

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

100-101981
James G. ...
Date August 6, 1981

Office Correspondence

To Board Members (individually addressed)

Subject: _____

From Normand Bernard *N.B.*

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 Manager's recommendation, please indicate by initialing below and returning this memorandum to my office.

Attachment

DATE

FOMC
Carol R. Low

1981
John G. ...

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

August 6, 1981

- SOLOMON - NEW YORK
- KEEHN - CHICAGO
- CORRIGAN - MINNEAPOLIS
- BOYKIN - DALLAS
- BLACK - RICHMOND

The Manager for Domestic Operations has advised that net outright purchases of Treasury and Federal agency securities for System Account since the July meeting have amounted to about \$2.8 billion, reducing the leeway available for further net purchases during the period before the next meeting to about \$0.2 billion under the intermeeting limit of \$3 billion on changes in System holdings specified in paragraph 1(a) of the authorization for domestic open market operations. In recent weeks, the System has provided a substantial volume of reserves to offset drains stemming from the Iranian settlement and lower than normal levels of float. To date, the air controllers strike does not appear to have had a significant impact on float. In view of the System's projected long-term reserve needs, sizable further purchases may be required prior to the next meeting. Accordingly, the Manager recommends that the intermeeting limit be raised by \$1-1/2 billion to \$4-1/2 billion, effective immediately, for the period ending with the close of business on August 18. Chairman Volcker concurs in the Manager's recommendation.

Please advise promptly whether you vote to approve the increase in the intermeeting limit.

BERNARD *N.B.*

Date Filed

Original filed 8/10/81
in the ...

RECEIVED
AUG 11 1981
James General

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

August 6, 1981

CONFIDENTIAL (FR)
CLASS II - FOMC

STERNLIGHT - NEW YORK

The following message was transmitted to FOMC members today:

"The Manager for Domestic Operations has advised that net outright purchases of Treasury and Federal agency securities for System Account since the July meeting have amounted to about \$2.8 billion, reducing the leeway available for further net purchases during the period before the next meeting to about \$0.2 billion under the intermeeting limit of \$3 billion on changes in System holdings specified in paragraph 1(a) of the authorization for domestic open market operations. In recent weeks, the System has provided a substantial volume of reserves to offset drains stemming from the Iranian settlement and lower than normal levels of float. To date, the air controllers strike does not appear to have had a significant impact on float. In view of the System's projected long-term reserve needs, sizable further purchases may be required prior to the next meeting. Accordingly, the Manager recommends that the intermeeting limit be raised by \$1-1/2 billion to \$4-1/2 billion, effective immediately, for the period ending with the close of business on August 18. Chairman Volcker concurs in the Manager's recommendation.

"Please advise promptly whether you vote to approve the increase in the intermeeting limit."

All available members voted to approve the recommendation.

Original filed on

D. T. T. H.

BERNARD *N.B.*