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January 11, 1960

To: Federal Open Market Committee

From: Division of Research & Statistics,
Board of GovernorsSubject: Timing of Treasury
Financings in Calendar 1960

Attached are two charts showing the periods of 1960 in which the Treasury is likely to be financing. Chart I provides an estimate of the specific dates between which Treasury operations are expected to occur. Except for quarterly bill roll-overs, financing periods run from announcement to settlement dates. For the bill roll-overs they run from auction to settlement dates. In addition to the financing periods charted, there is some possibility that the Treasury will have to raise cash after mid-February and mid-August as well.

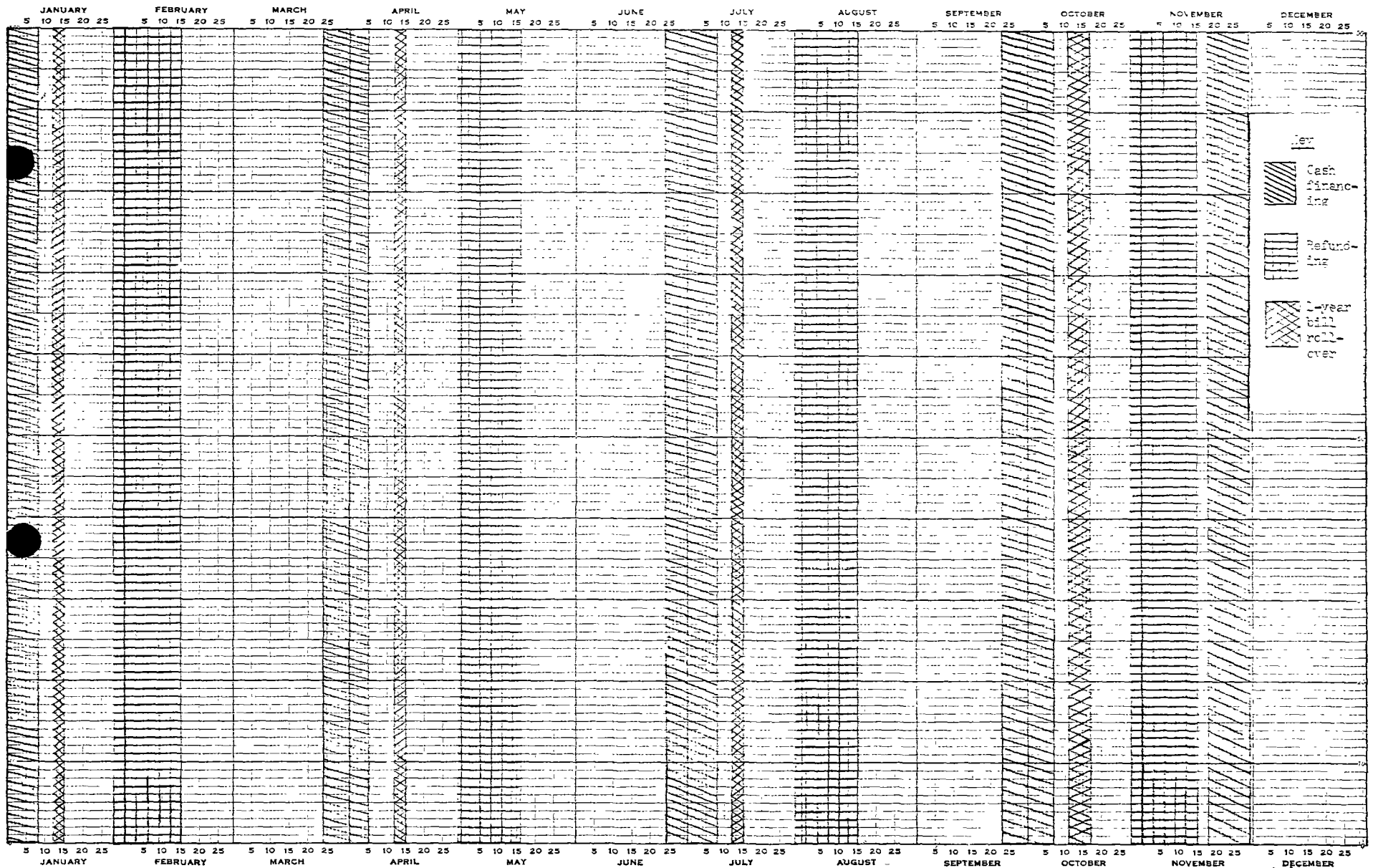
Chart II shows the periods of 1960 within which the Federal Reserve under normal policy procedures could be assumed to be maintaining an "even-keel". In this chart it is presumed that "even-keel" periods would run from one week prior to the announcement of Treasury financings to one week following payment or settlement for such operations. As the chart shows, when one applies this "even-keel" criterion to all of the prospective financings for 1960, the only open periods remaining for policy action are the weeks surrounding the March, June, September, and December tax payment dates when the money and Government securities markets are likely to be unsettled by seasonal liquidity adjustments.

Given the possible need for timely Federal Reserve action in the year ahead, rigid adherence to an "even-keel" policy in all of the prospective Treasury financings could well prove to be too restrictive a limit on Federal Reserve flexibility. Since a sizeable number of the charted financings will represent either the roll-over of outstanding bills or the sale of tax securities in anticipation of future receipts, and since the Treasury will be retiring debt on balance, it may develop that standards of an "even-keel" policy necessary in the past two years of heavy deficits will not need to be so rigidly applied this year.

Attachments

TIMING OF TREASURY FINANCINGS IN CALENDAR 1960
 Actual through January 15
 Estimated thereafter 1/

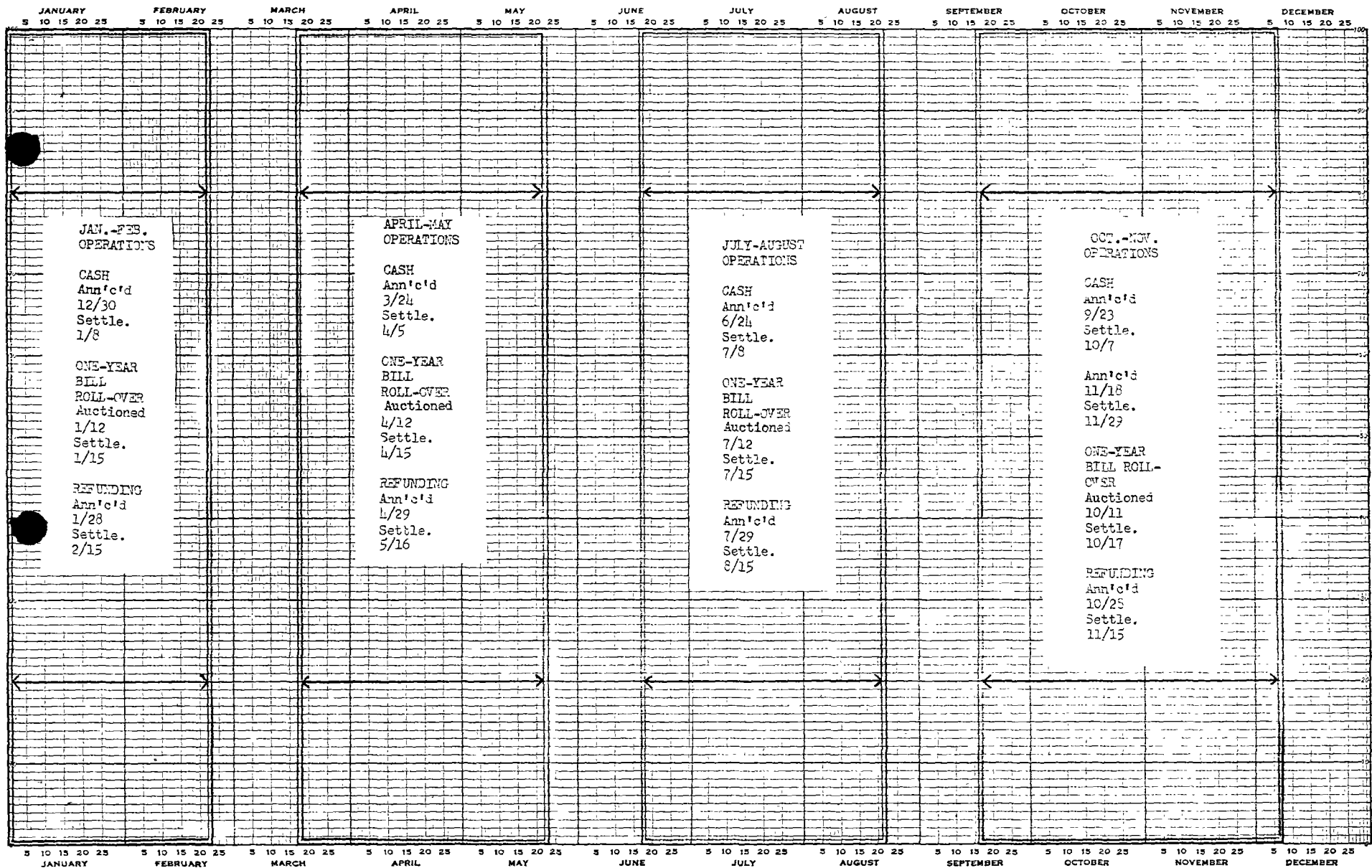
CHART I



1/ For cash and refunding operations the bars represent periods between the estimated announcement and settlement dates; for quarterly bill rollovers they are the period between auction and settlement dates.

TIMING OF TREASURY FINANCINGS IN CALENDAR 1960
 Actual through January 15
 Estimated thereafter 1/

CHART II



1/ Time periods enclosed by rectangles indicate weeks in which the Federal Reserve under normal policy procedures could be assumed to be maintaining an "even keel." It is presumed that "even keel" periods run from one week prior to the announcement of Treasury financings to one week following payment or settlement dates on such operations.