BOARD OF GOVERNORS

FEDERAL RESERVE SYSTEM

## Office Correspondence

	JUN 1 4 1974	
Date_	April 24, 1974 FOMC: General	<u>a</u> ,
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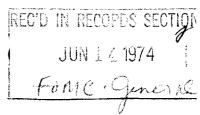
REC'D IN RECORDS SECTION

То		Subject:
Board	Members (addressed individually)	
~	Arthur I. Broida	

Attached for your information is a copy of a telegram being sent today to the President-Members of the FOMC. If you concur in the Chairman's recommendation, please indicate by initialing below and returning this memorandum to my office.

Attachment

Dale file



April 24, 1974

## CONFIDENTIAL (FR)

HAYES - NEW YORK BLACK - RICHMOND WINN - CLEVELAND

It appears from the latest still incomplete data that the growth rates in the several monetary aggregates in April-May period are somewhat further above upper ends of ranges of tolerance than indicated by last week's estimates. Largely because of unexpectedly strong money market pressures. Federal funds rate in recent days has been around 11 per cent, and in statement week ending today it is expected to average slightly above the 10-3/4 per cent upper limit set by Committee. To bring funds rate back within range of tolerance, Manager believes he would have to expand reserve-supplying operations, thus stimulating further growth of magnetary aggregates which already appear to be above upper limits of tolerance ranges. In view of these circumstances and of the limited time remaining before even keel considerations begin to influence System operations, and against the background of today's discount rate action, Chairman Burns recommends that upper limit of funds rate constraint be raised by 1/4 point, to 11 per cent.

Please advise promptly whether you concur in Chairman's



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TELEGRAM

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOMCE

TELEGRAM

April 24, 1974

CONFIDENTIAL (FR)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

MACLAURY - MINNEAPOLIS

It appears from the latest still incomplete data that the growth rates in the several monetary aggregates in April-May period are somewhat further above upper ends of ranges of tolerance than indicated by last week's estimates. Largely because of unexpectedly strong money market pressures, Federal funds rate in recent days has been around 11 per cent, and in statement week ending today it is expected to average slightly above the 10-3/4 per cent upper limit set by Committee. To bring funds rate back within range of tolerance, Manager believes he would have to expand reserve-supplying operations, thus stimulating further growth of monetary aggregates which already appear to be above upper limits of tolerance ranges. In view of these circumstances and of the limited time remaining before even keel considerations begin to influence System operations, and against the background of today's discount rate action, Chairman Burns recommends that upper limit of funds rate constraint be raised by 1/4 point, to 11 per cent.

As alternate for Mr. Clay, who is away from the Bank today, please advise promptly whether you concur in Chairman's recommendation.

DATECOPY

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JUN 1 4 1974

BOARD OF GOVERNORS OF THE FEDERAL RESERV WASHINGTON

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April 24, 1974

CONFIDENTIAL (FR)

CERAL RESERVE SYSTEM

COLDWELL - DALLAS

It appears from the latest still incomplete data that the growth rates in the several monetary aggregates in April-May period are somewhat further above upper ends of ranges of tolerance than indicated by last week's estimates. Largely because of unexpectedly strong money market pressures, Federal funds rate in recent days has been around 11 per cent, and in statement week ending today it is expected to average slightly above the 10-3/4 per cent upper limit set by Committee. To bring funds rate back within range of tolerance, Manager believes he would have to expand reserve-supplying operations, thus stimulating further growth of monetary aggregates which already appear to be above upper limits of tolerance ranges. In view of these circumstances and of the limited time remaining before even keel considerations begin to influence System operations, and against the background of today's discount rate action, Chairman Burns recommends that upper limit of funds rate constraint be raised by 1/4 point, to 11 per cent.

As alternate for Mr. Kimbrel, who is away from the Bank today, please advise promtply whether you concur in Chairman's recommendation.

DATE COPY 0/3

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FEC'D IN RECORDS SECTION

JUN 1 4 1974

FORM S. Characac

April 25, 1974

Board Members (addressed individually)

Arthur L. Breida

In response to yesterday's telegram transmitting the Chairman's recommendation to the FOMC that the upper limit of the Federal funds rate constraint be raised to 11 per cent, replies received late yesterday indicated that eleven members (including Presidents MacLaury and Coldwell, responding as alternates) concurred in the recommendation and that Governor Bucher did not concur.

## cc:

Mr. Partee

Mr. Axilrod

Mr. Gramley

Mr. Keir

Mr. Reynolds

Mr. Wendel

Mr. O'Connell

Mr. Coyne

Mr. Pierce

Mr. Bernard

Mr. Bryant

Mr. Melnicoff

Mr. Feldberg

Mr. Altmann

Miss Pruitt

ALB:ck

CAB

