

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM,  
Washington, D.C., August 9, 1962.

Hon. WRIGHT PATMAN,  
Chairman, Joint Economic Committee,  
Congress of the United States, Washington, D.C.

DEAR MR. PATMAN: In reply to your letter of August 3, I am sending you tables on System transactions in U.S. Government securities by maturity System exchanges in Treasury refundings, and dealer sales and purchases U.S. Government securities. The data on System transactions, shown in the enclosed table, cover operations in the first 7 months of 1962; corresponding figures for the months of 1961 were published in the Federal Reserve Board's annual report for 1961 (p. 132). The tables on System exchanges and dealer transactions cover the year 1961 and the period to date in 1962.

It should be pointed out that the figures on System transactions and those on dealer purchases and sales are not strictly comparable in two respects. First, System open market operations, particularly in the shorter maturity categories, frequently involve direct transactions with foreign official and international accounts as well as transactions with dealers. The former transactions of course are not reflected in the data reported by dealers. Secondly, the two sets of data differ slightly in respect to their timing. Thus, dealer transactions are reported in terms of the date when commitments to buy or sell were made, while System operations are recorded in terms of the date when securities purchased or sold were actually delivered—which may often be 1 business day following the commitment. For these reasons, inferences from the data concerning the System's "share" of total market activity cannot be precise.

Tables 3 and 4 show an unpublished breakdown of dealer transactions between purchases and sales. When the publication program on the Government securities market was initiated just over a year ago, it was with the understanding with the reporting dealers that data on purchases and sales would be published on a combined basis only. In this way it was felt that the public's interest in having adequate and prompt information on volume of trading in the market would be served. Accordingly, should the Joint Economic Committee want to make use of the data in a way involving their public release, it would be desirable for us to discuss the matter with those who voluntarily supply this information.

We shall, of course, be glad to try to answer any questions that the committee or its staff may have concerning technical or other aspects of the data.

Sincerely yours,

W.M. McC. MARTIN, Jr.

*U.S. Government securities dealer sales and purchases (this table combines the data referred to as tables 3 and 4 in above letter)*

[In millions of dollars]

| Month             | Total   | Within 1 year | 1 to 5 years | 5 to 10 years | Over 10 years |
|-------------------|---------|---------------|--------------|---------------|---------------|
| 1961—January..... | 33,919  | 23,363        | 8,873        | 1,193         | 490           |
| February.....     | 24,567  | 16,817        | 6,352        | 836           | 562           |
| March.....        | 34,512  | 25,166        | 7,058        | 1,552         | 734           |
| April.....        | 30,450  | 23,692        | 4,124        | 1,645         | 688           |
| May.....          | 33,413  | 24,030        | 6,585        | 2,022         | 775           |
| June.....         | 30,424  | 25,147        | 3,841        | 923           | 514           |
| July.....         | 35,666  | 28,814        | 5,613        | 974           | 267           |
| August.....       | 32,089  | 26,969        | 3,720        | 952           | 450           |
| September.....    | 28,839  | 23,695        | 3,530        | 934           | 680           |
| October.....      | 35,488  | 29,168        | 5,341        | 574           | 404           |
| November.....     | 33,728  | 25,893        | 6,174        | 812           | 849           |
| December.....     | 33,052  | 26,557        | 4,657        | 904           | 1,033         |
| Total.....        | 386,145 | 299,609       | 65,769       | 13,320        | 7,448         |
| 1962—January..... | 37,764  | 32,502        | 3,268        | 1,415         | 579           |
| February.....     | 35,453  | 27,363        | 5,316        | 1,707         | 1,071         |
| March.....        | 36,838  | 29,307        | 4,764        | 1,525         | 1,240         |
| April.....        | 33,773  | 27,000        | 3,593        | 2,277         | 902           |
| May.....          | 37,257  | 29,420        | 4,785        | 2,506         | 544           |
| June.....         | 35,291  | 28,497        | 4,006        | 2,090         | 699           |
| July.....         | 35,323  | 30,588        | 2,916        | 1,329         | 490           |

NOTE 1.—Does not include redemptions of Treasury issues or transactions under repurchase agreements, reverse repurchase (resale) or similar contracts.

NOTE 2.—Does not include securities received on direct allotment from the Treasury or transactions under repurchase agreements, reverse repurchase (resale) or similar contracts.