FEDERAL RESERVE BOARD

Statement for the Press

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For Immediate Release

CONDITION OF ACCEPTANCE MARKET.

July 10 to August 13.

Continuation of low money rates was the most important factor affecting the acceptance market during the four-week period ending August 13. Late in July when call loan rates were steady at 2 per cent and discount market call rates were fluctuating around 1 1/2 and 1 3/4 per cent, the demand for acceptances was exceptionally good. After the first of August, however, acceptance rates were lowered to 1 7/8 per cent for 30-day maturities and 2 per cent for 60-90 day bills, a smaller demand for bills for short period investments resulted. The supply of new bills coming into the market was likewise influenced by the exceedingly low money rates and was less than the demand, but by the close of the period dealers aggregate holdings had increased from the low point reached in July. Considerable demand for funds was evident for harvesting and marketing the grain crops in July but on account of the low rates the borrowers were reported to be relying on direct loans rather than acceptances which was responsible in part for the smaller supply of new bills entering the market. After the turn of August, however, grain bills began to appear again and considerable drawings against sugar, coffee, cotton, hides, and leather were also noted. On the Pacific coast bills drawn to finance canned products were particularly significant and indicated a considerable volume of goods in warehouses awaiting distribution.

Rates in the New York market at the close of the period ranged from 2 to 1 7/8 per cent bid and 1 7/8 to 1 3/4 per cent offered for 30-day bills to 2 1/8 per cent bid and 2 per cent offered for 90-day bills. Longer maturities were demanding slightly higher rates but the greater volume of bills was with maturities of 30-90 days.