



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

May 12, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

TO: Federal Open Market Committee

FROM: Arthur L. Broida *ALB*

Since the April 18 FOMC meeting, the System's open position in foreign currencies has declined by \$290 million as a result of acquisitions of German marks and Swiss francs for use in repayment of debt in those currencies. Accordingly, under the \$300 million limit specified in paragraph 1A of the Committee's procedural instructions, the remaining leeway for inter-meeting change in open position is only \$10 million. In view of the possibility that the Desk may have opportunities to buy additional marks today and on Monday, the available members of the Foreign Currency Subcommittee (Vice Chairman Volcker, Governor Gardner, and Governor Wallich) have authorized an increase in the limit on change in open position for the current inter-meeting period to \$500 million.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

May 12, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS J FOMC

TO: Presidents of all Federal Reserve Banks

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