

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date April 16, 1947

To Chairman Eccles

Subject: Selected Data

From Richard A. Misgrave *RAM*
Thomas Lee Smith *T.L.S.*

We are attaching a set of tables for use on your trip, containing the following information:

Table I shows estimated Treasury cash position for the remainder of the fiscal year with projected debt retirement. The figures are slightly revised for the first half, but are nearly the same as presented to the last Executive Committee meeting.

Table II shows changes in Treasury deposits with the Federal Reserve and war loan accounts in connection with developments shown in Table I.

Table III shows maturing issues for the remainder of this fiscal year and fiscal year 1948.

Table IV shows the change in loans and investments at member banks during 1946.

Table V shows later data on loans and investments for weekly reporting member banks.

Table VI shows consumer credit outstanding at various dates.

Table VII shows profits of all corporations before and after tax with estimates for the fourth quarter of 1946 and the first quarter of 1947.

Table VIII shows gross national product and income payments with projections for 1947 and the first half of 1948.

Table IX shows tax liabilities and reductions at various levels of income under various income tax plans.

Table X shows prices or yields of Treasury securities for various dates.

Table XI shows estimated changes in ownership of marketable U. S. securities during 1946.

Table XII shows the estimated budget outlook for the fiscal year 1948 on the assumption that expenditures are reduced by 4 billion and personal income tax yield is cut by 20 per cent.

Attachments

Table I

TREASURY CASH POSITION
(In billions of dollars)

	July-Dec. 1946	1947						Fiscal Year 1946 - 47*
		Jan.	Feb.	Mar.	Apr.*	May*	June*	
(1) Treas. cash bal., start of period	14.0	3.1	4.8	<u>1/</u> 6.9	6.3	4.7	4.7	14.0
(2) Net receipts	18.5	3.8	4.4	5.7	2.7	2.8	4.6	42.5
(3) Expenditures <u>2/</u>	18.9	3.2	3.6	3.6	3.5	3.5	5.0	41.3
(4) Surplus or deficit	- .4	+ .6	+ .8	+2.1	- .8	- .7	- .4	+ 1.2
(5) Change in non-marketable debt	+ 2.7	+ .8	<u>1/</u> +2.7	+ .7	+ .4	+ .7	+ .5	+ 8.5
(6) Retirement of marketable debt	-13.0	- .2	-1.0	-2.9	-1.7	--	-1.0	-12.8
(7) Net change in cash balance <u>3/</u>	-10.9	+1.7	+2.1	- .5	-1.6	--	- .9	-10.1
(8) Treasury cash balance, end of period	3.1	4.8	<u>1/</u> 6.9	6.3	4.7	4.7	3.8	3.8
(9) Balance with further bill retire- ment <u>4/</u>	--	--	--	--	4.5	3.5	2.6	2.6

* Estimated

1/ Treasury cash balance was increased on February 26 by 832 million dollars of inactive gold in connection with payment to the International Monetary Fund. Sale of nonmarketable securities to the Fund amounted to 1.8 billion dollars.

2/ Including net expenditures in Trust accounts.

3/ Does not necessarily add due to adjustment for differences between general fund balance and Treasury cash balance which are largely a matter of timing.

4/ Assumes bill retirement of 400 million for April and 1 billion for May.

Table II
TREASURY CASH BALANCE
(In millions of dollars)

Period	Treasury cash balance ^{1/} (end of period)	War loan deposits			Treasury deposits with F. R. Banks				
		Amount (end of period)	Change		Amount (end of period)	Change			
			New secur- ities	Calls		Redemp- tions ^{2/}	Income taxes	Calls	Other
Week ending:									
1947 - Mar. 26	5,845	3,193	+114	--	1,600	- 37	+1,226	--	- 302
Apr. 2	4,720	2,742	+177	- 639	946	-1,534	+ 599	+ 639	- 358
9	4,632	2,844	+111	--	753	- 40	+ 361	--	- 514
16*	4,679	2,944	+100	--	700	- 20	+ 402	--	- 435
23*	4,385	2,594	+100	- 450	856	- 214	+ 220	+ 450	- 300
30*	4,674	2,803	+209	--	836	- 10	+ 240	--	- 250
May 7*	4,554	2,903	+100	--	616	- 70	+ 350	--	- 500
14*	4,994	3,003	+100	--	956	- 10	+ 600	--	- 250
21*	4,984	3,103	+100	--	846	- 10	+ 250	--	- 350
28*	4,724	3,203	+100	--	486	- 10	+ 200	--	- 550
June 4*	3,424	1,953	+150	-1,400	436	-1,150	+ 200	+1,400	- 500
11*	3,524	2,053	+100	--	436	- 50	+ 500	--	- 450
18*	3,424	2,153	+100	--	236	- 50	+1,100	--	-1,250
25*	3,894	2,253	+100	--	606	- 30	+1,000	--	- 600
Month ending:									
March	6,342	3,292	+624	- 707	2,014	- 3,006	+4,159	+ 707	-2,337
April*	4,675	2,803	+600	-1,089	836	- 1,800	+1,400	+1,089	-1,867
May*	4,738	3,303	+500	--	400	- 100	+1,500	--	-1,836
June*	3,838	2,403	+500	-1,400	400	- 1,300	+2,900	+1,400	-3,000

* Estimated

^{1/} Including gold in general fund, not shown separately.

^{2/} Including cash redemptions of tax savings notes.

GOVERNMENT FINANCE SECTION, BOARD OF GOVERNORS

April 15, 1947

Table III

PROJECTED RETIREMENT BY TYPE OF ISSUE
(In millions of dollars)

			Total out- standing	Held by <u>1/</u>			Redeemed for cash
				Commercial Banks	F. R. Banks	Other	
<u>1947:</u>							
Apr.	1,	7/8% certificates	2,820	1,069	817	934	1,499
June	1,	7/8% certificates	2,775	781	243	1,751	
July	1,	7/8% certificates	2,916	1,111	775	1,030	
Aug.	1,	7/8% certificates	1,223	536	315	372	
Sept.	1,	7/8% certificates	2,341	693	898	750	
Sept.	15, 1	1 1/2% notes	2,707	1,890	46	771	
Sept.	15, 1	1 1/4% notes	1,687	746	10	931	
Oct.	1,	7/8% certificates	1,440	648	282	510	
Oct.	15, 4	1 1/4% bonds	759	363	12	384	
Nov.	1,	7/8% certificates	1,775	734	338	703	
Dec.	1,	7/8% certificates	3,281	674	217	2,390	
Dec.	15,	2% bonds	701	537	--	164	
<u>1948:</u>							
Jan.	1,	7/8% certificates	3,134	1,703	638	793	
Feb.	1,	7/8% certificates	3,947	1,371*	1,523	1,053*	
Mar.	1,	7/8% certificates	2,142	1,043*	354	745*	
Mar.	15,	2% bonds	1,115	777	40	298	
Mar.	15, 2	3/4% bonds	1,223	868	101	254	

^{1/} Commercial bank figures taken from Treasury Survey for Jan. 31, 1947. Federal Reserve Bank figures are for Mar. 31, 1947.

* Estimated.

GOVERNMENT FINANCE SECTION, BOARD OF GOVERNORS

Table IV

LOANS AND INVESTMENTS AT MEMBER BANKS
(In billions of dollars)

	Dec. 31 1929 ^{1/}	Dec. 31 1945	Dec. 31 1946	Change Dec. 31, 1945 - Dec. 31, 1946	Jan. 29 1947	Feb. 26 1947
<u>Loans</u>						
1. Commercial and industrial	11.5	8.9	13.2	+ 4.3		
2. Farmers - CCC			.1	+ .1		
3. Farmers - other		.1	.8	+ .7		
4. Brokers and dealers	2.5	3.1	1.5	- 1.6		
5. Others on securities	7.7	3.4	1.5	- 1.9		
6. Real Estate - Farms	.4	.3	.4	+ .1		
Real Estate - Residential	} 2.8	2.5	3.9	+ 1.4		
Real Estate - Other		.7	1.1	+ .4		
7. Automobile installment		.2	.4	+ .2		
Other retail installment		} .2	.3	} + .4		
Repair			.3			
Installment cash		.3	.5	+ .2		
Single payment installment		1.2	1.8	+ .6		
8. All other loans	1.3	1.1	1.0	- .1		
Total loans	26.2	22.8	26.7	+ 3.9	27.0	27.3
<u>Investments</u>						
9. U. S. Gov't Securities, direct and guaranteed	3.9	78.3	63.0	-15.3	62.6	61.4
10. All other securities	5.9	6.0	6.6	+ .6	6.6	6.6
Total	9.8	84.3	69.6	-14.7	69.2	68.0
<u>Grand Total</u>	35.9	107.2	96.4	-10.8	96.2	95.3

^{1/} Not strictly comparable with classification for 1945 and 1946.

Table V

LOANS AND INVESTMENTS, WEEKLY REPORTING MEMBER BANKS
(In billions of dollars)

	Dec. 31 1946	April 9 1947
<u>Loans</u>		
1. Commercial, industrial and agricultural	10.2	11.2
2. Brokers and dealers	1.4	.8
3. Others on securities	1.1	.9
4. Real estate	1.6	1.7
5. Other	2.4	2.5
Total loans	16.7	17.1
<u>Investments</u>		
6. U. S. Government	36.0	34.3
7. Other	3.4	3.5
Total investments	39.5	37.8
<u>Grand Total</u>	56.2	54.9

Table VI
CONSUMER CREDIT
(In billions of dollars)

	Estimated Amount Outstanding				
	Dec. 31 1941	Dec. 31 1945	Dec. 31 1946	Jan. 31 1947	Feb. 28
<u>At Commercial Banks</u>					
Total	3.3	2.2	3.6	3.7	3.8
Installment	1.7	.7	1.6	1.6	1.7
Automobile	.7	.2	.5	.5	.6
Personal	.5	.3	.6	.6	.6
Other	.5	.2	.5	.5	.5
Single Payment Loans	1.6	1.5	2.0	2.1	2.1
<u>Other Lenders and Vendors</u>					
Total	6.6	4.4	6.4	6.1	5.9
Installment	4.2	1.7	2.4	2.4	2.4
Charge Accounts	1.8	2.0	3.1	2.8	2.6
Other	.6	.7	.9	.9	.9
<u>Grand Total</u>	9.9	6.6	10.0	9.8	9.7

Table VII
PROFITS OF ALL CORPORATIONS
(In billions of dollars)

Calendar year	Before tax	After tax	Tax liability
1939	6.4	4.9	1.5
1940	9.2	6.2	3.0
1944	24.1	9.8	14.3
1945	20.9	9.1	11.8
1946	19.6	11.8	7.8
4th quar- ter 1946 ^{1/}	24.5	14.7	9.8
1st quar- ter 1947 ^{1/}	25.0	15.0	10.0

^{1/} Seasonally adjusted annual rate.

Source: Department of Commerce for 1939, 1944, 1945,
Federal Reserve Board for 1946 and 1947.

Table VIII

PROJECTION FOR
GROSS NATIONAL PRODUCT, INCOME PAYMENTS AND DISPOSABLE INCOME

Seasonally adjusted annual rates
(Billions of dollars)

Item	Actual				Projections				
	1946				1947				1948
	Quarterly				Quarterly				Half
	I	II	III	IV	I	II	III	IV	I
Gross National Product	184.3	190.7	200.3	207.9	217.5	215.5	203.1	186.2	177.5
Income Payments	156.7	160.6	167.7	173.3	176.5	170.9	161.9	154.6	147.7
Disposable Income	138.0	141.6	147.7	152.7	155.6	150.8	145.8	139.1	132.7

Table IX

ALTERNATIVE PLANS FOR REDUCING
PERSONAL INCOME TAX YIELD BY 3.5 BILLION DOLLARS

(Head of family, 1 dependent)

<u>Selected Levels of Net Income before Exemption</u>	<u>Present Law</u>	<u>Knutson 1/</u>	<u>A 2/</u>	<u>B 3/</u>	<u>C 4/</u>
(Proposed Liability)					
1,600	19	15	11	--	--
2,000	95	76	57	--	--
3,000	285	228	171	143	135
4,000	485	388	333	333	335
5,000	694	555	542	523	544
10,000	2,024	1,619	1,872	1,791	1,874
20,000	6,142	4,914	5,990	5,771	5,992
50,000	24,453	19,562	24,301	23,940	21,848
100,000	62,714	50,171	62,562	62,094	56,282
200,000	147,697	118,158	147,545	147,055	147,547
500,000	407,032	341,687	406,880	406,384	406,882
(Reduction from Present Liability)					
1,600	--	4	8	19	19
2,000	--	19	38	95	95
3,000	--	57	114	142	150
4,000	--	97	152	152	150
5,000	--	139	152	171	150
10,000	--	405	152	233	150
20,000	--	1,228	152	371	150
50,000	--	4,891	152	513	150
100,000	--	12,543	152	620	150
200,000	--	29,539	152	642	150
500,000	--	65,345	152	648	150

- 1/ Knutson: Flat reduction in present liability by 20 per cent for first 250,000 dollars of tax liability and 10 per cent thereafter.
- 2/ Plan A: Reduction in first bracket rate from 20 per cent to 12 per cent without change in exemptions.
- 3/ Plan B: Increase in present exemptions of 500 dollars per person to 750 dollars, without rate changes.
- 4/ Plan C: Credit of 50 dollars per exemption against tax liability under present exemptions and rates.

Table X

PRICES OR YIELDS OF SELECTED TREASURY SECURITIES
AT PEAKS AND TROUGHS, DECEMBER 31, 1945 - APRIL 15, 1947

<u>Issue</u>	<u>Dec. 31</u> <u>1945</u>	<u>Apr. 6</u> <u>1946</u>	<u>Sept. 19</u> <u>1946</u>	<u>Nov. 29</u> <u>1946</u>	<u>Dec. 19</u> <u>1946</u>	<u>Jan. 28</u> <u>1947</u>	<u>Feb. 27</u> <u>1947</u>	<u>Apr. 1</u> <u>1947</u>	<u>Apr. 9</u> <u>1947</u>	<u>Apr. 15</u> <u>1947</u>
	<u>Yield</u>									
Six-month certificate	.84	.81	.85	.85	.84	.82	.83	.76	.76	.81
One-year certificate	.85	.81	.86	.86	.86	.86	.86	.82	.82	.84
1 3/4%, June 1948	1.05	.97	1.09	1.07	1.03	.95	.97	.94	.92	.97
	<u>Premium</u>									
2%, December 1952-54	4.12+	4.26+	2.20	2.12	2.28	3.05	2.30	3.04	3.08	3.01
2 1/2%, September 1967-72	8.27	9.17	4.21	4.29	6.00	6.10	5.27	5.27	6.00	5.19
2 1/2%, December 1967-72	1.14	6.15	1.23	1.31	2.23	3.03	2.31	3.07	3.18	3.07

Table XI

ESTIMATED CHANGES IN OWNERSHIP OF MARKETABLE PUBLIC U. S. SECURITIES DURING 1946

Quarter	Redeemed for cash				Purchases and Sales				Net change of ownership			
	Fed. Res. Banks	Com. Banks ^{1/}	Non- bank	Total	Fed. Res. Banks	Com. Banks	Non- bank	Total	Fed. Res. Banks	Com. Banks	Non- bank	Total
(In millions of dollars)												
Jan.-Mar.	- 347	-2,030	- 591	-2,968	-1,314	1,130	1,437	1,253	-1,661	- 900	846	-1,715
Apr.-June	-1,250	-3,719	-2,481	-7,450	2,432	-1,881	- 558	- 7	1,182	-5,600	-3,039	-7,457
July-Sept.	-1,575	-2,446	-1,214	-5,235	1,841	-2,154	280	- 33	266	-4,600	- 934	-5,268
Oct.-Dec.	<u>-1,379</u>	<u>-4,245</u>	<u>-2,127</u>	<u>-7,751</u>	<u>680</u>	<u>-1,555</u>	<u>901</u>	<u>26</u>	<u>- 699</u>	<u>-5,800</u>	<u>-1,226</u>	<u>-7,725</u>
Total	-4,551	-12,440	-6,413	-23,404	3,639	-4,460	2,060	1,239	- 912	-16,900	-4,353	-22,165

^{1/} Commercial bank figures are based on holdings by commercial banks reported in the Treasury Survey of Ownership, adjusted to allow for the inclusion of all commercial banks.

Table XIII

ESTIMATED EXPENDITURES, RECEIPTS AND CHANGES IN DEBT FOR FISCAL YEAR 1948
(In billions of dollars)

	Calendar 1947		Calendar 1948		Fiscal Year 1948
	3 quarter	4 quarter	1 quarter	2 quarter	
Budget Estimates					
Net Receipts	9.0	7.5	12.4	8.8	37.7
Expenditures 1/	9.8	8.9	9.0	10.2	37.9
Surplus or Deficit	- .8	-1.4	+ 3.4	- 1.4	- .2
Revised Estimates					
Net Receipts 2/	8.5	7.1	11.3	8.3	35.2
Expenditures 1/	9.1	7.9	7.8	9.1	33.9
Surplus or Deficit	- .6	- .8	+ 3.5	- .8	+ 1.3
Change in non-mark. debt	+ .6	+ .4	+ .4	+1.1	+ 2.5
Change in Tr. cash balance	-	- .4	-	-	- .4
Available for retirement of marketable debt	-	-	+3.9	+ .3	+ 4.2

1/ Including net of Trust Accounts.

2/ Allows for retention of war time excises and assumes loss of yield due to reduction amounting to 20 percent of personal income tax yield.

GOVERNMENT FINANCE SECTION, BOARD OF GOVERNORS