

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

August 7, 1964

To All Issuing Agents in the
Eleventh Federal Reserve District:

We have been advised by the Treasury Department that at the present time it does not appear that the Treasury will be able to finance from its 1965 appropriation any buildup of inventories of United States Savings Bonds, and that actually it will need to reduce further existing balances to save on printing costs this year.

Issuing agents for savings bonds and Federal Reserve Banks and their Branches now have on hand 28,000,000 pieces which are sufficient to cover more than three months' issues including spoils. It would appear that some reduction in this overall inventory might be realized if the larger issuing agents, which are normally agents that submit weekly sales reports, would maintain inventories equal to no more than amounts required for estimated issues for one month, and to requisition additional supplies from month to month when stocks on hand dropped to levels covering 10 to 15 days' issues. On this basis, they would have on hand and on order sufficient quantities of bonds to cover one and one-half months' requirements.

The number of stock shipments would be increased perhaps out of proportion to potential savings if this same practice were applied to smaller agents. However, overall inventories would be decreased if smaller agents reduced their requirements to minimum and maximum levels of not exceeding one and three months' requirements and requisition stock only when their inventories dropped below one month's requirement.

We believe that if issuing agents follow the procedure outlined in ordering and maintaining stocks of savings bonds, it would lower Treasury Department printing costs, and at the same time reduce the control problems of the issuing agents, as well as reduce to some extent the agents' risk of loss.

Your cooperation in complying with the request of the Treasury Department will be sincerely appreciated.

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