0
San Francisco	10,207,500	207,500	10,000,000
Totals	\$18,000,000	\$ 3,000,000	\$15,000,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	Purchases	Issue	Sales	Issue
New York	\$6,000,000	Misc. Gov't Sec.	\$21,000,000	Misc. Gov't Sec.
Cleveland	0	-	1,000	" " "
Atlanta	530,650	Misc. Gov't Sec.	292,800	" " "
Minneapolis	347,800	" " "	503,800	" " "
Dallas	0	-	17,500	" " "
Totals	\$6,878,450		\$21,815,100	

BANKERS ACCEPTANCES
(000 Omitted)

	Holdings May 6	Purchased Own Mkt.	By Allot- ment from New York	Matur- ities & Sales	Holdings May 13	Other Holdings Close May 13, 1931	
						Sales Contracts	Other Bills
Boston	\$ 10,348	\$ 0	\$ 756	\$ 1,573	\$ 10,031	\$ 4,182	\$ 81
New York	29,366	5,024 R 8,806 A	0	6,930	27,460	5,864	352
Phila.	0	0	0	0	0	0	106
Cleveland	19,829	0	1,526	3,448	17,907	0	109
Richmond	1	0	0	0	1	0	42
Atlanta	9,852	0	783	2,082	8,553	0	436
Chicago	20,258	368 R	1,852	3,975	18,503	793	145
St. Louis	9,663	0	892	1,361	9,194	0	38
Minn.	6,146	0	561	730	5,977	0	25
Kan. City	10,463	0	970	2,011	9,422	0	31
Dallas	6,427	0	654	1,543	5,538	0	32
San Fran.	18,308	279 R	812	3,022	16,377	0	73
Totals	\$141,161	\$14,477	\$8,806	\$26,675	\$128,963	\$10,839	\$ 1,470
Bills held over night by New York in Foreign Suspense Account - - - - -							7,699
" " " " " " " for distribution to other Fed. Res. Bks. - - - - -							4,137
Total - - - - -							\$13,306

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING MAY 13, 1931
 (000 Omitted)

	1-30 days <u>1 - 1 1/4%</u>	31-60 days <u>1 1/8-1 1/4%</u>	61-90 days <u>1 1/4%</u>	Over 90-days <u>1 1/8-1 3/8%</u>	Total
New York	\$11,617	\$2,123	\$22	\$68	\$13,830
Chicago	368	0	0	0	368
San Francisco	<u>107</u>	<u>107</u>	<u>23</u>	<u>42</u>	<u>279</u>
Totals	<u>\$12,092</u>	<u>\$2,230</u>	<u>\$45</u>	<u>\$110</u>	<u>\$14,477</u>

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES
 AND BANKERS ACCEPTANCES DURING WEEK ENDING MAY 13, 1931
 (000 Omitted)

(Excluding Sales Contracts)

	<u>Government Securities</u>	<u>Bankers Acceptances</u>	<u>Total</u>
Purchased	\$24,878	\$14,477	\$39,355
Sold	24,815	50	24,865
Matured	0	<u>26,625</u>	<u>26,625</u>
		<u>\$12,198-</u>	<u>\$12,135-</u>
		6,993- (Net Change 1-day holdover and other bills)	6,993- (Net Change 1-day holdover and other bills)
Totals	<u>\$ 63+</u>	<u>\$19,191-</u>	<u>\$19,128-</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES MAY 13, 1931
 (000 Omitted)

(Including Sales Contracts)

	<u>Within 15-days</u>	<u>16-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days- 6 months</u>	<u>Over 6 months</u>	<u>Total</u>
Gov't Securities	\$19,200	0	\$133,207	\$30,850	\$151,294	\$283,863	\$598,414
Bills Purchased	<u>74,812</u>	<u>36,598</u>	<u>32,877</u>	<u>8,584</u>	<u>237</u>	<u>0</u>	<u>153,108</u>
Totals	<u>\$94,012</u>	<u>\$36,598</u>	<u>\$166,084</u>	<u>\$39,434</u>	<u>\$151,531</u>	<u>\$283,863</u>	<u>\$751,522</u>

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May 9, 1931

Dear Mr. Matteson:

I acknowledge receipt of your letter of May 8th, addressed to Governor Meyer, enclosing report of open market operations for the period from April 30, 1931 to May 6, 1931 inclusive.

Very truly yours,

~~E. M. McClelland~~

E. M. McClelland,
Assistant Secretary

Mr. W. B. Matteson,
Assistant Deputy Governor,
Federal Reserve Bank,
New York, N. Y.

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AND STATISTICS.

Mr Riefling
Mr Smead
Mr Collier

FEDERAL RESERVE BANK
OF NEW YORK

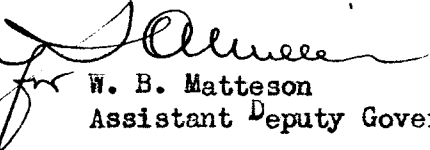
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May 8, 1931.

Dr. E. A. Goldenweiser,
Director, Division of Research and Statistics,
Federal Reserve Board,
Washington, D. C.

Dear Dr. Goldenweiser:

Enclosed is a report of open market operations for
the period from April 30, 1931 to May 6, 1931 inclusive, to-
gether with data received from Federal reserve banks.

Very truly yours,

W. B. Matteson
Assistant Deputy Governor

Encl.

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Authority E.O. 12958

CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS FOR WEEK ENDED MAY 6, 1931

Holdings of Earning Assets of Federal Reserve Banks from May 7, 1930 to Date
(000 Omitted)

	TOTAL EARNING ASSETS	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS
		Outright Purchases	Sales Contracts	Outright Purchases	Sales Contracts	DISCOUNTED
-1930-						
May 7	\$ 951,095	\$527,614	\$ 230	\$136,652	\$38,551	\$237,448
May 28	958,776	529,450	320	130,066	45,494	247,046
June 25	916,038	576,560	410	94,735	7,578	231,505
July 30	911,554	576,323	45	127,965	2,797	197,101
Aug. 27	967,034	601,913	0	159,137	4,137	193,275
Sept. 24	973,483	601,656	150	192,161	5,583	167,162
Oct. 29	975,021	601,438	0	161,906	3,752	201,603
Nov. 26	1,011,940	595,634	0	169,930	6,176	233,852
Dec. 31	1,351,853	686,064	43,403	324,746	39,098	251,398
-1931-						
Jan. 28	945,405	309,877	0	118,453	1,788	215,137
Feb. 25	895,606	599,442	0	105,431	886	189,847
Mar. 25	847,256	593,459	100	83,272	0	165,425
Apr. 29	923,572	593,306	0	133,949	35,816	155,151
May 6	943,522	598,351	0	161,460	32,409	150,202

CHANGES IN EARNING ASSET HOLDINGS (EXCLUSIVE OF SALES CONTRACTS)
DURING WEEK ENDED MAY 6, 1931
(000 Omitted)

	GOVERNMENT SECURITIES		BANKERS ACCEPTANCES		BILLS DISCOUNTED	
	Balance	Net	Balance	Net	Balance	Net
	May 6	Change	May 6	Change	May 6	Change
Boston	\$ 46,182	\$ 0	\$ 10,848	\$ 1,121-	\$ 9,106	\$1,222-
New York	160,170	22,543-	29,366	5,466+	28,472	2,088-
Philadelphia	49,352	0	0	0	16,414	2,330-
Cleveland	62,693	15,000+	19,829	146-	13,095	3,878-
Richmond	29,983	13,000+	1	0	14,928	1,885+
Atlanta	15,678	2,923+	9,852	3,462+	9,937	384-
Chicago	81,128	0	20,258	2,012+	13,500	169-
St. Louis	25,442	1,543+	9,663	1,685+	7,029	1,144-
Minneapolis	25,709	104+	6,146	1,226+	3,665	36+
Kansas City	33,780	0	10,463	2,218+	8,612	12-
Dallas	29,242	18+	6,427	1,417+	7,951	48+
San Francisco	38,992	0	18,308	2,116+	17,493	4,309+
N. Y. holdovers and other bills			20,299	9,176+		
Totals	\$598,351	\$ 45+	\$161,460	\$27,511+	\$150,202	\$4,949-

COMMENT ON CHANGES WEEK ENDED MAY 6, 1931

Total earning assets of the System showed an increase of \$19,950,000 for the current statement week. The changes by classification consisted of increases of \$45,000 and \$27,511,000 in outright purchases of government securities and bankers acceptances respectively, and decreases of \$4,949,000 and \$3,407,000 in bills discounted and bankers acceptances held under sales contracts respectively.

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Money
Market

From Thursday to Saturday of the past week, a period covering the turn of the month, the New York money market was called upon for a substantial volume of funds to provide for currency needs and an outflow to other centers, as well as to cover an increase of \$16,000,000 in the banks' reserve requirements. Gold imports from France during this time, although in considerable volume, served to offset only part of these demands upon the money market, so that the large excess reserves held by the banks at the opening of the period were absorbed, and in addition member bank borrowings were increased temporarily by about \$34,000,000 in order to maintain average reserves.

During the remainder of the week ended May 6 there was a return of currency to the Reserve Bank, a return flow of commercial funds from other sections of the country, and a substantial increase in Reserve Bank outright bill holdings following the extension of the 1 1/4 per cent buying rate of this bank to include maturities up to 90 days. Furthermore, reserve requirements declined to approximately the level in effect prior to the month-end rise. The funds which accumulated during these days were used to retire the indebtedness previously incurred by the banks at the Reserve Bank, in addition to which a sizable excess of actual reserves developed toward the close of the period. Treasury transactions, involving withdrawals from the market through calls from depositaries and a sale of \$53,000,000 of Treasury Bills, and disbursements in this market for \$55,000,000 of maturing Treasury Bills and other expenditures, practically balanced for this period, as in the preceding three days.

Call money held at 1 1/2 per cent on the Stock Exchange throughout the entire week, the conditions affecting the supply of funds being reflected entirely in the rates quoted for call loans in the outside market. In this branch of the money market, money was firmly held at 1 1/2 per cent on Thursday, most of Friday, and on Monday. On Tuesday, however, offerings became available in substantial volume at as low as 1 per cent, a condition that has prevailed consistently in succeeding days.

Time money remained steady during the week, with trading activity confined chiefly to a small volume of 90 day loans at 2 per cent, and some renewals of special loans for five months at 2 1/2 per cent. The nominal rates for the usual class of 5 months loans, however, are 2 per cent bid, 2 1/4 per cent asked. Commercial paper continued at the levels generally quoted a week ago - 2 1/4 - 1/2 per cent for prime material. Active bidding by some dealers for new material for resale at 2 per cent, which followed the recent reductions in bill rates, has developed no material increase in the supply of paper in the commercial paper market.

Government
Security
Market

The volume of trading in the market for United States Government securities was moderately active during the current statement week and up until Tuesday, May 5, the short-term issues were firm, while the long-term issues were slightly softer. On Wednesday, May 6, however, due principally to a further reduction in bill rates, prices of the short-term issues made small fractional advances to levels above those prevailing at the close of the previous week, and prices of the long-term bonds recovered part of the losses recorded earlier in the week. At the close of the reporting period the average yield on the short-term issues was about 1.12% as compared with 1.29% the previous week, and the average selling price for the Liberty Loan and Treasury bonds was about 104.58 as compared with the previous week's level of 104.62.

Dealers' Offering Prices at the Close of the Current Statement Week
 and Net Changes from the Close of the Previous Statement Week

	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Approx. yield</u>
2	7/8% Cert. of Ind. due June 15, 1931 to yield 1%		- - -	1.00%
1	3/4% " " " " June 15, 1931 " " 1%		- - -	1.00%
2	3/8% " " " " Sept. 15, 1931 100 14/32		+1/32	1.12%
1	1/2% " " " " Sept. 15, 1931 100 3/32		+1/32	1.23%
1	7/8% " " " " Dec. 15, 1931 100 10/32		+3/32	1.35%
2	7/8% " " " " Mar. 15, 1932 100 11/32		+3/32	1.59%
3	1/2% Treasury Notes " Dec. 15, 1932 101 15/32		-1/32	1.05%
	Treasury Bills " May 18, 1931 1.30% discount bid, none offered			
	" " " July 1 & 2, 1931 1.30% " " 1.10% asked			
	" " " July 27, 1931 1.30% " " 1.10% "			
	" " " Aug. 3, 1931 1.30% " " 1.10% "			

Closing Prices on the New York Stock Exchange at the Close
 of the Current Statement Week and Net Changes from
 Close of the Previous Statement Week

<u>Issue</u>	<u>Price</u>	<u>Net Change</u>	<u>Issue</u>	<u>Price</u>	<u>Net Change</u>
1st 3 1/2s	101 30/32	+2/32	Treas. 4 1/4s 1947-52	112 10/32	-5/32
1st 4 1/4s	103	+4/32	" 4s 1944-54	108 2/32	-4/32
4th 4 1/4s	104 4/32	+2/32	" 3 3/4s 1946-56	106 4/32	-3/32
			" 3 3/8s 1943-47	102 1/32	-6/32
			" 3 3/8s 1940-43	101 25/32	-1/32
			" 3 3/8s 1941-43	101 26/32	-2/32

Bankers

Acceptances

Dealers' offerings of unendorsed bankers acceptances were at the following rates at the close of the current statement week: 1 1/8 per cent for 30s, 60s and 90s; 1 1/4 per cent for 120s and 1 3/8 per cent for 180-day bills. This represents a reduction of 1/8 per cent on all maturities.

Reports

week ending May 6

Boston reports that although the reserve bank's rates were lowered to 1 1/4 per cent for 90-day bills and to 1 1/8 per cent for 30-day bills during the past period offerings to the reserve bank did not show an increase. While the supply was somewhat smaller than the previous week, the demand also fell off and dealers were obliged to forward many of their bills to their offices in other cities. In New York the bill market was moderately more active this week, particularly on Monday and Tuesday when local banks, who needed funds, sold long bills in substantial amounts to the dealers and short bills to the reserve bank. The demand was also good but did not equal the supply and dealers' aggregate portfolios increased by about \$17,000,000 to \$87,000,000. On May 5 the reserve bank extended the 1 1/4 per cent buying rate to include 90-days, and on May 6 reduced the rate on maturities up to 30 days to 1 1/8 per cent. Coincident with the second reduction, dealers reduced their rates on all maturities by 1/8 per cent to 1 1/4 bid for unendorsed bills maturing up to 90 days, 1 1/8 asked; 4 months', 1 3/8 bid, 1 1/4 asked; 5 and 6 months', 1 1/2 bid, 1 3/8 asked; endorsed bills 1/8 less. This reduction brought rates to a new low level in the bill market. Philadelphia reports that its acceptance market was very quiet. Dealers reported, a few new bills during the early part of the period but generally there was little interest. The demand was practically nil. Chicago reports that banks appeared to be liquidating their holdings of acceptances during the past week and the supply of new bills increasing. Dallas reports that its bill market continued dull with no demand. Offerings to the reserve bank were negligible.

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OPERATION FOR ACCOUNT OF UNITED STATES TREASURY

The only transaction consummated under Treasury authorization during the current statement week was a sale of \$250,000 - 3 1/2% Treasury notes due December 15, 1932, for account of the Alien Property Custodian.

SYSTEM SPECIAL INVESTMENT ACCOUNT - GOVERNMENT SECURITIES

Pursuant to the discussion at the Governors' Conference held in Washington last week, \$22,543,000 of government securities were transferred from the holdings in the Investment Account of the Federal Reserve Bank of New York to the System Account during the current statement week. These securities, which represented part of the amount of government securities held by the Federal Reserve Bank of New York in excess of its pro rata share of the System total of government security holdings were apportioned in the System Account to Federal reserve banks showing shortages in their total holdings of government securities as determined on ratios of each Federal reserve bank's expense and dividend requirements to System totals for the first three months of 1931. The issues transferred consisted of \$10,000,000 each of Treasury certificates maturing June and September, and \$2,543,000 maturing December 15, 1931, all of which were sold at prevailing market prices on the day of transfer. The following table shows the amount of the shortages referred to and the amounts that were transferred during the week.

<u>Banks</u>	<u>Amount of Shortage</u>	<u>Amounts Transferred</u>
Cleveland	\$ 5,004,000	\$ 5,000,000
Richmond	15,943,000	13,000,000
Atlanta	15,682,000	3,000,000
St. Louis	1,543,000	1,543,000
San Francisco	<u>11,893,000</u>	<u>Pending</u>
	<u>\$50,065,000</u>	<u>\$22,543,000</u>

The Federal Reserve Bank of Atlanta has made arrangements which will enable it to take an additional \$5,000,000 of governments within a week, and as a partial offset to its not being able to take a larger amount of governments, it was sold \$2,000,000 of bills from the portfolio of the Federal Reserve Bank of New York. A transfer of \$10,000,000 of securities was made to the Federal Reserve Bank of San Francisco on Friday, May 8, 1931.

During the week there were some other transactions consummated in the System Account which only affected the maturities of the issues held in the Account, as follows:

Redemption of - \$2,000,000 - Treasury bills which matured May 4, and
Sale to foreign
correspondents of - 1,750,000 - 1 1/2% certificates due Sept. 15, 1931,
(to complete order for purchase of
large block)

a total of - \$3,750,000 which was replaced by purchase in the market and from a foreign correspondent of a like amount of other issues of short-term governments.

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Exchanges in				
the market of	\$5,000,000	- 1 3/4%	certificates due	June 15, 1931
	850,000	- 2 7/8%	" "	June 15, 1931
	15,000,000	- 2 3/8%	" "	Sept. 15, 1931
	<u>11,000,000</u>	- 1 7/8%	" "	Dec. 15, 1931
a total of	\$31,850,000		which were exchanged for	
	\$10,000,000	-	Treasury bills due	July 27, 1931
	15,850,000	-	" " "	Aug. 3, 1931
	2,000,000	- 1 1/2%	certificates due	Sept. 15, 1931
	<u>4,000,000</u>	- 2 %	" "	Mar. 15, 1932
	<u>\$31,850,000</u>			

As a result of the transfer during the current reporting week of the \$22,543,000 of government securities sold from the New York Investment Account to the System Account, the total holdings in the latter account were increased to \$424,843,000. The participations by Federal reserve banks and the classification of issues held in the Account at the close of business, Wednesday, May 6, 1931, were as follows:

PARTICIPATIONS BY FEDERAL RESERVE BANKS

RECAPITULATION OF HOLDINGS BY MATURITIES

Boston	\$ 45,472,500
New York	68,851,000
Philadelphia	37,245,000
Cleveland	52,690,000
Richmond	28,830,500
Atlanta	13,146,500
Chicago	61,201,000
St. Louis	16,817,000
Minneapolis	18,248,500
Kansas City	33,733,000
Dallas	19,241,000
San Francisco	29,367,000

May 18, 1931	- Treas. Bills	\$ 19,200,000
July 1, 1931	- " "	21,300,000
July 2, 1931	- " "	11,500,000
July 27, 1931	- " "	10,000,000
Aug. 3, 1931	- " "	15,850,000
June 15, 1931	- 2 7/8% C/I	54,181,000
June 15, 1931	- 1 3/4% "	19,050,000
Sept. 15, 1931	- 1 1/2% "	64,277,000
Sept. 15, 1931	- 2 3/8% "	58,130,500
Dec. 15, 1931	- 1 7/8% "	82,169,500
Mar. 15, 1932	- 2 % "	50,832,000
Dec. 15, 1932	- 3 1/2% T/N	14,012,000
Oct. 15, 1938	- 4 1/4% 4th L/L	<u>4,341,000</u>

Totals \$424,843,000

\$424,843,000

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ITEMIZED STATEMENT OF TRANSACTIONS IN GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES
 AFFECTING THE INVESTMENT ACCOUNT OF ALL FEDERAL RESERVE BANKS
 FROM APRIL 30 TO MAY 6, 1931, INCLUSIVE

GOVERNMENT SECURITIES - SYSTEM INVESTMENT ACCOUNT

	<u>Purchases</u>	<u>Sales</u>	<u>Net Increase</u>
Boston	\$ 3,958,000	\$ 3,958,000	\$ 0
New York	5,993,000	5,993,000	0
Philadelphia	3,241,000	3,241,000	0
Cleveland	9,280,000	4,280,000	5,000,000
Richmond	14,714,000	1,714,000	13,000,000
Atlanta	5,961,000	961,000	5,000,000
Chicago	5,327,000	5,327,000	0
St. Louis	2,913,000	1,370,000	1,543,000
Minneapolis	1,589,500	1,589,500	0
Kansas City	2,936,000	2,936,000	0
Dallas	1,674,500	1,674,500	0
San Francisco	2,556,000	2,556,000	0
Totals	\$58,143,000	\$35,600,000	\$22,543,000

OTHER TRANSACTIONS IN GOVERNMENT SECURITIES (EXCLUDING SALES CONTRACTS)

	<u>Purchases</u>	<u>Issue</u>	<u>Redemption and Sales</u>	<u>Issue</u>
New York	\$ 4,500,000	Misc. Gov't Sec.	\$24,043,000	Misc. Gov't Sec. May 4, 1931, Treas. Bills
Atlanta	1,025,600	" " "	1,102,650	Misc. Gov't Sec.
Minneapolis	505,500	" " "	401,500	" " "
Dallas	17,500	" " "	0	-
Totals	\$ 6,048,600		\$28,547,150	

BANKERS ACCEPTANCES
 (000 Omitted)

	<u>Holdings April 29</u>	<u>Purchased Own Mkt.</u>	<u>By Allot- ment from New York</u>	<u>Matur- ities & Sales</u>	<u>Holdings May 6</u>	<u>Other Holdings Close May 6, 1931 Sales Contracts</u>	<u>Other Bills</u>
Boston	\$ 11,939	\$ 123 R	\$ 2,328	\$ 3,572	\$ 10,848	\$ 5,352	\$ 81
New York	23,900	13,382 "	0	5,911	29,366	24,376	353
		31,406 A		2,005*			
Phila.	0	0	0	0	0	0	106
Cleve.	19,975	0	5,441	5,587	19,829	0	109
Richmond	1	0	0	0	1	0	42
Atlanta	6,390	2,005*R	2,905	1,448	9,852	0	488
Chicago	18,246	0	6,772	4,760	20,258	2,631	145
St. Louis	7,978	0	3,344	1,659	9,663	0	58
Minn.	4,920	135 "	2,198	1,107	6,146	0	25
Kans. City	8,245	0	3,418	1,200	10,463	0	31
Dallas	5,010	10 "	2,481	1,074	6,427	0	32
San Fran.	16,192	3,066 "	2,519	2,469	18,308	0	73
Totals	\$123,826	\$50,127	\$31,406	\$31,792	\$141,161	\$32,409	\$1,523
Bills held over night by New York							- 906
" " " " " " " in Foreign Suspense Acct.							- 17,370
Total							\$20,299

*Sold to Atlanta from N. Y. portfolio.

NOTE: R. indicates Retained and A. indicates Allotted in the above statement.

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MATURITIES AND RATES ON BILLS PURCHASED WEEK ENDING MAY 6, 1931
 (000 Omitted)

	1-30 days <u>1 1/8-1 1/4%</u>	31-60 days <u>1 1/4-1 3/8%</u>	61-90 days <u>1 1/4-1 3/8%</u>	Over 90-days <u>1 3/8%</u>	Total
Boston	0	\$ 87*	\$ 1	\$35	\$ 123
New York	26,018	16,786	1,984	0	44,788
Minneapolis	135	0	0	0	135
Dallas	0	10	0	0	10
San Francisco	<u>982**</u>	<u>2,084</u>	<u>0</u>	<u>0</u>	<u>3,066</u>
Totals	<u>\$27,135</u>	<u>\$18,967</u>	<u>\$3,990</u>	<u>\$35</u>	<u>\$48,122</u>

*Purchased at 1 1/2%, **Purchased at 1 1/4 to 1 3/8%

RECAPITULATION OF PURCHASES AND SALES OF GOVERNMENT SECURITIES AND
BANKERS ACCEPTANCES DURING WEEK ENDING MAY 6, 1931
 (000 Omitted)

(Excluding Sales Contracts)

	<u>Government Securities</u>	<u>Bankers Acceptances</u>	<u>Total</u>
Purchased	\$64,192	\$50,127	\$114,319
Sold	61,147	2,005	63,152
Matured	3,000	29,787	32,787
		<u>\$18,335+</u>	<u>\$ 18,380+</u>
		9,176+ (Net Change 1-day holdover and other bills)	9,176+ (Net Change 1-day holdover and other bills)
Totals	<u>\$ 45+</u>	<u>\$27,511+</u>	<u>\$ 27,556+</u>

HOLDINGS OF GOVERNMENT SECURITIES AND BANKERS ACCEPTANCES MAY 6, 1931
 (000 Omitted)

(Including Sales Contracts)

	<u>Within 15-days</u>	<u>16-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days-6 months</u>	<u>Over 6 months</u>	<u>Total</u>
Gov't Securities	\$ 19,200	0	\$129,166	\$30,850	\$135,207	\$283,928	\$598,351
Bills Purchased	<u>105,496</u>	<u>34,172</u>	<u>38,183</u>	<u>15,680</u>	<u>338</u>	<u>0</u>	<u>193,869</u>
Totals	<u>\$124,696</u>	<u>\$34,172</u>	<u>\$167,349</u>	<u>\$46,530</u>	<u>\$135,545</u>	<u>\$283,928</u>	<u>\$792,220</u>