FEDERAL RESERVE BOARD

STATEMENT FOR THE PRESS

For release in afternoon papers,
Saturday, April 1, 1922.

CONDITION OF THE ACCEPTANCE MARKET

The supply of acceptances during the month ending March 11, in general was relatively small in comparison with the demand until near the close of the period, when the supply tended to increase. District No. 1 (Boston) reports - "The existing supply was inadequate and continued so until well toward the end of February, although there was a slight increase in the number of bills offered." However, in District No. 4 (Cleveland) brokers' portfolios were well filled, and were ample to meet all demands. This decline in the volume of bills in most Districts was due in part to the smaller amount executed by the accepting banks. These institutions, especially in New York, were inclined to hold their bills, due to the comparatively easy condition of the money market during a considerable part of the period, and to the improvement in the position of banks in general. Although the demand for acceptances continued to be affected by the available supply of government certificates, the dealers' aggregate portfolios in New York declined from about $66,000,000 to $40,000,000. Districts No. 7 (Chicago) and No. 12 (San Francisco), however, report an increase in dealers' holdings. In the latter District the total number of bills accepted during February was $4,426,227, an increase of $655,161 over January. District No. 10 (Kansas City) attributes the small number of acceptances to the inactivity in the exportation of wheat and flour.

The bills purchased by the Federal Reserve Bank of Philadelphia during February showed a decrease from January in the proportion based on dollar exchange, and an increase in those based on imports. With the exception of Districts No. 4 (Cleveland) and No. 8 (St. Louis), bills were in good demand. This was due largely to the low rates for call money which prevailed throughout the East. Another factor was the anticipation of the tax payment adjustment for March 15. Banks followed the policy of conserving cash for the purpose of meeting withdrawals for income tax payments. Before the middle of the month it became apparent that the need for funds had been overestimated, and thus the acceptance market was used as an outlet for surplus funds. Districts No. 1 (Boston) and No. 3 (Philadelphia) both report that the demand for bills was especially brisk from out-of-town banks, while District No. 2 (New York) stated that local savings banks were active buyers. In District No. 3 (Philadelphia) the majority of sales were made to interior banks. Acceptances with a maturity of between 60 and 90 days were in greatest demand.

Bills moved quite freely at the rates quoted in the various Districts, only Districts No. 4 (Cleveland) and No. 8 (St. Louis) reporting the local markets somewhat dull. Dealers' rates on prime bills in Districts No. 1 (Boston), No. 2 (New York), and No. 7 (Chicago), were as follows:

	Range during period		Close	
	Bid	Offered	Bid	Offered
Boston: All Maturities	4 1/8 and 4½	3 7/8 to 4	4 to 4 1/8	3 7/8 to 4
New York:				
30 day maturity	4 1/8	3 7/8 - 4	4 1/8	3 7/8 - 4
60 " "	"	" "	"	" "
90 " "	"	" "	"	" "
120 " "	4 1/8 - 4 1/4	3 7/8- 4 1/8	"	" "
150 " "	4 1/4 - 4 3/8	4 - 4 1/8	4 1/4-4 3/8	4 - 4 1/8
180 " "	" "	" "	" "	"
Chicago:				
30 day maturity	4 1/8	4	4 1/8	3 7/8 - 4
60 " "	"	"	"	" "
90 " "	"	"	"	" "
120 " "	"	"	"	" "
150 " "	4 1/8 - 4 1/4	"	4 1/8-4¼	" "
180 " "	" "	4 - 4 1/8	" "	3 7/8-4 1/8