

Chairman Eccles

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date March 10, 1948

To Board of Governors

Subject: Estimated daily drain on

From Thomas Lee Smith

bank reserves due to Treasury operations
during March.

According to current estimates, Treasury transactions will drain a considerable amount of reserve funds from the banks during the next two weeks. As shown below, the increase in Treasury deposits at Federal Reserve Banks during this calendar week accelerates and, after allowing for retirement of 100 million dollars of bills on March 11, nearly 500 million will be drained from bank reserves in the week as a whole.

Next Monday the Treasury will make substantial payments for interest and retirement of March bonds. The decline in Treasury deposits on that day will be about 630 million, but since some of the bonds are held by the Federal Reserve, the net increase in bank reserves from Treasury transactions will amount to about 450 million. In the following days, Treasury deposits will be built up rapidly and for the remainder of that week ending the 20th there will be a total drain of about 1.4 billion dollars.

Further drain will occur in the following week, but at a reduced rate, with the total for the remainder of the month at probably 1 billion.

The Treasury's current estimates, also shown in the table indicate a slightly larger increase in balances during the ^{present} ~~next~~ week and a smaller increase in the last half of the month.

Estimated Treasury Deposits With Reserve Banks

(At end of day; in millions of dollars)

<u>Date</u>	<u>F.R.B. estimate</u>	<u>Treasury estimate</u>
March 8	759*	843
9	777	859
10	818	926
11	895	923
12	1,095	1,166
13	1,144	1,267
15	510	719
16	835	Not available
17	1,043	"
18	1,208	"
19	1,556	"
20	1,786	"
22	2,056	"
23	2,174	"
24	2,274	"
31	2,720	2,509

* Actual.

T.L.S.