

CONFIDENTIALBOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEMR&S 100-914
March 30, 1944

Board of Governors

Changes in System portfolio

L. M. Piser

As shown by the following table, the increase in the System's holdings of Government securities has been 1.1 billion dollars since February 9, the lowest point reached in the System's holdings during the fourth drive. This increase compares with a total of 3.1 billion dollars between the third and fourth drives and a decline of 900 million dollars during the fourth drive. The recent increase has been divided between 800 million dollars in bills and 300 million in certificates, with other changes negligible except for the conversion of bonds and guaranteeds into notes on March 15. The proportion of bills to certificates, therefore, has been somewhat larger than in the whole period between the third and fourth drives, but this proportion is likely to decline as holdings of bills by commercial banks reach the lowest levels that they wish to carry.

The attached chart shows changes in holdings of selected issues that have varied considerably since the third drive. Holdings of April and May certificates increased sharply earlier in the period and showed no increase after these issues began to be traded on a rights basis. Increases in August, September, and October certificates have been large recently.

The principal changes in notes have been sales of the new March 1 notes and shifts out of the tax-exempt March 1945 notes into the taxable September 1944 notes. In bonds, the System purchased some of the 2 1/2 per cent issues prior to and during the drive in support of this market and purchased the June 1948 bonds early in March in support of the new 1 1/2 per cent notes. The System sold the September 1951-53 bonds on a considerable demand, principally during the fourth drive.

	<u>Oct. 20 to Jan. 26</u>	<u>Jan. 26 to Feb. 9</u>	<u>Feb. 9 to Mar. 1</u>	<u>Mar. 1 to Mar. 22</u>
	(In millions of dollars)			
Treasury bills	+1,845	-1,061	+374	+405
Certificates	+1,179	-90	+109	+188
Notes	-23	+255	-39	+277
Bonds	+63	+36	+11	-168
Guanteeds	+47	+2	--	-84
Total	+3,112	-857	+455	+618

FEDERAL RESERVE SYSTEM HOLDINGS OF SELECTED ISSUES

MILLIONS OF DOLLARS

WEDNESDAY FIGURES

MILLIONS OF DOLLARS

