



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

*Fomc. For Open
Market*

May 27, 1980

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

TO: Federal Open Market Committee

FROM: Normand Bernard *N.B.*

On Friday May 23, 1980, available members of the Foreign Currency Subcommittee (Chairman Volcker and Messrs. Wallich and Timlen, the latter serving as alternate for Mr. Solomon) approved for that day an increase from \$150 million to \$250 million in the daily limit on changes in the System's net position in a single foreign currency specified in paragraph 1B of the procedural instructions for foreign currency operations. Prior to the Subcommittee's action the Manager for Foreign Operations had advised that the dollar was under considerable downward pressure and that about \$280 million equivalent of German marks had already been sold by the New York Bank, one-half of the total for treasury account. It was anticipated that up to \$500 million equivalent might have to be sold.

Subsequently, the Manager reported that \$366 million equivalent of German marks had been sold on Friday, including \$38 million equivalent in the Far East, and that one-half of the total was for treasury account. The System's transactions are being financed by a drawing on the swap line with the German Federal Bank.

Date File