

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

REC'D IN RECORDS SECTION
OCT 11 1978
James General
Date October 6, 1978

Office Correspondence

To BOARD MEMBERS (addressed)

Subject: _____

From Murray Altmann

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 vote to approve the Chairman's recommendation, please indicate by initialing below and returning this memorandum to my office.

Attachment

Date File

REC'D IN RECORDS SECTION
OCT 23 1978
James General

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

October 6, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

VOLCKER - NEW YORK
EASTBURN - PHILADELPHIA
WINN - CLEVELAND
WILLES - MINNEAPOLIS
BAUGHMAN - DALLAS

10/6/78

The Management of the System Account advises that outright purchases of Treasury and Federal Agency securities since September meeting of the Committee have reduced leeway available for further purchases under limit on changes in System holdings specified in paragraph 1(a) of authorization for domestic open market operations to about \$335 million, even though Committee had voted at its meeting on September 19, 1978, to raise the limit from \$3 billion to \$4 billion. As had been anticipated, large-scale purchases were required in late September to counter the effect on member bank reserves of a sharp increase in Treasury balances at the Reserve Banks arising from corporate tax receipts. It now appears likely that additional purchases will be required, as currency in circulation and other factors are absorbing reserves while Treasury balances are being maintained at a high level, in part because of purchases of special

File copy filed 10/6/78

D. T. J. L.

-2-

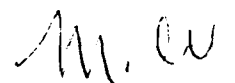
Treasury securities by foreign central banks in association with their recent intervention in the foreign exchange markets.

Accordingly, Account Management recommends that limit specified in paragraph 1(a) be raised an additional \$1 billion to \$5 billion, effective immediately, for the period ending with the close of business on October 17, 1978.

Chairman Miller concurs in the recommendation.

Please advise promptly whether you vote to approve Chairman's recommendation.

ALTMANN

A handwritten signature in cursive script, appearing to read "M. W.", positioned below the typed name "ALTMANN".

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

REC'D IN RECORDS SECTION
OCT 23 1978
James General
Date October 10, 1978

Office Correspondence

To BOARD MEMBERS (individually addressed)

Subject: _____

From Murray Altmann *M. A.*

CONFIDENTIAL (FR)
CLASS II - FOMC

All Committee members have voted to approve the ^{10/6/78} recommendation, described in my message of October 6, for a temporary increase to \$5 billion in the leeway for System open market operations.

File copy filed 10/6/78

D. to File

REC'D IN RECORDS SECTION
OCT 23 1978
Jome; General

T E L E G R A M
FEDERAL RESERVE COMMUNICATIONS SYSTEM
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

October 10, 1978

CONFIDENTIAL (FR)
CLASS II - FOMC

VOLCKER - NEW YORK
EASTBURN - PHILADELPHIA
WINN - CLEVELAND
WILLES - MINNEAPOLIS
BAUGHMAN - DALLAS

All Committee members have voted to approve the
10/6/78
recommendation, described in my message of October 6, for a
temporary increase to \$5 billion in the leeway for System open
market operations.

ALTMANN

M. A.

File copy filed 10/6/78

10.6.78 File

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

REC'D IN RECORDS SECTION
OCT 23 1978
Fomc: General

October 10, 1978

CONFIDENTIAL (FR)
CLASS II - FOMC

HOLMES - NEW YORK

All Committee members have voted to approve the
^{10/6/78}
recommendation, described in my message of October 6, for a
temporary increase to \$5 billion in the leeway for System open
market operations.

ALTMANN

M. A.

File copy filed 10/6/78

Date Filed

REC'D IN RECORDS SECTION
OCT 23 1978
Tom General

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

October 10, 1978

CONFIDENTIAL (FR)
CLASS II - FOMC

- MORRIS - BOSTON
- BLACK - RICHMOND
- KIMBREL - ATLANTA
- MAYO - CHICAGO
- ROOS - ST. LOUIS
- GUFFEY - KANSAS CITY
- BALLES - SAN FRANCISCO

For your information, the following message was sent to FOMC members on October 6.

"The Management of the System Account advises that outright purchases of Treasury and Federal Agency securities since September meeting of the Committee have reduced leeway available for further purchases under limit on changes in System holdings specified in paragraph 1(a) of authorization for domestic open market operations to about \$335 million, even though Committee had voted at its meeting on September 19, 1978, to raise the limit from \$3 billion to \$4 billion. As had been anticipated, large-scale purchases were required in late September to counter the effect on member bank reserves of a sharp increase in Treasury balances at the Reserve Banks arising from corporate tax receipts. It now appears likely that additional purchases will be required, as currency in circulation and other factors are absorbing reserves while Treasury balances are being maintained at a high level, in part because of purchases of special

file copy filed
10/16/78

Date File

-2-

Treasury securities by foreign central banks in association with their recent intervention in the foreign exchange markets."

"Accordingly, Account Management recommends that limit specified in paragraph 1(a) be raised an additional \$1 billion to \$5 billion, effective immediately, for the period ending with the close of business on October 17, 1978."

"Chairman Miller concurs in the recommendation."

"Please advise promptly whether you vote to approve Chairman's recommendation."

All Committee members have voted to approve the recommendation.

ALTMANN

A handwritten signature in cursive script, appearing to read "M. Altman".

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

REC'D IN RECORDS SECTION
OCT 23 1978
Date October 10, 1978
Topic: General

Office Correspondence

To SEE LIST BELOW
From Murray Altmann

Subject: _____

CONFIDENTIAL (FR)
CLASS II - FOMC

For your information the following message was communicated to FOMC members on October 6, 1978

"The Management of the System Account advises that outright purchases of Treasury and Federal Agency securities since September meeting of the Committee have reduced leeway available for further purchases under limit on changes in System holdings specified in paragraph 1(a) of authorization for domestic open market operations to about \$335 million, even though Committee had voted at its meeting on September 19, 1978, to raise the limit from \$3 billion to \$4 billion. As had been anticipated, large-scale purchases were required in late September to counter the effect on member bank reserves of a sharp increase in Treasury balances at the Reserve Banks arising from corporate tax receipts. It now appears likely that additional purchases will be required, as currency in circulation and other factors are absorbing reserves while Treasury balances are being maintained at a high level, in part because of purchases of special

Filed Copy, filed 10/6/78 Date Filed

-2-

Treasury securities by foreign central banks in association with their recent intervention in the foreign exchange markets."

"Accordingly, Account Management recommends that limit specified in paragraph 1(a) be raised an additional \$1 billion to \$5 billion, effective immediately, for the period ending with the close of business on October 17, 1978."

"Chairman Miller concurs in the recommendation."

"Please advise promptly whether you vote to approve Chairman's recommendation."

All Committee members have voted to approve the recommendation, described in my message of October 6, for a temporary increase to \$5 billion in the leeway for System open market operations.

Mr. Axilrod
Mr. Bernard
Mr. Coyne
Mr. Kichline
Mr. Ettin
Mr. Keir
Mr. O'Connell
Mr. Truman