

January 31, 1928

Discount Rates

Dear Mr. Austin:

This will acknowledge receipt of your letter of January 30, and in reply to your specific inquiry I advise that the Federal Reserve Bank of Chicago fixed its rate at 4% and gave the following reasons to the Federal Reserve Board for taking such action:

1. There was apparently more than a normal increase in credit extension.
2. The objects sought by the System in July had been accomplished.
3. Four percent is more nearly the going over-the-counter rate in their district than 3-1/2%.

Chicago has not made these reasons public and I, therefore, would appreciate it if you would treat the information accordingly.

Yours very truly,

(Signed) R. A. Young

R. A. Young,  
Governor.

Mr. R. L. Austin, Chairman,  
Federal Reserve Bank,  
Philadelphia, Pa.