

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

REC'D IN RECORDS SECTION  
MAY 17 1979  
Date May 11, 1979  
*Fome: General*

# Office Correspondence

To Board Members (individually addressed)

Subject: \_\_\_\_\_

From Murray Altmann *M. A.*

Attached is a copy of a telegram being sent today to the President-Members of the FOMC. Please indicate below whether you concur in the Chairman's interpretation and return this memorandum to my office.

\_\_\_\_\_

Attachment

*Note File*

FOR FOMC FILES  
S. Belton

REC'D IN RECORDS SECTION

MAY 17 1979

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

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

May 11, 1979

CONFIDENTIAL (FR)  
CLASS II-FOMC

VOLCKER - NEW YORK  
BLACK - RICHMOND  
KIMBREL - ATLANTA  
MAYO - CHICAGO  
BALLES - SAN FRANCISCO

Latest staff projections for the April-May period suggest growth in M-1 at an annual rate of about 9-1/4 percent, above the upper limit of the range of 4 to 8 percent specified in the directive issued at the meeting of April 17. Projected growth of M-2 for the two-month period is about 9-1/2 percent, above its range of 4 to 8-1/2 percent.

Financial markets and the economy at present are in a very sensitive state. Recent developments affecting supplies and distribution of energy are adding to uncertainties. Interest rates have risen appreciably since the date of the last meeting. In view of the existing directive's instruction to give due regard to "developing conditions in domestic financial markets" and in view of the indications that growth of the aggregates is being influenced by transitory influences, Chairman Miller believes that continuance of 10-1/4 percent as the objective for the federal funds rate would be consistent with directive.

*Original for [unclear]  
attachment to 7/11/79 [unclear]*

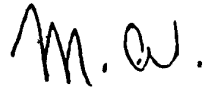
*Date File*

FOR FOMC FILES  
S. Belton

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Please advise promptly whether you concur in the Chairman's interpretation.

ALTMANN

A handwritten signature in black ink, appearing to be "M. W." with a period at the end. The letters are cursive and somewhat stylized.