

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release in morning papers,
Sunday, July 2, 1922.

CONDITION OF THE ACCEPTANCE MARKET

According to reports received by the Federal Reserve Board from the Federal Reserve Banks of the various districts, a general increase is noticed in many districts in the volume of acceptances executed throughout the entire reporting period. The greatest increase is reported by the eastern districts, while in some interior and western districts the market seems to be without any important change. In Districts No. 1 (Boston) and No. 2 (New York), the supply of bills was larger than the demand, due to the prevailing low rate of acceptances. District No. 2 (New York) states that "during the week ended May 26 some dealers reported that for the first time in some months they were able to purchase all of the New York acceptances they wished. The supply reached its maximum for the period during the week ended June 2, when it was about 50 per cent greater than the weekly average since the early part of the year, with the exception of the first half of May." District No. 1 (Boston) also reports that the supply of bills offered increased during the month and exceeded the amount offered the previous month. The volume of sales increased rapidly as the season progressed, and during the last week of the period sales were three

times as large as during the first week. In District No. 2 (New York), sales throughout the period were irregular. Bills did not move freely at the offered rates, and the market was rather sluggish. The rate at the beginning was $3\frac{1}{4}$ bid and $3-1/8$ offered. It increased, however, towards the middle of the period to $3-3/8$ bid and $3\frac{1}{2}$ offered, but declined towards the end to $3\frac{1}{4}$ bid and $3-1/8$ offered, mainly due to the increase in demand and the prevailing easy money market. An improvement, however, was noticed during the last week of the period when bills of shorter maturities were in good demand. In District No. 3 (Philadelphia) the volume of acceptances executed by dealers averaged higher in this month than in the three preceding periods. The amount of acceptances created by bankers shows also a considerable increase. "In this District the amount created by the twelve reporting banks has been increasing over the past four months. The amounts executed for the preceding monthly periods were as follows:

June 10	\$ 4,812,000
May 10	3,274,000
April 10	4,097,000
March 10	2,265,000 "

District No. 4 (Cleveland) reports a stagnant market and no changes of importance. The supply of bills was limited. The demand was in excess of the supply, mainly due to the low rate of call money. The tendency towards lower rates was felt at the end of the reporting period when bills moved less freely. In District No. 7 (Chicago) the upward trend in the volume of acceptances which started in April continued throughout the entire period of May and beginning of June.

The report of District No. 12 (San Francisco) indicates a slight increase in the amount of acceptances bought in May, 1922, as compared with April and a marked increase (32 per cent) in the amount of bills accepted.

Purchases for foreign account continued to support to a large extent the market at the present low rates in the eastern districts, especially in Districts No. 2 (New York) and No. 1 (Boston). Bills based upon exports and imports increased in volume in several Districts, with the exception of District No. 7 (Chicago), and District No. 11 (Dallas) which report a decrease in acceptances arising out of foreign trade. District No. 6 (Atlanta) however, reports an increase in the volume of foreign acceptances, and a decrease in the number of domestic acceptances.

Maturities ranging between 30 and 60 days were preferred in the eastern districts. District No. 7 (Chicago) and District No. 12 (San Francisco), however, indicate a preference for 90 day maturities. District No. 7 (Chicago) reports the following percentage distribution of maturities:

30 days	18 per cent
60 days	8
90 days	63
180 days	11

District No. 12 (San Francisco) reports the distribution of maturities as:

	<u>May 15 to June 15</u>	<u>April 15 to May 15</u>
30 days	2.4 per cent	19.6 per cent
60 days	45.8	11.5
90 days	51.6	58.5
120 days	0.2	10.4

The bulk of acceptances in the various districts were based upon the following commodities: sugar, cotton, meat products, oils, wool, coffee, tobacco, rubber, also dollar exchange. The rates throughout the period were as follows:

Rates on prime bills		Range during period		Close	
		Bid	Offered	Bid	Offered
No. 2 (New York)	30 day maturity	$3\frac{1}{4}$	$3-3/8$	$3\frac{1}{4}$	$3-1/8$
	50 " "	"	"	"	"
	90 " "	"	"	"	"
	120 " "	"	"	"	"
	150 " "	"	"	$3\frac{1}{4} - 3-3/8$	$3-1/8 - \frac{1}{4}$
	180 " "	$3-3/8$	$3\frac{1}{2}$	$3-3/8 - 3\frac{1}{2}$	" "
No. 4 (Cleveland)	30 day maturity	$3-3/8$	$3\frac{1}{4}$	$3\frac{1}{4}$	$3-1/8$
	60 " "	"	"	"	"
	90 " "	"	"	"	"
	120 " "	$3-3/8$	$3\frac{1}{2}$	$3\frac{1}{4}$	$3-1/8$
	150 " "	$3\frac{1}{2}$	$3-3/8$	$3-3/8$	$3\frac{1}{4}$
	180 " "	"	"	"	"
No. 7 (Chicago)	30 day maturity	$3\frac{1}{4}$	$3-3/8$	$3\frac{1}{2} - 3-3/8$	$3-1/8$
	60 " "	"	"	"	"
	90 " "	"	"	"	"
	120 " "	$3\frac{1}{4}$	$3-3/8$	$3\frac{1}{2} - 3-3/8$	$3-1/8$
	150 " "	"	"	"	"
	180 " "	$3\frac{1}{2}$	$3\frac{1}{2}$	$3-1/8 - 3\frac{1}{2}$	$3\frac{1}{4} - 3\frac{1}{2}$