

Meeting of Federal Open Market Committee

June 24, 1969

MINUTES OF ACTIONS

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D. C., on Tuesday, June 24, 1969, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Bopp
Mr. Brimmer
Mr. Clay
Mr. Coldwell
Mr. Daane
Mr. Maisel
Mr. Mitchell
Mr. Robertson
Mr. Scanlon
Mr. Sherrill
Mr. Treiber, Alternate for Mr. Hayes

Messrs. Francis, Heflin, Hickman, and Swan,
Alternate Members of the Federal Open
Market Committee

Messrs. Morris, Kimbrel, and Galusha,
Presidents of the Federal Reserve Banks
of Boston, Atlanta, and Minneapolis,
respectively

Mr. Holland, Secretary
Mr. Broida, Deputy Secretary
Messrs. Kenyon and Molony, Assistant
Secretaries
Mr. Hackley, General Counsel
Mr. Partee, Economist
Messrs. Axilrod, Baughman, Eastburn, Gramley,
Green, Hersey, Reynolds, Solomon, and
Tow, Associate Economists
Mr. Holmes, Manager, System Open Market Account

Mr. Sherman, Consultant, Board of Governors
Mr. Cardon, Assistant to the Board of Governors
Messrs. Coyne and Nichols, Special Assistants
to the Board of Governors

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Mr. Williams, Adviser, Division of Research and Statistics, Board of Governors

Mr. Wernick, Associate Adviser, Division of Research and Statistics, Board of Governors

Mr. Keir, Assistant Adviser, Division of Research and Statistics, Board of Governors

Mr. Bernard, Special Assistant, Office of the Secretary, Board of Governors

Miss Eaton, Open Market Secretariat Assistant, Office of the Secretary, Board of Governors

Messrs. Taylor and Jones, Senior Vice Presidents of the Federal Reserve Banks of Atlanta and St. Louis, respectively

Messrs. Eisenmenger and Hocter, Vice Presidents of the Federal Reserve Banks of Boston and Cleveland, respectively

Messrs. Garvy and Kareken, Economic Advisers, Federal Reserve Banks of New York and Minneapolis, respectively

Messrs. Bodner and Wallace, Assistant Vice Presidents of the Federal Reserve Banks of New York and Richmond, respectively

Mr. Cooper, Manager, Securities and Acceptance Departments, Federal Reserve Bank of New York

Mr. Lynn, Director of Research, Federal Reserve Bank of San Francisco

By unanimous vote, the minutes of actions taken at the meeting of the Federal Open Market Committee held on May 27, 1969, were approved.

The memorandum of discussion for the meeting of the Federal Open Market Committee held on May 27, 1969, was accepted.

By unanimous vote, the System open market transactions in foreign currencies during the period May 27 through June 23, 1969, were approved, ratified, and confirmed.

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By unanimous vote, renewal for further periods of three months, if requested, of the swap drawings by the National Bank of Belgium maturing in the period July 2-16, 1969, was authorized.

It was agreed unanimously that the informal understandings governing use of the existing authority to warehouse up to \$1 billion of foreign currencies for the Stabilization Fund should be temporarily liberalized to permit use of the full facility for the general purposes of the Stabilization Fund without limitation as to currency.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period May 27 through June 23, 1969, were approved, ratified, and confirmed.

With Mr. Maisel dissenting, the Federal Reserve Bank of New York was authorized and directed, until otherwise directed by the Committee, to execute transactions in the System Account in accordance with the following economic policy directive:

The information reviewed at this meeting suggests that expansion in real economic activity is continuing to moderate slightly, but that substantial upward pressures on prices and costs are persisting. Most market interest rates have risen considerably on balance in recent weeks, as credit demands continued strong against the background of considerable restraint on the banking system. Growth in bank credit and the money supply thus far in 1969 has been limited, and both declined somewhat on average in May. Large-denomination CD's have continued to run off at a rapid pace recently, and net inflows of consumer-type time

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and savings deposits have remained small. At nonbank thrift institutions, savings inflows slowed somewhat on average in April and May. Very heavy Euro-dollar borrowing by U.S. banks through their foreign branches produced a large surplus in the balance of payments on the official settlements basis after mid-May. On the other hand, high Euro-dollar interest rates apparently also stimulated outflows of funds from the United States that contributed to a large deficit on the liquidity basis thus far in June. In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to the reduction of inflationary pressures, with a view to encouraging a more sustainable rate of economic growth and attaining reasonable equilibrium in the country's balance of payments.

To implement this policy, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining the firm conditions currently prevailing in money and short-term credit markets; provided, however, that operations shall be modified if bank credit appears to be deviating significantly from current projections or if unusual liquidity pressures should develop.

It was agreed that the next meeting of the Committee would be held on Tuesday, July 15, 1969, at 9:30 a.m.

The meeting adjourned.



Secretary