

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date February 4, 1947

To Chairman Eccles

Subject: Forthcoming refunding operation

From Mr. Knapp

by the Commonwealth of Australia

As stated in the attached letter, Mr. Henry Morgan of Morgan Stanley and Company called me on Thursday last to inform me of the registration of a new issue of Australian Government securities which will be offered in this market on February 19. I thanked Mr. Morgan for his courtesy in calling us and he promised to keep me informed of any further issues which may be handled by his Company. I understand that he is also keeping the other agencies represented on the National Advisory Council similarly informed.

You may be interested in a brief review of the Australian re-financing program. The Australian Government has been making a series of new issues in this market to refund 4-1/2, 5, and 6 per cent issues of the Commonwealth of Australia and certain Australian States. These new issues, of which the present one is the third, have been as follows:

August 1946 --20 million dollars, 10-year 3-1/4 per cent
bonds offered at 100, now selling at 101-3/4;

December 1946--25 million dollars, 20-year 3-1/2 per cent
bonds offered at 98-1/2, now selling at 99-1/4;

February 1947--45 million dollars, 15-year 3-3/8 per cent
bonds to be offered February 19, 1947 at a
price yet to be determined (probably at par).

I understand that a fourth refunding operation may be undertaken when 35 million dollars of Australian Government 5 per cent bonds become callable on September 1 of this year.

Attachment

MORGAN STANLEY & CO.

Two Wall Street

New York 5

New York, January 30, 1947

Dear Mr. Eccles:

When I called on you in Washington in December to advise you of a forthcoming refunding operation by the Commonwealth of Australia, you suggested that in future instances of that kind we should notify Mr. Burke Knapp of the staff of the N.A.C.

Following your suggestion, this morning I telephoned Mr. Knapp and advised him that we were today placing in registration an issue of \$45,000,000. Commonwealth of Australia 3 3/8% Fifteen-Year Bonds due February 1, 1962, the proceeds to refund approximately \$45,000,000. Commonwealth of Australia 4 1/2% Bonds due 1956 and callable at par on May 1, 1947. The proposed public offering date is to be February 19, 1947. Mr. Knapp told me that he would advise you of this and thanked me for the information.

I am merely writing to confirm that we are following the procedure you suggested in such cases.

Yours very truly,



Hon. Marriner S. Eccles,
Chairman of the Board of Governors,
Federal Reserve System,
Washington 25, D. C.