

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

REC'D IN RECORDS SECTION	
Date	January 12, 1978
From:	For Curly General

To Board Members (individually addressed)

Subject:

From Arthur L. Broida *ALB*

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

Attached is a copy of a telegram being sent today to the President-Members of the FOMC. If you are agreeable to the increase in the limit described in the wire, please indicate by initialing below and return this memorandum to my office.

Attachment

DATE

REC'D IN RECORDS SECTION
JAN 12 1978

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

January 11, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

MORRIS - BOSTON
VOLCKER - NEW YORK
ROOS - ST. LOUIS
MAYO - CHICAGO
GUFFEY - KANSAS CITY

Since FOMC telephone conference last week, dollar has continued under heavy downward pressure. Increase in Federal Reserve discount rate had an initially favorable impact on market, but Desk advises that traders remain uncertain about implications of the more active intervention policy which the Treasury announced on January 4.

As of 10 a.m. today, System open position has increased by \$235.5 million since Treasury announcement and by \$457.3 million since December 20 FOMC meeting. Latter figure leaves relatively little leeway for further operations under \$500 million limit on intermeeting change in open position authorized by Foreign Currency Subcommittee on January 6. Desk reports that Treasury agrees, in light of market conditions, that further joint operations would be appropriate at this time.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

-2-

Against this background, Desk recommends that, pursuant to paragraph 2A of procedural instructions, Committee authorize an increase in limit on change in open position during current inter-meeting period to \$750 million.

Please wire whether you are agreeable to such an increase in limit.

BROIDA

REC'D IN RECORDS SECTION
JAN 12 1978
James For Curly
General

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

January 11, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

EASTBURN - PHILADELPHIA
WINN - CLEVELAND
BLACK - RICHMOND
KIMBREL - ATLANTA
WILLES - MINNEAPOLIS
BAUGHMAN - DALLAS
BALLES - SAN FRANCISCO

For your information, the following wire was sent to FOMC

members earlier today:

"Since FOMC telephone conference last week, dollar has continued under heavy downward pressure. Increase in Federal Reserve discount rate had an initially favorable impact on market, but Desk advises that traders remain uncertain about implications of the more active intervention policy which the Treasury announced on January 4.

"As of 10 a.m. today, System open position has increased by \$235.5 million since Treasury announcement and by \$457.3 million since December 20 FOMC meeting. Latter figure leaves relatively little leeway for further operations under \$500 million limit on intermeeting change in open position authorized by Foreign Currency Subcommittee on January 6. Desk reports that Treasury agrees, in light of market conditions, that further joint operations would be appropriate at this time.

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WASHINGTON

-2-

"Against this background, Desk recommends that, pursuant to paragraph 2A of procedural instructions, Committee authorize an increase in limit on change in open position during current intermeeting period to \$750 million.

"Please wire whether you are agreeable to such an increase in limit."

All available members of FOMC have responded affirmatively to Desk's recommendation. Chairman Burns and Governors Jackson and Wallich, who are out of the country, were not consulted.

Also, pursuant to paragraph 1B of procedural instructions, the Foreign Currency Subcommittee. (with Governor Partee serving as alternate in the absence of Chairman Burns and Governor Wallich) has authorized an increase in the limit on gross transactions in a single foreign currency to \$800 million for the current intermeeting period.

BROIDA

MB

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

REC'D IN RECORDS SECTION
Date January 11, 1978
*Form: For Cmt. Rep
General*

To Board Members (individually addressed)

Subject: _____

From Arthur L. Broida *ALB*

All available members of the Committee have responded affirmatively to the Desk's recommendation, transmitted in my wire of today's date, that pursuant to paragraph 2A of the procedural instructions the Committee authorize an increase in the limit on the change in the System's open position in foreign currencies during the current intermeeting period to \$750 million. Chairman Burns and Governors Jackson and Wallich, who are out of the country, were not consulted.

Also, pursuant to paragraph 1B of procedural instructions, the Foreign Currency Subcommittee (with Governor Partee serving as alternate in the absence of Chairman Burns and Governor Wallich) has authorized an increase in the limit on gross transactions in a single foreign currency to \$800 million for the current intermeeting period.

DATE

REC'D IN RECORDS SECTION
JAN 12 1978
Fome: For Cen Ops
General

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

January 11, 1978

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CLASS I FOMC

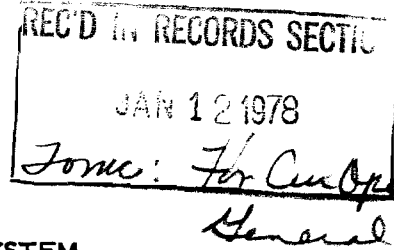
MORRIS - BOSTON
VOLCKER - NEW YORK
ROOS - ST. LOUIS
MAYO - CHICAGO
GUFFEY - KANSAS CITY

All available members of the Committee have responded affirmatively to the Desk's recommendation, transmitted in my wire of today's date, that pursuant to paragraph 2A of the procedural instructions the Committee authorize an increase in the limit on the change in the System's open position in foreign currencies during the current intermeeting period to \$750 million. Chairman Burns and Governors Jackson and Wallich, who are out of the country, were not consulted.

Also, pursuant to paragraph 1B of procedural instructions, the Foreign Currency Subcommittee (with Governor Partee serving as alternate in the absence of Chairman Burns and Governor Wallich) has authorized an increase in the limit on gross transactions in a single foreign currency to \$800 million for the current intermeeting period.

BROIDA

AB



T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

January 11, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

HOLMES - NEW YORK
PARDEE - NEW YORK

All available members of the Committee have responded affirmatively to the Desk's recommendation, transmitted in my wire of today's date, that pursuant to paragraph 2A of the procedural instructions the Committee authorize an increase in the limit on the change in the System's open position in foreign currencies during the current intermeeting period to \$750 million. Chairman Burns and Governors Jackson and Wallich, who are out of the country, were not consulted.

Also, pursuant to paragraph 1B of procedural instructions, the Foreign Currency Subcommittee (with Governor Pardee serving as alternate in the absence of Chairman Burns and Governor Wallich) has authorized an increase in the limit on gross transactions in a single foreign currency to \$800 million for the current intermeeting period.

BROIDA

B. 3