

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 5924]
[December 27, 1966]

September 1 Statement on Business Loans
and Discount Accommodation

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

Our Circular No. 5865, dated September 1, 1966, set forth the text of a statement issued that day by the Federal Reserve System relating to business loans and discount administration.

The circumstances existing at that time have changed materially. The growth of total bank lending, and of business lending by banks, has slowed substantially. Total bank credit, after rapid increases earlier this year, has recently shown a declining trend. Banks have made commendable efforts to bring their policies and practices in line with the System policy of avoiding an excessive expansion of bank credit. Meanwhile, the pressures on financial markets that characterized last August have moderated substantially. The System has therefore concluded that the September 1 statement has served its purpose, as the Board of Governors of the Federal Reserve System announced today. In these changed circumstances, the special factors referred to in that statement are no longer applicable.

Thus, discount window administration is not now specially concerned with the particular method by which a member bank adjusts its position to conform with Regulation A requirements. Our discount facilities remain available, as has always been the case, to meet appropriate seasonal or special needs that may arise, and under the same general rules that have applied in the past.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.