

CONFIDENTIAL

MAR - 7 1947

Honorable John W. Snyder,
Secretary of the Treasury,
Washington, D. C.

Dear John:

In response to Mr. Bartelt's request, I am transmitting to you the recommendations of the Federal Open Market Committee with respect to April financing. The Committee recommends that one billion dollars of April 1 certificates be retired, in order to continue the program of orderly debt reduction which has been so successfully followed in the recent past, and to obtain the modest interest saving involved.

Because receipts have been and appear likely to be considerably higher than had been expected, it is now estimated that the Treasury balance at the end of March will be over 5 billion dollars, including the 800 million of free gold derived from Monetary Fund transactions. It is also estimated that the balance at the end of April will be at least 3.8 billion, assuming one billion of April 1 certificates are retired, and will not be less than 3 billion on June 30 despite the expected excess of expenditures during the last quarter of the fiscal year.

It will be possible to finance the March 15 and the proposed April 1 retirements out of the Treasury balances with the Federal Reserve Banks plus a call on war loan deposits of 500 to 800 million dollars on March 15. A call of approximately this amount at this time would be desirable to reduce the easing of the money market that will result from the March 15 payment of maturing notes.

With kindest regards, I am,

Sincerely yours,

s/ Mervin

M. S. Eccles, Chairman,
Federal Open Market Committee.

SRC/mg

cc: Mr. Musgrave