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October 18, 1963.

REC'D IN RECORDS SECTION

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To: Board of Governors

From: J. Herbert Furth

Subject: Reconciliation of third-quarter deficit figures.

The Secretary of the Treasury recently mentioned the third-quarter deficit figure, and the Department of Commerce will announce its preliminary figure in the near future. Both figures differ from that used by the Board's staff. Attached is a summary table showing the derivation of these various figures from the common basic data.

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Attachment.

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October 17, 1963.

Reconciliation of various calculations of U.S. payments deficit, third quarter, 1963 (Millions of dollars)

1. Computation of deficit

Basic data (reported by U.S. banks):

July August	- 85 525	(i.e., surplus)
September	195	(estimated by Commerce on basis of "flash" report of 148 and assumption that final figure usually about 50 higher)
Total	<u>635</u>	(unadjusted Commerce figure)
minus seasonal adjustment	<u>-335</u>	
Balance	<u>300</u>	(adjusted Commerce figure)
minus issue of "convertible" Roosa bonds	<u>-175</u>	
Balance	125	("low" Ireasury figure)
<u>plus</u> net issue of all Roosa bonds	80	(difference between this figure and the figure of 175, above, due to liquidation of 95 "non-convertible" bonds)
plus foreign debt pre- payment	230	
<u>plus</u> reflux of mid- year "window- dressing"	<u>110</u>	
Total	<u>545</u>	(Federal Reserve Board staff figure)

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2.	Financing of deficit		
	Adjusted deficit	54 5	
	<u>plus</u> seasonal adjust- ment	335	
	minus reflux of "window- dressing"	<u>110</u>	
	Balance	<u>770</u>	(amount financed)
	financed by:		
	foreign debt prepayment	230	
	net issue of Roosa bonds	80	
	increase in foreign holdings of other U.S. Govt. bonds	-25	(i.e., decline in holdings)
	increase in short-term dollar holdings of foreigners	260	
	increase in IMF dollar holdings	60	
	decline in U.S. official foreign exchange holdings	-30	
	decline in U.S. gold stock	<u>195</u>	
	Total	770	