

To: Chairman Eccles

December 14, 1945

From: L. M. Piser

Subject: Distribution of
U. S. Government debt

The following, together with the attached table, provides the information that you requested on the phone this morning:

1. Borrowings from the Federal Reserve Banks reached a peak of 794 million dollars on November 28 and declined to 314 million on December 12.

2. Loans on Government securities by reporting member banks to dealers reached a peak of 1.7 billion dollars on December 5, an increase of about 500 million over the low point reached on October 17. It is likely that this figure increased further during the week of December 12. Loans on Governments by reporting member banks to others reached a peak of 2.5 billion dollars on December 5, an increase of 1.6 billion from the low point reached on November 7. It is likely that this figure increased slightly further during the week of December 12.

3. Federal Reserve holdings of Government securities increased by 4.6 billion dollars in 1945 through December 12. The growth in money in circulation necessitated an increase of 3.1 billion dollars and the growth in required reserves an increase of 1.8 billion.

4. In 1945 through December 5, the increase in Government security holdings by reporting member banks totaled 4.8 billion dollars. All of this increase was in bonds; an increase in certificates and notes was offset by a decrease in bills and guaranteed securities. Figures from the Treasury survey, which are available through the end of September, show that the trend toward increased holdings of bonds was even more pronounced in the smaller banks.

5. It is estimated that the increase in holdings by all commercial banks for the calendar year as a whole will total 14 billion dollars. Including 5 billion dollars for the Federal Reserve Banks, the total increase for the banking system is estimated at 19 billion.

Attachment.



DISTRIBUTION OF U. S. GOVERNMENT DEBT ON NOVEMBER 30, 1945

(In billions of dollars)

<u>By kind of securities</u>		<u>By class of investors</u>	
Total	<u>263.4</u>	Total	<u>263.4</u>
Treasury bills	17.0	Federal Reserve Banks	23.5
Certificates	35.0	Commercial banks	86.1
Treasury notes	23.5	Mutual savings banks	10.0
Postal savings, etc.	.2	Insurance companies	22.4
Treasury bonds maturing in:		Federal agencies and trust funds	26.8
Less than 5 years	8.2	Individuals	60.8
5-10 years	49.2	Corporations	28.6
10-20 years	16.9	State and local governments	<u>5.2</u>
Over 20 years	35.1		
Savings bonds	47.5		
Savings notes	9.1		
Depositary bonds	.5		
Special issues	20.7		
Guaranteed securities	<u>.5</u>		