

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
Division of Research and Statistics

POSITION OF REPORTING DEALERS IN GOVERNMENT SECURITIES

Since the middle of January, when the position of dealers in Government securities amounted to only 100 million dollars (excluding bills), the lowest level since 1943, their position has risen. Just preceding each of the June 1 and July 1 certificate maturities, it aggregated about 800 million dollars. As of July 22, the last date at this writing, these holdings totalled a little over 500 million dollars, which is just about the average for 1947.

As is usual, much of the fluctuation in the dealers' position results from dealer acquisition of maturing certificates, which afford the right of exchange for the new issue, and of new certificates on a when-issued basis just prior to refunding dates, and from dealer sales of the new issue just after refunding dates. Dealers were slow in riding themselves of new June and July certificates, but at the moment their holdings of these issues are said not to be excessive. Their aggregate position in certificates and notes, while not large by the standard of other years, amounts to 200 million dollars as compared with 100 million in mid-May and less than 50 million in mid-January.

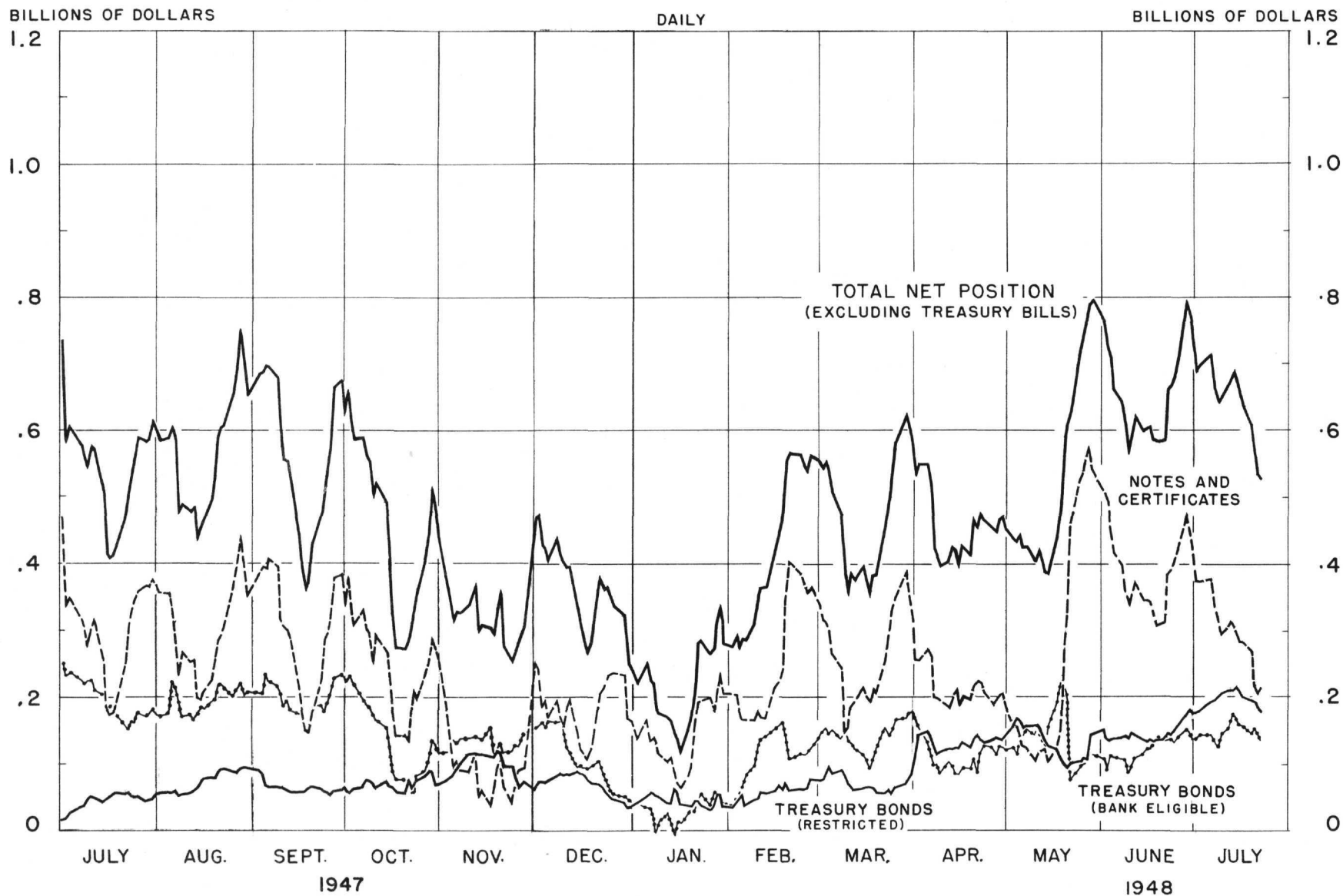
Holdings of restricted bonds have increased since the mid-January low from 50 million to the neighborhood of 200 million dollars and holdings of bank eligible bonds have increased from nothing to around 150 million dollars. The holdings of bank eligible bonds are approximately evenly divided between taxable and partially tax-exempt issues, and are mostly callable between 1 and 5 years. Neither the position in restricted nor that in eligible bonds is as large as in most recent years, although the recent position in restricted bonds is the largest since July 1946.

Much of the increase in the dealers' bond position consists of restricted bonds which the dealers have had to absorb since the termination in late May of a short period of rising prices. That price rise had followed the May 12 announcement by the Treasury that June and July certificate maturities would be refunded at 1 1/8 per cent. Within less than two weeks after the announcement, dealers' holdings of restricted and bank eligible bonds had each declined about 50 million dollars. However, dealers first sought and obtained a substantial amount of bank eligible bonds, thus contributing to the price rise, and then disposed of an even greater amount, whereas restricted bonds held by dealers declined gradually as prices rose. Between late May and mid-July, on the other hand, dealers' holdings of restricted bonds increased by 100 million dollars, more than replacing sales made during the short price rise, and their holdings of bank eligible bonds increased 50 million dollars to about the level held on May 12. Their holdings of both restricted and eligible bonds declined somewhat in the week just past, following the close on July 15 of the special offering of F and G bonds.

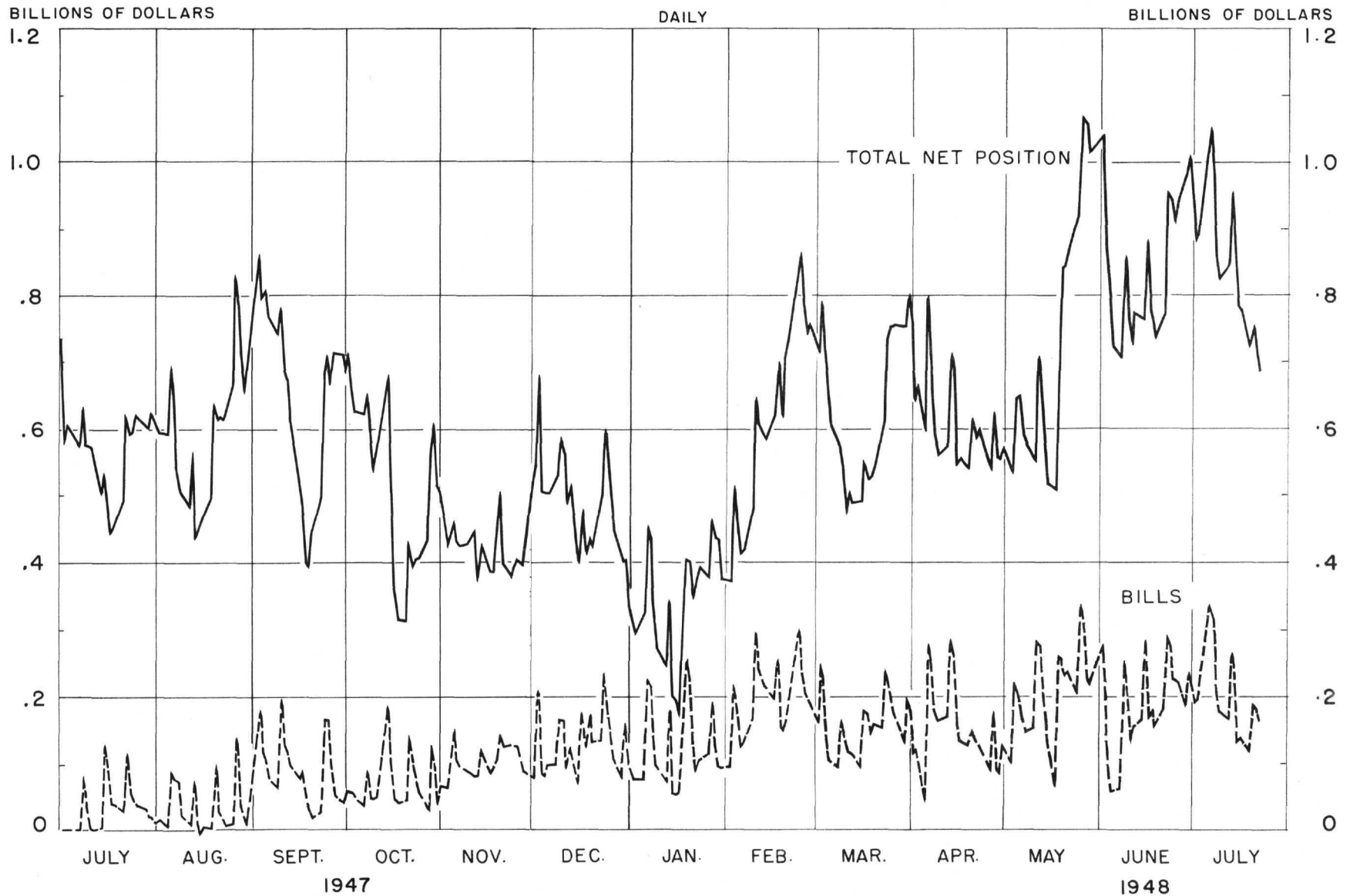
Holdings of Treasury bills oscillate sharply as dealers acquire new bills each Thursday and sell them prior to the next Thursday. There was a tendency, however, for dealers' holdings of bills to increase during May, June and the first half of July. Since the May 12 announcement these holdings have ranged between 150 million and 300 million dollars for the most part, whereas during most of the December-April period bill holdings ranged from 100 million to 200 million dollars.

Confidential

# POSITION OF REPORTING DEALERS IN GOVERNMENT SECURITIES



# POSITION OF REPORTING DEALERS IN GOVERNMENT SECURITIES



*M. Eccles*

INTEREST-BEARING DIRECT SECURITIES, ISSUES BY U. S. GOVERNMENT  
(In millions of dollars)

Issue	Total out-standing	System Account holdings			Yield or price <sup>1/</sup>		
		Total July 28	Change from		July 28	Change from	
			July 21	May 12		July 21	May 12
Treasury bills	13,360	7,735	-229	-210	2/ .995	--	-.003
Certificates:							
7/8 1948-June	--	--	--	-275	--	--	--
7/8 July "F"	--	--	--	-1,094	--	--	--
7/8 July "G"	--	--	--	-503	--	--	--
7/8 July "H"	--	--	--	-679	--	--	--
1 Oct. "J"	1,354	160	--	+ 2	.93	+ .01	-.09
1 Oct. "K"	1,467	258	--	- 6	.93	+ .01	-.09
1 1/8 1949-January	2,592	175	- 4	- 34	1.00	--	-.09
1 1/8 February	2,189	171	--	- 49	1.03	+ .01	-.06
1 1/8 March	3,553	700	- 10	+ 24	1.03	--	-.07
1 1/8 April	1,055	87	--	--	1.02	-.01	-.07
1 1/8 June	4,301	4/ 725	+ 5	+725	1.10	--	--
1 1/8 July	6,078	2,682	+ 11	+2,682	1.10	--	--
Total	22,588	4,957	+ 2	+792			
Treasury notes:							
1 1/2 Sept. 15, 1948	3,748	742	--	+ 7	.93	+ .01	-.09
1 Oct. 1, 1948	4,092	1,035	- 3	- 4	.93	+ .01	-.09
1 1/8 Jan. 1, 1949	3,535	176	- 2	- 7	1.00	--	-.09
Total	11,375	1,953	- 5	- 4			
Treasury bonds:							
Partially tax-exempt bank eligibles							
2 1/2 Sept. 1948	451	--	--	--	100.06	-.01	-.11
2 Dec. 1948-50	571	--	--	--	100.14	-.01	-.07
3 1/8 Dec. 1949-52	491	32	--	--	102.28	-.02	-.13
2 1/2 Dec. 1949-53	1,786	78	--	--	102.00	-.01	-.10
2 1/2 Sept. 1950-52	1,186	71	--	--	102.28	-.04	-.14
2 3/4 June 1951-54	1,627	86	--	--	104.13	-.02	-.15
3 Sept. 1951-55	755	20	--	--	105.16	-.02	-.12
2 1/4 Dec. 1951-53	1,118	44	--	--	103.14	-.02	-.09
2 June 1953-55	725	16	--	--	103.06	-.02	-.18
2 1/4 June 1954-56	681	3	--	--	104.16	-.06	-.22
2 7/8 Mar. 1955-60	2,611	28	--	- 3	107.27	-.09	-.23
2 3/4 Sept. 1956-59	982	21	--	--	108.16	-.08	-.18
2 3/4 June 1958-63	919	67	--	- 6	108.28	-.08	-.12
2 3/4 Dec. 1960-65	1,485	93	--	- 4	108.30	-.10	-.14
Total	15,388	559	--	- 12			

1/ Treasury bills, certificates and notes quoted on a yield basis, corresponding to the mean of the bid and ask quotation.

2/ Average rate of discount on new issue of Treasury bills.

Issue	Total out-standing	System Account holdings			Support price <sup>3/</sup> July 28	Price		
		Total July 28	Change from			July 28	Change from	
			July 21	May 12			July 21	May 12
<b>Treasury bonds:</b>								
<b>Taxable:</b>								
Bank eligibles								
1 3/4 June 1948	--	--	--	4/-119	--	--	--	--
2 June 1949-51	1,014	102	--	+ 2	100.23	100.23	--	-.04
2 Sept. 1949-51	1,292	239	--	+ 2	100.28	100.28	--	-.05
2 Dec. 1949-51	2,098	169	--	+ 2	101.00	101.00	--	-.05
2 Mar. 1950-52	1,963	135	--	+ 27	101.03	101.04	+ .01	-.04
2 Sept. 1950-52	4,939	399	--	+ 36	101.07	101.07	--	-.04
1 1/2 Dec. 1950	2,635	--	--	--	100.00	100.11	-.01	+ .01
2 Sept. 1951-53	7,986	549	--	--	101.12	101.12	-.03	-.03
2 Dec. 1951-55	510	10	--	--	101.12	101.13	-.03	-.02
2 1/2 Mar. 1952-54	1,024	55	--	--	102.31	103.02	-.03	-.10
2 June 1952-54	5,825	306	--	- 3	101.08	101.10	-.04	-.06
2 1/4 June 1952-55	1,501	78	--	--	102.04	102.04	-.05	-.07
2 Dec. 1952-54	8,662	351	--	- 9	101.04	101.10	-.05	-.05
2 1/2 Mar. 1956-58	1,449	85	--	--	102.24	103.16	-.08	-.16
2 1/4 Sept. 1956-59	3,823	337	--	- 11	101.08	101.31	-.09	-.12
2 1/2 Sept. 1967-72	2,716	169	--	- 12	101.00	101.16	-.09	-.15
<b>Total</b>	<b>47,437</b>	<b>2,984</b>	<b>--</b>	<b>- 85</b>				
<b>Restricted bonds:</b>								
<b>Callable</b>								
2 1/4 June 1959-62	5,284	438	+ 13	+ 45	100.00	100.00	--	-.03
2 1/4 Dec. 1959-62	3,470	534	+ 14	+ 47	100.00	100.00	--	-.13
2 1/2 June 1962-67	2,118	117	--	--	101.08	101.12	-.04	-.07
2 1/2 Dec. 1963-68	2,831	162	--	--	101.00	101.00	-.03	-.06
2 1/2 June 1964-69	3,761	76	--	--	100.24	100.24	-.01	-.04
2 1/2 Dec. 1964-69	3,838	95	+ 10	+ 16	100.24	100.24	--	-.03
2 1/2 Mar. 1965-70	5,197	208	+ 18	+ 38	100.24	100.24	--	-.01
2 1/2 Mar. 1966-71	3,481	31	--	--	100.16	100.16	-.01	-.06
2 1/2 June 1967-72	7,967	420	+ 19	+ 110	100.08	100.08	--	-.03
2 1/2 Dec. 1967-72	11,689	941	+ 41	+ 124	100.08	100.08	--	-.03
<b>Total</b>	<b>49,636</b>	<b>3,021</b>	<b>+115</b>	<b>+380</b>				
<b>Total bonds</b>	<b>112,461</b>	<b>6,564</b>	<b>+115</b>	<b>+283</b>				
<b>Total issues</b>	<b>159,784</b>	<b>21,209</b>	<b>-116</b>	<b>+861</b>				

**Note:** Figures do not necessarily add exactly, due to rounding.

<sup>3/</sup> Necessary adjustments in the support prices of shorter-term issues with the passage of time are made by the New York Reserve Bank. The support prices for issues callable after December 1950, which were established December 24, 1947, are unchanged, and are no longer consistent with the pattern of yields established at that time, **except for the 2 1/2 per cent March 1952-54 issue which changed from 103.04 to 102.31 on July 9.** \$119,014,000 of 1 3/4 per cent June 1948 bonds were exchanged for 1 1/8 per cent June 1949 certificates.

CHANGE IN HOLDINGS: SYSTEM AND TREASURY ACCOUNTS

(In millions of dollars)

July 29, 1948

Period	System Account										Treasury Accounts		
	Bills		Certificates		Notes	Bonds		Total System			Bonds		Total
	In mkt.	Redemptions	In mkt.	Redemptions	In mkt.	Eligible in mkt.	Restricted in mkt.	In mkt.	Redemptions	Change in holdings	Eligible in mkt.	Restricted in mkt.	Treasury in mkt.
May 27 - June 2	+ 77	--	<sup>2/</sup> +114	--	+ 11	<sup>2/</sup> - 140	--	+ 92	--	+ 91	--	--	--
June 3 - 9	- 338	--	+ 20	--	- 15	- 1	--	-334	--	- 334	--	--	--
10 - 16	+ 306	--	+108	--	- 8	- 5	--	+401	--	+ 400	+ 1	--	+ 1
17 - 23	+ 155	--	+108	--	--	--	- 2	+261	--	+ 261	--	--	--
24 - 30	+ 181	--	+111	--	+ 33	+ 7	+ 24	+356	--	+ 356	--	--	--
July 1 - 7	+ 12	- 100	+263	--	- 10	+ 3	+ 2	+270	- 100	+ 169	--	--	--
8 - 14	- 77	- 100	+ 53	--	--	- 6	+ 117	+ 87	- 100	- 14	--	+ 1	+ 1
15 - 21	- 248	- 100	+ 24	--	--	- 3	+ 131	- 96	- 100	- 195	--	--	--
22 - 28	- 129	- 100	+ 2	--	- 5	--	+ 115	- 17	- 100	- 116	--	--	--
Dec. 24, 1947 - May 12, 1948	-2,512	-1,300	-306	-2,405	+456	<sup>3/</sup> +2,246	+2,609	+2,609	-3,880	-1,385	- 37	+290	<sup>1/</sup> +253
Dec. 24, 1947 - July 28, 1948	-2,321	-1,700	<sup>3/</sup> +487	-2,405	+452	<sup>3/</sup> +2,149	+2,989	+3,756	-4,280	- 521	- 61	+298	<sup>1/</sup> +237
1948 - January	-1,424	- 300	-515	- 400	+ 66	+ 579	+1,359	+ 65	- 700	- 635	--	--	--
February	- 98	- 400	+123	-1,614	+192	+ 269	+ 628	+1,114	-2,014	- 901	--	+175	+175
March	+ 140	- 500	+375	- 285	+149	<sup>3/</sup> - 115	+ 99	+648	- 785	- 137	--	+104	+104
April	- 781	- 100	-140	- 106	+ 79	+ 497	--	-345	- 206	- 547	- 24	+ 11	- 13
May	+ 272	--	- 96	--	- 5	+ 158	- 7	+322	--	+ 323	- 35	+ 7	- 28
June	+ 331	--	<sup>3/</sup> +476	--	+ 10	<sup>3/</sup> - 135	+ 22	+704	--	+ 704	+ 1	--	+ 1

Note: Figures do not necessarily add exactly, due to rounding.

<sup>1/</sup> Excludes purchase of 1 million dollars of certificates on May 5, 1948.

<sup>2/</sup> Includes exchange of 119 million dollars of June 15, 1948 bonds for June 1, 1949 certificates.

<sup>3/</sup> All in market except for redemptions of 175 million dollars of bonds on March 15, 1948 and exchange of 119 million dollars of bonds for certificates on June 1, 1948.