

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date March 1, 1947

Chairman Eccles

Subject: _____

From R. A. Musgrave *RAM*

I am attaching two tables giving you the required information for the Monday hearings, as follows:

Table I shows the call dates of public market securities outstanding February 28, 1947. The figures of total securities shown in the last column fall short of actual maturities on these dates because the table does not allow for re-funding issues.

Table II shows the ownership of securities by various groups of holders.

If there are any questions about the figures, please call Tom Smith who will have the information. During my absence he will also handle other matters relating to Treasury finance.

If you have questions on fiscal policy or taxation, please call Alfred Sherrard. I expect to be back in the office on March 17.

Attachments 2

TABLE II

TREASURY SURVEY OF OWNERSHIP OF SECURITIES ISSUED OR GUARANTEED BY
THE UNITED STATES GOVERNMENT, DECEMBER 31, 1946
(In millions of dollars)

	Total amount out- standing	Banks <u>1/</u>			Insurance Cos.		Federal Reserve Banks	U.S. Gov- ernment Agencies & Trust Funds	Held by All Other Invest- ors <u>3/</u>
		Commer- cial <u>2/</u>	Stock savgs.	Mutual	Life	Other			
Public securities:									
Marketable securities									
Within 1 year	54,952	16,710	50	439	755	337	22,313	130	14,218
1-5 years	39,572	28,388	79	1,046	1,425	677	832	576	6,550
5-10 years	27,281	16,535	122	2,042	2,232	594	72	529	5,155
10-15 years	11,208	2,134	85	2,506	1,056	667	78	236	4,445
15-20 years	21,227	142	72	2,798	9,702	286	-	2,738	5,489
After 20 years	22,372	2,563	68	2,687	6,224	378	55	2,084	8,314
Various (Fed. Hous- ing Adm. debentures)	45	12	1	4	13	1	-	9	5
Total	176,658	66,484	478	11,521	21,407	2,939	23,350	6,302	44,177
Non-marketable securi- ties <u>4/</u>	56,737	1,281	12	245	118	209	-	35	54,551
Total public sec.	233,395	67,765	489	11,767	21,525	3,148	23,350	6,337	98,728
Special Issues	24,585							24,585	
Total interest bearing securities issued or guaranteed by U.S. <u>5/</u>	257,980	67,765	489	11,767	21,525	3,148	23,350	30,922	98,728

1/ Securities held in trust departments are excluded.

2/ Includes trust companies. Individuals and by

3/ This column includes securities held by those banks and insurance companies which are not covered in the Treasury Survey. ~~See headnote to this section.~~

4/ CCC demand obligations in the amount of 286 million dollars held by all commercial banks are shown only in total amount outstanding.

5/ Guaranteed securities held by the Treasury are not included.

TABLE I

PUBLIC MARKETABLE SECURITIES ^{1/} OUTSTANDING FEB. 28, 1947
 Classified by First Due or Callable Date
 (In millions of dollars)

	Treas. bills	Cert. of indebt- edness	Treas. notes	Treas. bonds	Total
1947					
Jan.					
Feb.					
Mar.	5,200	3,133	1,948		10,281
April	5,200	2,820			8,020
May	6,500				6,500
June	<u>2/</u>	2,775			2,775
July		2,916			2,916
Aug.		1,223			1,223
Sept.		2,341	4,394		6,735
Oct.		1,440		759	2,199
Nov.		1,775			1,775
Dec.		3,281		701	3,982
Total 1947	16,900	21,704	6,342	1,460	46,406
1948		7,081	3,748	6,422	17,251
1949				6,681	6,681
1950				10,723	10,723
1951				11,996	11,996
1952				17,012	17,012
1953				725	725
1954				681	681
1955				2,611	2,611
1956				6,254	6,254
1957				-	-
1958				919	919
1959				8,754	8,754
1960				1,485	1,485
1961				-	-
1962				2,118	2,118
1963				2,831	2,831
1964				7,599	7,599
1965				5,197	5,197
1966				3,481	3,481
1967				22,372	22,372
Total outstanding Feb. 28, 1947	16,900	28,785	10,090	119,321	175,096

^{1/} Excluding "postal savings and other bonds" and securities guaranteed by the United States, amounting to about 220 million dollars.

^{2/} Treasury bills outstanding February 28, 1947 will have all matured by May 29, 1947. If the maturing issues are replaced each week, the volume of bills maturing each month will continue to be either 5,200 million dollars or 6,500 million dollars each month, depending on whether four or five Thursdays occur in the month.

MEMBER BANK EARNINGS AND EXPENSES 1945-47

Figures for 1946 and 1947 estimated

(In millions of dollars)

Item	1945	1946 ^{e/}	1947 ^{e/}
Earnings	2,102	2,420	2,425
Interest and dividends on securities			
United States Government	997	1,070	960
Other	139		
Interest and discount on loans	588		
Other earnings	377		
Expenses	1,268	1,480	1,640
Salaries and wages	580		
Interest on time deposits	183		
Other expenses	505		
Net current earnings before taxes on income	835	940	785
Recoveries, profits on securities, etc.	454	} +160	} +70
Losses and charge-offs	230		
Profits before income taxes	1,058	1,100	855
Taxes on net income	270	240	220
Net Profits	788	860	635
Cash dividends declared ^{1/}	246		
Asset and liability items: ^{2/}			
United States Government securities	71,795	71,216	60,000
Other securities	5,566	6,383	6,500
Loans	19,815	24,256	25,000
Total assets	125,132		
Time deposits	21,487	26,500	28,000
Total deposits	116,983		
Total capital accounts	7,243	7,904	8,400
Ratio of net profits to total capital accounts	10.9	10.8	7.6
Ratio of interest on U.S. Government securities to U.S. Government securities	1.4	1.5	1.6

^{e/} Estimated.

^{1/} Includes interest paid on capital notes and debentures.

^{2/} Figures are averages of the amounts reported for every call date in the current year and for the last call date in the preceding year.

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TABLE III

OWNERSHIP OF BANK ELIGIBLE TREASURY BONDS AND NOTES OUTSTANDING DECEMBER 31, 1946

and

AMOUNTS OF INELIGIBLE BONDS BECOMING ELIGIBLE AFTER 1946

Eligible for bank ownership, December 31, 1946,
by earliest due or callable date

	Owned by commercial banks <u>1/</u>	Owned by Federal Reserve Banks	Owned by non-bank investors	Total
(In billions of dollars)				
Within 1 year	4.8	.1	2.9	7.8
1 - 5 years	30.5	.8	8.3	39.6
5 - 10 years	17.3	.1	9.9	27.3
After 10 years	<u>5.3</u>	<u>.1</u>	<u>1.3</u>	<u>6.7</u>
Total bonds and notes	57.9	1.1	22.4	81.4
Total bills and certificates	13.3	22.2	13.5	49.0
Total bonds only	50.9	.8	19.6	71.3

Becoming eligible for bank ownership after 1946

Calendar year	(In billions of dollars)	
	In year	Cumulated total
1952	13.7	
1953	7.6	21.3
1954	8.7	30.0
1962	19.6	49.6

1/ Includes about 1.5 billion dollars of bond issues restricted as to ownership but which commercial banks may acquire to a limited extent, and an estimated 3 billion dollars of bonds and notes not covered in the Treasury Survey of ownership by commercial banks.

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(In billions of dollars)

	Eligible for bank ownership, December 31, 1946, by earliest due or callable date			Total
	Owned by commercial banks	Owned by Federal Reserve Banks	Owned by non-bank investors	
Within 1 year	4.8	.1	2.9	7.8
1 - 5 years	30.5	.8	8.3	39.6
5 - 10 years	17.3	.1	9.9	27.3
After 10 years	5.3	.1	1.3	6.7
Total bonds and notes	57.9 ^{1/}	1.1	22.4	81.4
Bills and certificates	13.3 ^{2/}	22.2	13.5	49.0
Total bonds only	50.9	.8	19.6	71.3

Becoming eligible for bank ownership after 1946

Calendar year	<u>In year</u>	<u>Cumulated total</u>
1952	13.7	13.7
1953	7.6	21.3
1954	8.7	30.0
1962	19.6	49.6

^{1/} Includes about 1.5 billion dollars of bond issues restricted as to ownership, but which commercial banks may acquire to a limited extent, and an estimated 3.4 billion dollars of bonds and notes not covered in the Treasury Survey of ownership by commercial banks.

^{2/} Includes an estimated .9 billion dollars of bills and certificates not covered in the Treasury Survey of ownership by commercial banks.

MEMBER BANK EARNINGS, EXPENSES, AND DIVIDENDS 1929, 1935, AND 1940-45

[In millions of dollars]

Estimates 1946 & 1947

Item	1929	1935	1940	1941	1942	1943	1944	1945	1946	1947
Earnings	2,399	1,207	1,323	1,417	1,487	1,650	1,874	2,102	2,420	2,425
Interest and dividends on securities:										
United States Government.....			229	239	236	594	802	997	1,070	960
Other.....	473	467	202	206	204	172	158	139		
Interest and discount on loans.....	1,563	498	595	665	649	563	563	588		
Other earnings.....	363	242	297	307	298	321	351	377		
Expenses	1,684	833	921	988	1,002	1,039	1,127	1,268	1,480	1,640
Salaries and wages.....	464	334	400	426	461	487	525	580		
Interest on time deposits.....	445	196	147	140	128	124	144	133		
Other expenses.....	1775	1303	1374	1422	413	428	458	505		
Net current earnings before taxes on income	1715	1374	1402	1429	485	611	747	835	1,940	1,785
Recoveries, profits on securities, etc.....	137	376	303	278	188	312	318	454	+160	+70
Losses and charge-offs.....	295	538	356	318	223	251	232	230		
Profits before income taxes					451	673	833	1,058	1,800	855
Taxes on net income	(1)	(1)	(1)	(1)	68	115	184	270	260	220
Net Profits	557	212	349	390	383	557	649	788	868	635
Cash dividends declared	387	187	210	211	203	208	226	246		
Asset and Liability Items:										
United States Government securities.....	4,161	11,492	14,823	17,753	25,408	48,182	60,324	71,795	71,216	60,000
Other securities.....	5,951	5,422	5,799	5,994	5,842	5,286	5,131	5,566	6,383	6,500
Loans.....	25,615	11,985	14,298	16,699	17,218	16,229	17,682	19,815	24,256	25,000
Total assets	46,954	41,607	58,025	65,044	72,610	94,299	108,920	123,132		
deposits.....	13,332	10,181	12,055	12,458	12,413	14,176	17,198	21,487	26,500	28,000
capital accounts.....	37,295	35,694	51,919	58,717	66,103	87,381	101,484	116,883		
other.....	6,360	5,118	5,597	5,798	5,977	6,304	6,712	7,243	7,904	8,400
Ratios to total earnings (per cent):										
Interest and discount on loans.....	65.2	41.3	45.0	47.0	43.6	34.1	30.1			
Interest and dividends on securities.....	19.7	38.7	32.6	31.4	36.3	46.4	51.2			
Other earnings.....	15.1	20.0	22.4	21.6	20.1	19.5	18.7			
Salaries and wages.....	19.3	27.7	30.3	30.0	31.0	29.5	28.0			
Interest on deposits.....	31.7	17.3	11.1	9.9	8.6	7.5	7.7			
Other current expenses.....	19.2	24.0	28.2	29.8	27.8	25.9	24.4			
Total expenses.....	70.2	69.0	69.6	69.7	67.4	63.0	60.1			
Other ratios:										
Net current earnings (before taxes on income) ¹										
to total capital accounts.....	11.2	7.3	7.2	7.4	8.1	9.7	11.1	10.9	10.8	7.6
Net profits to total capital accounts.....	8.8	4.1	6.2	6.7	6.4	8.8	9.7			
Interest and discount on loans to loans.....	6.1	4.2	4.2	4.0	3.8	3.5	3.2			
Interest and dividends on securities to securities.....	4.7	2.8	2.1	1.9	1.7	1.4	1.5			
Interest on time deposits to time deposits.....	3.3	1.9	1.2	1.1	1.0	0.9	0.8			

¹ Estimated; 1945 figures are based on preliminary tabulations.

² Taxes on net income were included with "other expenses" and, therefore, deducted in computing net current earnings prior to 1942.

³ Includes interest paid on capital notes and debentures.

⁴ Figures are averages of the amounts reported for every call date in the current year and for the last call date in the preceding year, except for 1944 when the figures are the averages for three call dates, the spring call being omitted.

APRIL 1946

377

	1940	1941	1942	1943	1944	1945	1946	1947
Ratio on U.S. gov. sec.	1.54	1.35	1.32	1.23	1.33	1.4	1.5	1.6

e = estimated

ESTIMATED INTEREST PAYMENTS ON THE PUBLIC DEBT
TO BANK AND NON-BANK INVESTORS

CALENDAR YEAR 1946
(In billions of dollars)

Commercial banks	1.42	<u>1/</u>
Federal Reserve Banks	.15	<u>2/</u>
Non-bank investors	<u>3.15</u>	<u>3/</u>
Total interest on the public debt	4.72	<u>4/</u>

1/ Estimated on the basis of Treasury Survey of ownership of individual issues by commercial banks during 1946, which accounted for approximately 93.5 percent of the securities owned by commercial banks, with an allowance for the securities not covered by the Survey.

2/ Current earnings in 1946 on U. S. Government securities: Federal Reserve Bulletin, February 1947.

3/ Residual

4/ Treasury Bulletin, January 1947

average rate of interest
on total public debt 2.06

average return on bank
holdings of U. S. Govt
securities 1.50

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