

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date January 26, 1979

To Board Members (individually addressed)

Subject: Fome. General

From Murray Altmann *M.A.*

CONFIDENTIAL (FR)  
CLASS II - 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 Copy*

FOR THE RECORD  
S. CLERK

**T E L E G R A M**

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

*Fome General*

CONFIDENTIAL (FR)  
CLASS II - FOMC

January 26, 1979

VOLCKER - NEW YORK  
EASTBURN - PHILADELPHIA  
WINN - CLEVELAND  
WILLES - MINNEAPOLIS  
BAUGHMAN - DALLAS

The Management of the System Account advises that outright sales of Treasury and Federal Agency securities since the December meeting of the Committee will have reduced leeway available for further sales to about \$350 million by close of business today, despite the Committee's action on January 15 to raise the intermeeting limit on changes in System holdings specified in paragraph 1(a) of authorization for domestic open market operations by \$2 billion to a total of \$5 billion. Since January 15 required reserves have been weaker than had been expected, and a decline of currency in circulation has provided reserves while float has remained high. Current projections indicate a need for additional absorption of reserves before the next meeting of the Committee.

In order to provide flexibility for Desk operations, the Manager recommends that the limit specified in paragraph 1(a) be raised another \$1 billion to a total of \$6 billion for the period ending with the close of business on February 6, 1979.

*Date File*

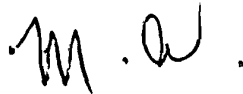
FOMC FILES  
S. Dutton

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Chairman Miller concurs in the recommendation.

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

ALTMANN

A handwritten signature in black ink, appearing to be "M. A." followed by a flourish and a period.

ALTMANN  
S. E. E. E.