

Confidential

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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Board of Governors

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First and Second
War Loan Drives

A total of 18.5 billion dollars was raised in the Second War Loan drive--13.5 billion dollars from nonbank sources and 5 billion dollars from commercial banks. The figure for commercial banks is an understatement, however, since it appears that commercial banks purchased during the drive over 1.5 billion dollars of securities from insurance companies, mutual savings banks, and other investors. Since the close of the drive commercial banks have purchased a large part of dealers' subscriptions. The attached table shows the breakdown of the figures for the drive by classes of investors and by issues, and the first two of the attached charts give a comparison of the results of the first and second drives.

Individuals purchased 3.3 billion dollars in April compared with a goal of 2.5 billion and sales to individuals in December of 1.6 billion. Sales of series E savings bonds amounted to 1.5 billion dollars in April, about twice as much as in December. The distribution to individuals by classes of securities was as follows:

	(In millions of dollars)	
	April	December
Series E savings bonds	1,473	726
Series F & G savings bonds	425	222
Tax notes	132	188
2½% bonds	540	253
2% bonds	472	---
1 3/4% bonds	---	82
7/8% certificates	246	118
	<u>3,290</u>	<u>1,589</u>

Subscriptions by insurance companies amounted to 2.4 billion dollars in April compared with 1.7 billion in December and by savings banks to 1.2 billion in April compared with .6 billion in December. Both insurance companies and mutual savings banks were large sellers to commercial banks of outstanding issues during the drive. Their subscriptions were largely in the 2½ per cent and 2 per cent bonds. Other corporations subscribed to 5.7 billion dollars in April compared with 2.8 billion in December. Subscriptions by other corporations were largely in certificates and tax notes, although they subscribed to 700 million dollars of 2½ per

cent bonds and 900 million of 2 per cent bonds in April, compared with 350 million of $2\frac{1}{2}$ per cent bonds and 300 million of $1\frac{3}{4}$ per cent bonds in December.

Dealers and brokers purchased 544 million dollars of the 2 per cent bonds and $7/8$ per cent certificates in April. Subscriptions of dealers and brokers that were sold to nonbank investors during the drive were allocated to the various classes of investors and credited to the District quotas. These allocations amounted to about 350 million dollars. In December dealers and brokers purchased 881 million dollars including 115 million of the $2\frac{1}{2}$ per cent bonds. The amount sold to nonbank investors during the December drive by dealers and brokers is not known. Government agencies and trust funds purchased 391 million dollars in April and 263 million in December.

Total sales of certificates to nonbank investors and commercial banks in April amounted to 5.2 billion dollars compared with 3.8 billion in December. Sales of the 2 per cent bonds totaled 4.9 billion dollars compared with 3.1 billion of $1\frac{3}{4}$ per cent bonds in December. Sales of the $2\frac{1}{2}$ per cent bonds amounted to 3.8 billion in April against 2.8 billion in December.

Charts and a table are also attached showing the results of the drive by Federal Reserve Districts. All districts exceeded their nonbank quotas. The percentages ranged from 124 per cent of the quota in San Francisco to 179 per cent in Atlanta. All districts, except Boston, exceeded their quotas for individuals by percentages ranging from 121 per cent in San Francisco to nearly 200 per cent in Dallas. Boston achieved 83 per cent of the goal.

Prior to the next drive it will be necessary to give further study to the question of quotas, since some of the differences by districts are no doubt due to the quotas rather than to the relative efforts of the selling organizations or response of the people and organizations in the districts. The following table is of interest in this connection. The first two columns show the amount and per cent of total sales to nonbank investors by districts, and the second two columns show the quotas. Sales in the New York district of 4.9 billion dollars amounted to 38.8 per cent of the total for all districts. New York's quota of 3 billion dollars constituted 37.5 per cent of the total. Performance in the majority of the districts was fairly close percentagewise to the quotas. The largest difference was in the San Francisco district where performance constituted 6.7 per cent of the total against a quota of 8.4 per cent.

F R District	Sales to nonbank investors		Quotas	
	Amount *	Per cent of total	Amount*	Per cent of total
Boston	1,099	8.8	800	10.0
New York	4,856	38.8	3,000	37.5
Philadelphia	645	5.2	475	5.9
Cleveland	972	7.8	550	6.9
Richmond	588	4.7	350	4.4
Atlanta	448	3.6	250	3.1
Chicago	1,705	13.6	1,050	13.1
St. Louis	406	3.2	250	3.1
Minneapolis	296	2.4	175	2.2
Kansas City	338	2.7	225	2.8
Dallas	333	2.7	200	2.5
San Francisco	835	6.7	675	8.4
Total	12,521	100.0	8,000	100.0

* In millions of dollars

**Analysis of Subscriptions to Securities Offered During Second War Loan
By Classes of Investors and By Issues**

Class of investor	Amount of subscriptions - In millions of dollars							Total
	Savings bonds		Tax notes- Series C	2-1/2% bonds 1964-9	2% bonds 1950-2	7/8% Certif- icates	Bills 1/	
	Series E	Series F and G						
I. Nonbanking investors:								
(a) Individuals, partnerships, and personal trust accounts.....	1,473	425	132	540	472	246	-	3,290
(b) Insurance companies.....	-	-	-	1,582	703	123	-	2,408
(c) Savings banks.....	-	-	-	550	539	105	-	1,195
(d) Eleemosynary institutions.....	-	-	-	35	41	41	-	117
(e) State and local governments.....	-	-	-	181	82	241	-	503
(f) Other corporations and associations	-	242	1,520	504	789	1,983	-	5,038
(g) Subtotal - all nonbanking investors	1,473	667	1,652	3,392	2,626	2,738	-	12,550
II. Banking sources (allotments only).....	-	-	-	-	2,110	2,138	800	5,048
III. Other sources:								
(a) Dealers and brokers 2/.....	-	-	-	-	139	355	-	544
(b) U. S. Government agencies and trust funds.....	-	-	-	369	10	13	-	391
IV. Total - all investors.....	1,473	667	1,652	3,761	4,935	5,244	800	18,533

May 10, 1943.

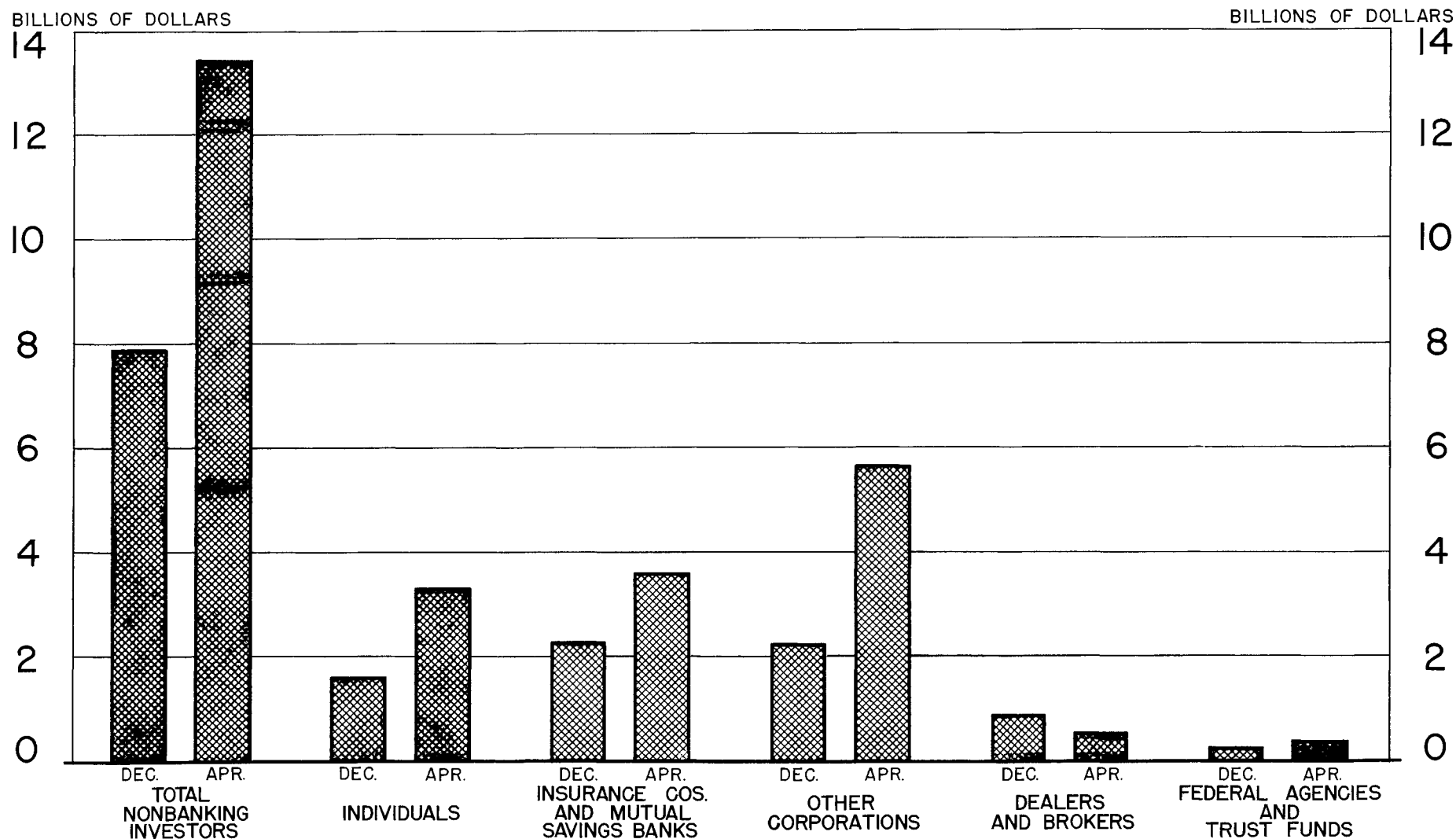
Note: Classifications are preliminary and some figures are partly estimated. Figures are rounded and do not necessarily add to totals.

1/ Net increase in amount outstanding during month only.

2/ Excluding the amounts distributed or earmarked for distribution to nonbanking investors. These have been redistributed among the appropriate nonbanking investor classes.

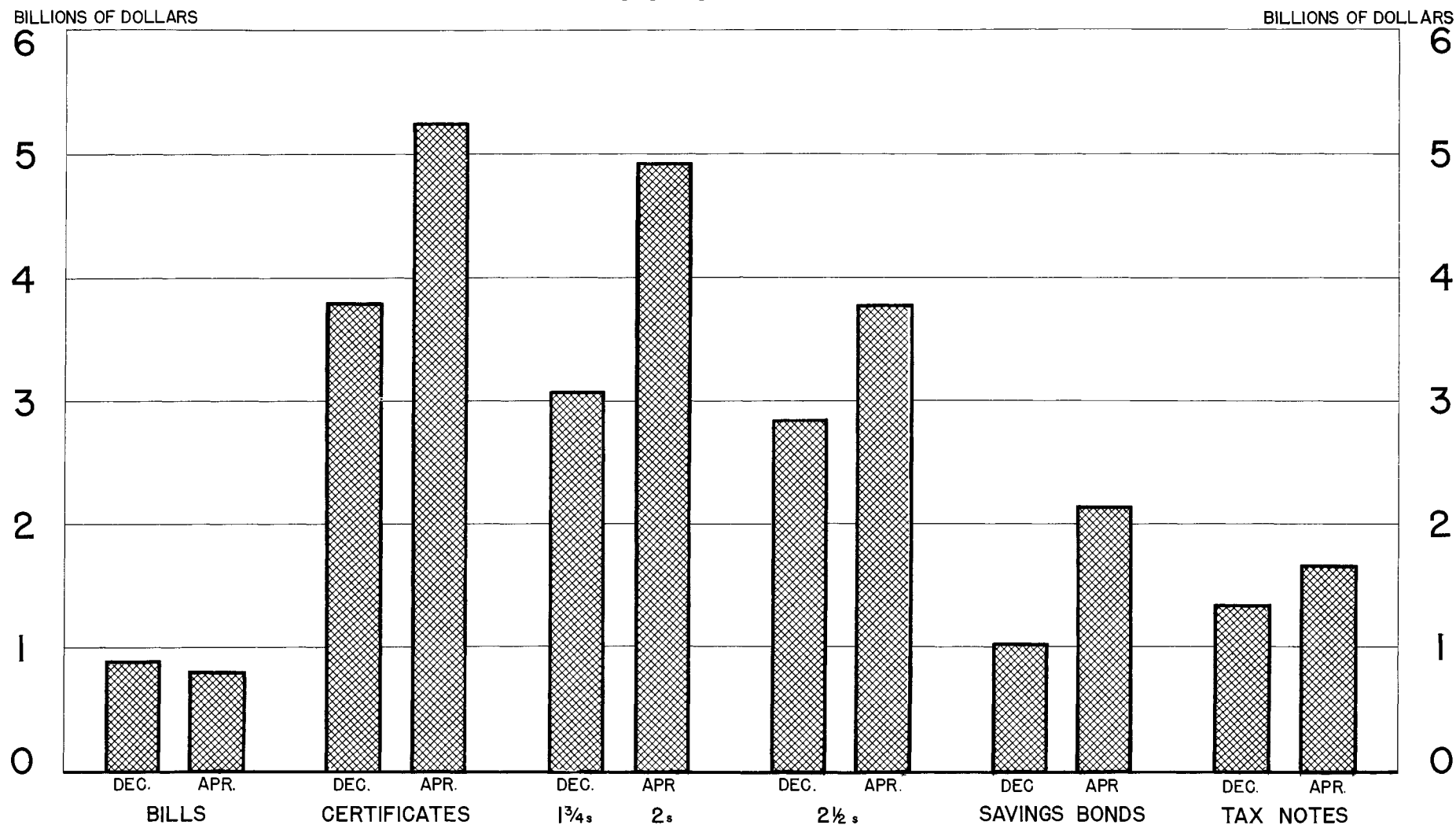
FIRST AND SECOND WAR LOAN DRIVES

BY CLASSES OF INVESTORS



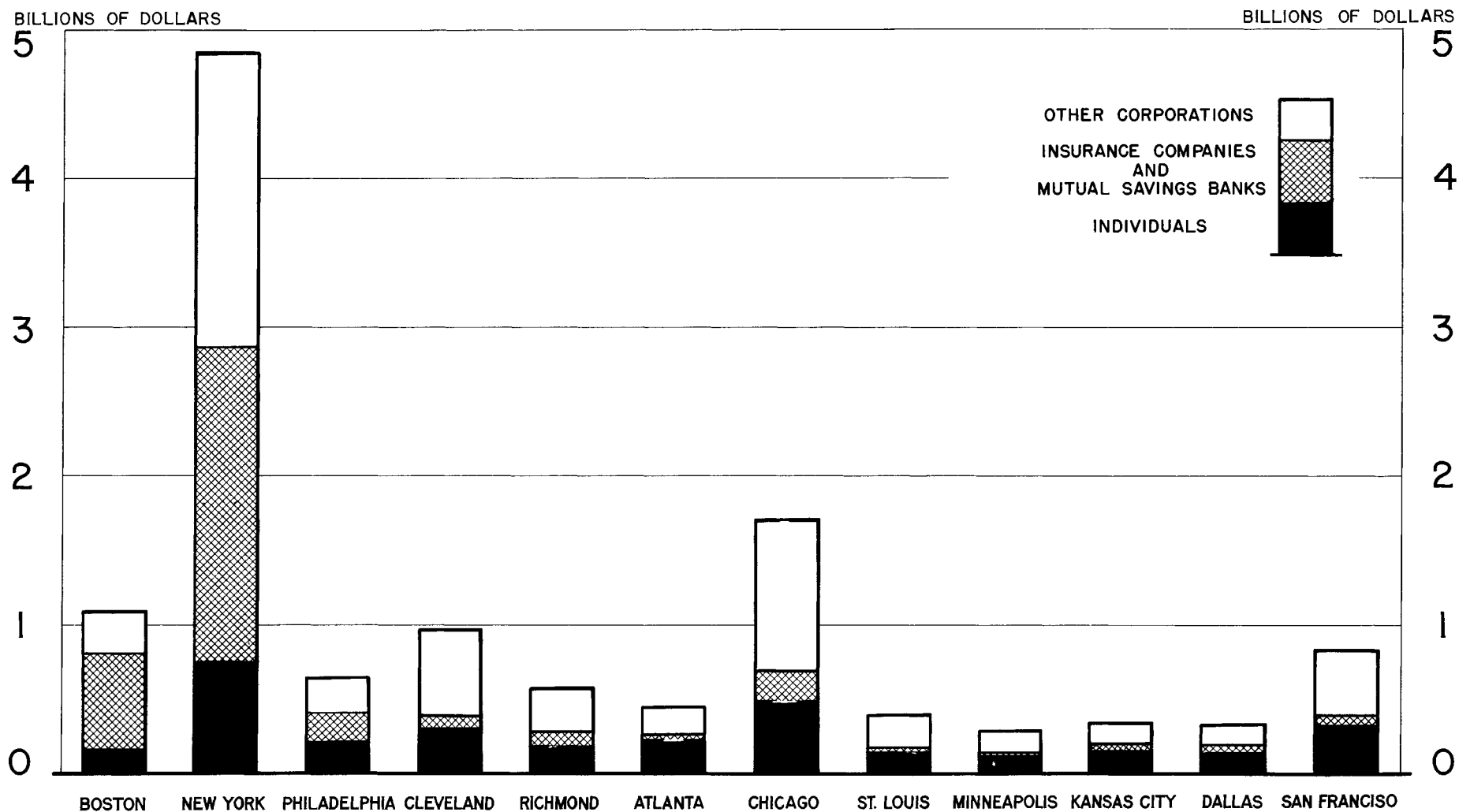
FIRST AND SECOND WAR LOAN DRIVES

BY CLASSES OF SECURITIES



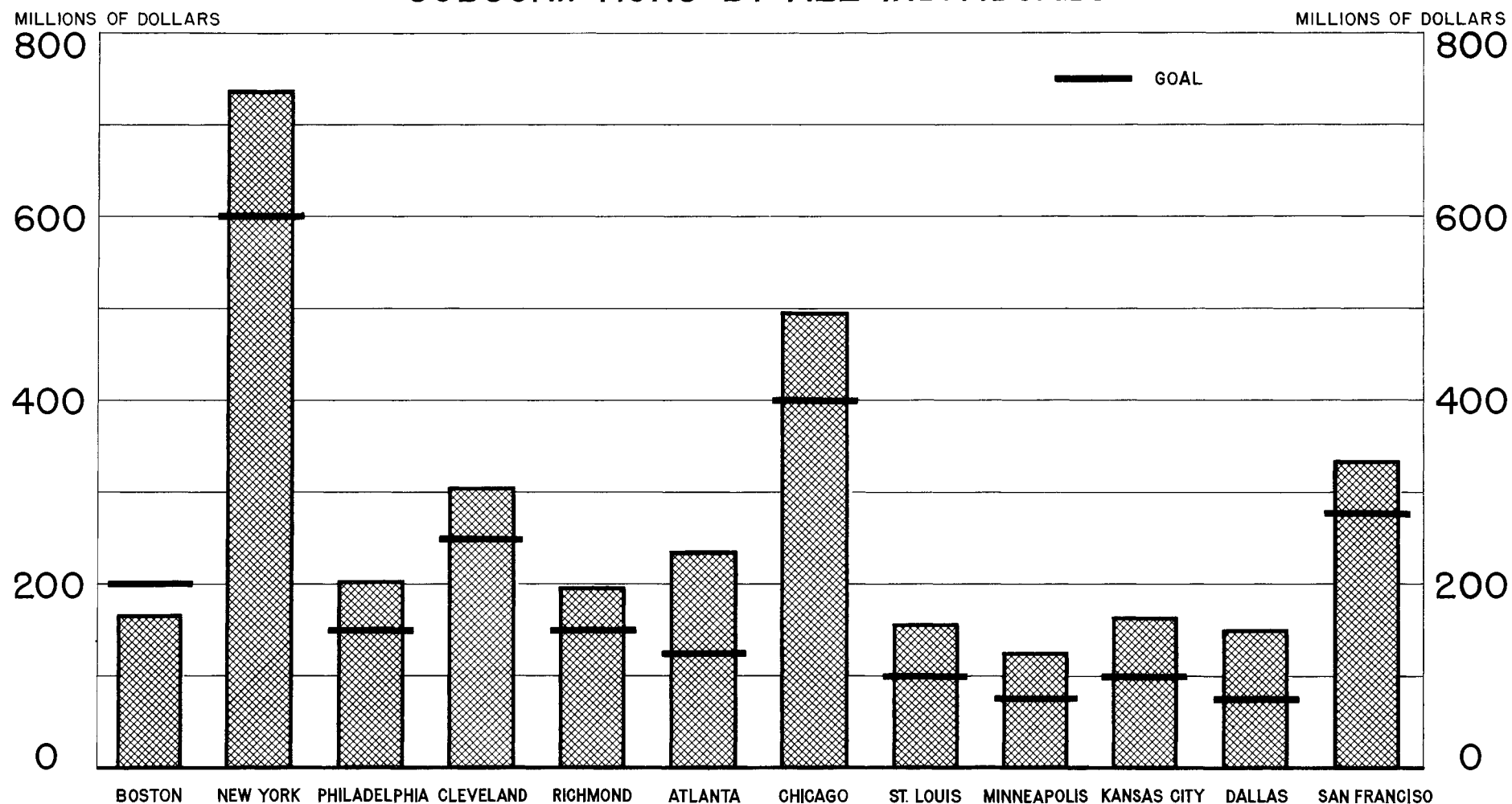
SECOND WAR LOAN DRIVE

SUBSCRIPTIONS BY ALL NONBANK INVESTORS



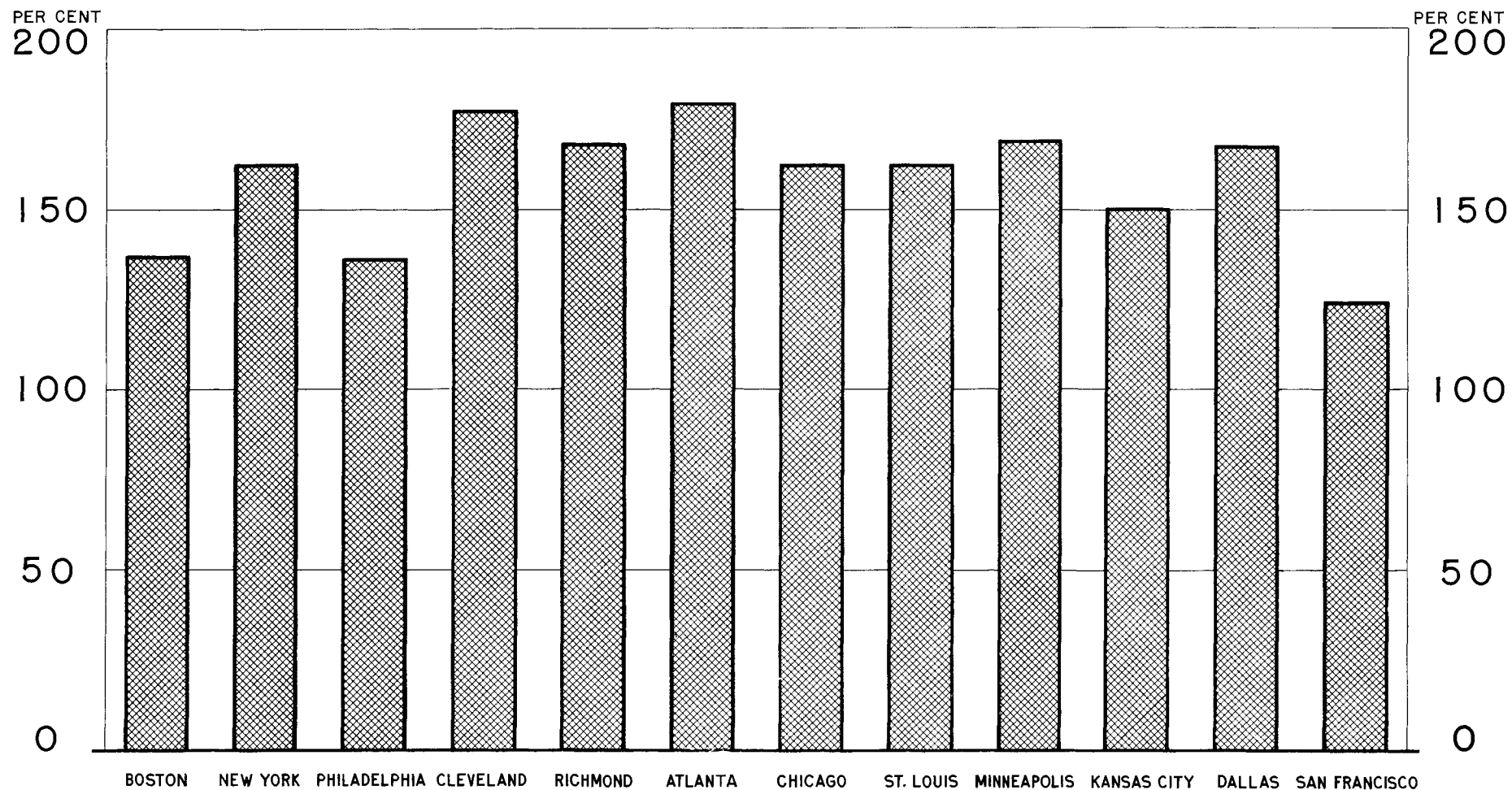
SECOND WAR LOAN DRIVE

SUBSCRIPTIONS BY ALL INDIVIDUALS



SECOND WAR LOAN DRIVE

PER CENT OF NONBANK GOAL ACHIEVED



Comparison of the Subscriptions to Securities Offered
During Second War Loan with the Goals Set for These Subscriptions
By Major Classes of Investors and By Federal Reserve Districts

District	Amounts in millions of dollars												Percent of goal accomplished			
	Nonbanking investors						Banking sources		Other sources 1/		Grand total		Individuals, partnerships and personal trust accounts	Corporations and associations	Subtotal - all non-banking sources	Grand total - all investors
	Individuals, partnerships and personal trusts		Corporations and associations		Subtotal for all nonbanking investors											
	Subscriptions	Goal	Subscriptions	Goal	Subscriptions	Goal	Allotments	Goal	Subscriptions	Goal	Subscriptions	Goal				
Boston.....	166	200	933	600	1,099	800	-	-	-	-	-	-	83	156	137	-
New York.....	737	600	4,119	2,400	4,856	3,000	-	-	-	-	-	-	123	172	162	-
Philadelphia...	202	150	444	325	645	475	-	-	-	-	-	-	135	137	136	-
Cleveland.....	304	250	668	300	972	550	-	-	-	-	-	-	122	223	177	-
Richmond.....	195	150	393	200	588	350	-	-	-	-	-	-	130	197	168	-
Atlanta.....	236	125	211	125	448	250	-	-	-	-	-	-	189	169	179	-
Chicago.....	495	400	1,210	650	1,705	1,050	-	-	-	-	-	-	124	186	162	-
St. Louis.....	155	100	251	150	406	250	-	-	-	-	-	-	155	167	162	-
Minneapolis....	126	75	170	100	296	175	-	-	-	-	-	-	168	170	169	-
Kansas City....	163	100	175	125	338	225	-	-	-	-	-	-	163	140	150	-
Dallas.....	149	75	183	125	333	200	-	-	-	-	-	-	199	146	167	-
San Francisco..	333	275	502	400	835	675	-	-	-	-	-	-	121	126	124	-
Unallocated....	29	-	-	-	29	-	5,048	5,000	935	-	6,012	-	-	-	-	-
Total.....	3,290	2,500	9,259	5,500	12,550	8,000	5,048	5,000	935	-	18,533	13,000	132	168	157	143

May 10, 1943.

Note: Classifications are preliminary and some figures are partly estimated. Figures are rounded and do not necessarily add to totals.

^{1/} Consists of U. S. Government agencies and trust funds and those subscriptions of dealers and brokers not distributed or earmarked for nonbanking investors.