

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

STATEMENT FOR THE PRESS.

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CONDITION OF THE ACCEPTANCE MARKET

SEPTEMBER 15 to OCTOBER 15, 1922.

According to the reports received by the Federal Reserve Board from the various Federal Reserve Banks the acceptance market was for the most part irregular and sluggish during the first part of the period under review but later became active and showed a considerable improvement. The advance in rates to a level more nearly in line with that of other short term investments of equal security has caused bills to move more freely and has widened the market to some extent.

In District No. 2 (New York) during the first part of the period under review the supply of bills was too large for the market to absorb at the offered rates, and dealers were reluctant to take a position in view of the general feeling that rates were out of line. As rates advanced from  $3\frac{1}{4}$  bid to  $3\frac{1}{8}$  offered to  $3\frac{5}{8}$  at  $3\frac{7}{8}$  bid and  $3\frac{1}{2}$  offered a better demand developed. The market widened and during the current period bills were sold to various investors including savings banks which have been out of the market for some time past. District No. 1 (Boston) reports that bills were limited but became abundant towards the close of the

period. With the advance in rates the demand increased considerably but not sufficient to take care of all offerings. District No. 3 (Philadelphia) also reports a steadily improved market as money became firmer.

Districts No. 4 (Cleveland) and No. 7 (Chicago) both report a slight demand and limited supply. In the latter District (Chicago) there has been a continuation of the decrease in the volume of bills accepted and bills sold, noted in the last report, although bills bought have increased over 200 per cent and bills held at the close of September, over 90 per cent.

In District No. 12 (San Francisco) the supply remains sufficient to meet a slightly increased demand. In this District a widening of the market has been manifest with more numerous inquiries from country banks. District No. 10 (Kansas City) reports a scant supply and strong demand for bills, with the result that paper has moved freely. In District No. 6 (Atlanta) the market has continued very quiet, twenty-one of the twenty-five reporting banks showing no transactions in acceptances for the period. District No. 8 (St. Louis) also reports that the market has continued dull and featureless. In District No. 11 (Dallas) there was increased activity, the volume of acceptances executed and outstanding increasing from \$476,241 on August 31, to \$1,403,750 on September 30.

In District No. 2 (New York) the bulk of acceptances executed were based upon the following commodities, in order of their

importance, cotton, grain, sugar, silk, meat products, coffee and dollar exchange. In addition bills were executed in other Districts against agricultural implements, hides and skins, wool, wheat, oils, iron, the importation of shellac, woolen rags and tea, the exportation of paint and varnish, and the storage of canned goods.

In Districts No. 1 (Boston), No. 2 (New York), and No. 4 (Cleveland), the increased demand has caused bills to move more freely while District No. 3 (Philadelphia) and No. 7 (Chicago) report they are not yet moving freely at the offered rates. The best demand has been for 30 to 60 day maturities, with a slight demand for 90 day maturities. District No. 12 (San Francisco) reports a growing preference for longer term bills and gives the distribution of maturities for the period under review as follows:

<u>Maturities</u>	<u>September 15 to October 15</u>	<u>August 15 to September 15.</u>
30 days	25.5	22.8
60 days	21.6	55.3
90 days	35.9	19.4
120 days	15.0	2.5
150 days	2.0	--

Rates on prime bills in the various Districts were as follows:

Rates on Prime Bills

		Range during period		Close	
	Maturity	Bid	Offered	Bid	Offered
District No.1 (Boston)	30 day	3-1/8 - 3-5/8	3 - 3 1/2	3-5/8	3 1/2
	60 day	"	"	"	"
	90 day	"	"	"	"
	120 day	"	"	"	"
	150 day	"	"	"	"
	180 day	"	"	"	"
District No.2 (New York)	30 day	3-1/4 - 3-7/8	3-1/8 - 3 1/2	3-5/8 - 3-7/8	3 1/2
	60 day	"	"	"	"
	90 day	"	"	"	"
	120 day	3-3/8 - 4	3 1/4 - 3 3/4	3 3/4 - 4	3 1/2 - 3 3/4
	150 day	3 1/2 - 4 1/4	3 3/4 - 4	3-7/8 - 4 1/4	3-5/8-4
	180 day	"	"	"	"
District No.3 (Philadelphia)	30 day	3-1/8 - 3-7/8	3 - 3 3/4	3 3/4 - 4	3 1/2 - 3 3/4
	60 day	"	"	"	"
	90 day	"	"	"	"
	120 day	3 1/4 - 4	3-1/8 - 3-7/8	3-7/8-4-1/8	3 1/2-3-7/8
	150 day	3-3/8 - 4 1/2	"	3-7/8-4 1/4	3 1/2 - 4
	180 day	3-3/8 - 4 1/2	"	4 - 4 1/4	3 1/2-4-1/8
District No.4 (Cleveland)	30 day	3 1/4 - 4	3 - 3-7/8	4	3 3/4
	60 day	"	"	"	"
	90 day	"	"	"	"
	120 day	"	"	"	"
	150 day	"	"	"	"
	180 day	"	"	"	"
District No. 7 (Chicago)	30 day	3 1/4 - 3 3/4	3-1/8 - 3 1/2	3-5/8 - 3 3/4	3 1/2
	60 day	"	"	"	"
	90 day	"	"	"	"
	120 day	3 1/4 - 3-7/8	"	3-5/8-3-7/8	3 1/2 - 3-5/8
	150 day	3 1/4 - 4	"	3-5/8 - 4	3 1/2 - 3 3/4
	180 day	3-3/8 - 4	3-1/8 - 3-5/8	3 3/4 - 4	"