

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date January 26, 1948

To Chairman Eccles

Subject: _____

From Thomas Lee Smith

T. L. S.

In a conversation with Mr. Bartelt on another matter last Friday, he remarked that he had not been notified officially concerning the cash redemption of Federal Reserve held February 1 certificates. I told him that since both the Treasury and we estimate that funds will be sufficient, I felt sure that the System would turn in its entire holdings of February 1 certificates for cash. I stated that a memorandum would be submitted notifying the Treasury officially concerning this matter and other recommendations with respect to Treasury financing.

Since Mr. Bartelt probably needs to know at once, will you or shall I notify him officially in advance of the memorandum?

*Saluted to
Bartelt*

January 29, 1948

PRICES AND YIELDS OF TAXABLE U. S. TREASURY BONDS

			Dealers' Bid Prices (in 32nds)			Yields	
			Support	High			
			12/23/47	12/24/47 ^{1/}	12/23/47	1/28/48	1/28/48
<u>Bank-eligible bonds:</u>							
2	%	3/15/48-50	100.7	--	100.6	100.3	1.00
1	3/4%	6/15/48	100.10	--	100.10	100.8	1.00
2	%	6/15/49-51	101.5	101.4 ^{1/}	101.8	101.3	1.17
2	%	9/15/49-51	101.6	101.4	101.9	101.4	1.28
2	%	12/15/49-51	101.9	101.8	101.13	101.8	1.31
2	%	3/15/50-52	101.11	101.12	101.17	101.12	1.33
2	%	9/15/50-52	101.15	101.12	101.20	101.12	1.45
1	1/2%	12/15/50	100.15	100.0 ^{1/}	100.17	100.11	1.37
2	%	9/15/51-53	101.19	101.12	101.16	101.12	1.60
2	%	12/15/51-55	101.24	101.12	101.17	101.12	1.62
2	1/2%	3/15/52-54	103.21	103.4	103.10	103.4	1.70
2	%	6/15/52-54	101.23	101.8	101.15	101.8	1.70
2	1/4%	6/15/52-55	102.22	102.4	102.10	102.4	1.74
2	%	12/15/52-54	101.27	101.4	101.15	101.4	1.75
2	1/2%	3/15/56-58	105.1	102.24	103.10	102.25	2.12
2	1/4%	9/15/56-59	103.11	101.8	101.20	101.8	2.09
2	1/2%	9/15/67-72	103.7	101.0	101.11	101.0	2.43
<u>Restricted bonds:</u>							
2	1/4%	6/15/59-62	100.13	100.0	100.0	100.0	2.25
2	1/4%	12/15/59-62	100.13	100.0	100.0	100.0	2.25
2	1/2%	6/15/62-67	102.20	101.8	101.10	101.8	2.39
2	1/2%	12/15/63-68	102.6	101.0	101.1	101.0	2.42
2	1/2%	6/15/64-69	101.28	100.24	100.26	100.24	2.44
2	1/2%	12/15/64-69	101.26	100.24	100.25	100.24	2.44
2	1/2%	3/15/65-70	101.25	100.24	100.24	100.24	2.44
2	1/2%	3/15/66-71	101.24	100.16	100.18	100.16	2.46
2	1/2%	6/15/67-72	101.0	100.8	100.8	100.8	2.48
2	1/2%	12/15/67-72	101.0	100.8	100.8	100.8	2.48

^{1/} These data correspond with dealers' bid prices on 12/24/47, and represent price lows since 12/23/47, except for the 1 1/2% of 12/15/50 and the 2% of 6/15/49-51. The dealers' bid price for 1 1/2% on 12/24/47 was 100.5, and the 2% has since declined to 101.3.

PRICES AND YIELDS OF PARTIALLY TAX-EXEMPT U.S. TREASURY BONDS

		Dealers' Bid Prices (in 32nds)				Yields 1/28/48		
		Low		High		Actual	Computed ^{1/}	
		since	since	since	1/28/48			
		12/23/47	12/23/47	12/23/47	1/28/48			
2	3/4%	3/15/48-51	100.13	100.7	100.13	100.7	.76	1.05
2	1/2%	9/15/48	101.6	101.0	101.5	101.0	.85	1.18
2	%	12/15/48-50	101.3	100.31	101.2	100.31	.85	1.18
3	1/8%	12/15/49-52	103.31	103.24	103.28	103.24	1.07	1.48
2	1/2%	12/15/49-53	102.23	102.18	102.21	102.18	1.10	1.53
2	1/2%	9/15/50-52	103.19	103.9	103.14	103.9	1.20	1.66
2	3/4%	6/15/51-54	105.4	104.18	104.28	104.18	1.34	1.86
3	%	9/15/51-55	106.12	105.21	106.2	105.21	1.238	1.91
2	1/4%	12/15/51-53	103.29	103.09.9	103.20	103.9	1.36	1.89
2	%	6/15/53-55	103.23	102.12	103.0	102.20	1.47	2.04
2	1/4%	6/15/54-56	105.18	103.18	104.8	103.18	1.64	2.27
2	7/8%	3/15/55-60	109.7	106.8	107.18	106.26	1.83	2.54
2	3/4%	9/15/56-59	109.19	106.4	107.8	106.14	1.92	2.66
2	3/4%	6/15/58-63	110.19	106.10	108.0	106.14	2.05	2.84
2	3/4%	12/15/60-65	111.27	106.24	109.8	106.28	2.13	2.95

^{1/} Yields adjusted to fully taxable basis, assuming 24% normal tax and 14% surtax basis.