



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

May 31, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

TO: Federal Open Market Committee

FROM: Arthur L. Broida C) B

In the period from the May FOMC meeting through the opening of business this morning, the Desk engaged in gross transactions in German marks in the amount of \$445 million, close to the inter-meeting limit of \$500 million on gross transactions in a single currency specified in paragraph 1B of Committee's procedural instructions. The bulk of these transactions were for the purpose of acquiring marks for use in repayment of outstanding System and ESF swap debt.

In light of further transactions undertaken and contemplated for today, and the possibility of acquiring additional marks during the interval remaining until the June 20 FOMC meeting, the Foreign Currency Subcommittee (Chairman Miller, Vice Chairman Volcker, and Governor Gardner) has authorized gross transactions in a single foreign currency of up to \$1 billion during the current inter-meeting period.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

May 31, 1978

STRICTLY CONFIDENTIAL (FR)
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TO: Presidents of all Federal Reserve Banks

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BROIDA



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HOLMES - NEW YORK
PARDEE - NEW YORK

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