

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date December 2, 1986

To Board Members (Individually addressed)

Subject: _____

From Normand Bernard *NB*

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

Attached is a copy of a telegram being sent today to the President-members of the FOMC. If you vote to approve the recommendation, please indicate by initialing below and return this memorandum to my office.

Attachment

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 2, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

MORRIS - BOSTON
CORRIGAN - NEW YORK
HORN - CLEVELAND
MELZER - ST. LOUIS
GUFFEY - KANSAS CITY

The Manager for Domestic Operations, System Open Market Account, is requesting an increase of \$1 billion in the leeway for changes in holdings of securities in the System Account between meetings of the Committee; the present leeway is \$6 billion as specified under paragraph 1(a) of the Authorization for Domestic Open Market Operations.

The Manager has advised that through December 1, 1986, net purchases of securities in the current intermeeting period have reduced the leeway for additional outright purchases in this period to about \$3.5 billion. Substantial additional reserve needs remain in this period, chiefly reflecting seasonal increases in currency in circulation and required reserves. In order to be able to meet the anticipated reserve needs, the Manager requests a temporary increase of \$1 billion -- to a level of \$7 billion -- in the intermeeting leeway, effective upon adoption, for the current intermeeting period through December 16, 1986. Chairman Volcker concurs in this request.

Please advise Mr. Bernard whether you vote to approve the Manager's recommendation.

BERNARD

N.B.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date December 3, 1986

To Board Members (Individually addressed)

Subject: _____

From Normand Bernard *N.B.*

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

In response to my message transmitted to FOMC members yesterday, all available members of the Committee voted to approve the Manager's recommendation for a temporary increase of \$1 billion to \$7 billion in the limit in paragraph 1(a) of the Authorization for Domestic Open Market Operations, effective December 3, 1986, for the intermeeting period ending with the close of business on December 16, 1986. Absent and not voting was Mr. Wallich.

T E L E G R A M

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 3, 1986

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BERNARD

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December 3, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS II- FOMC

BOEHNE - PHILADELPHIA
BLACK - RICHMOND
FORRESTAL - ATLANTA
KEEHN - CHICAGO
STERN - MINNEAPOLIS
BOYKIN - DALLAS
PARRY - SAN FRANCISCO

For your information the following message was transmitted to FOMC members yesterday:

"The Manager for Domestic Operations, System Open Market Account, is requesting an increase of \$1 billion in the leeway for changes in holdings of securities in the System Account between meetings of the Committee; the present leeway is \$6 billion as specified under paragraph 1(a) of the Authorization for Domestic Open Market Operations.

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"Please advise Mr. Bernard whether you vote to approve the Manager's recommendation."

-2-

All available members voted to approve the recommendation,
effective December 3, 1986. Absent and not voting was Mr. Wallich.

BERNARD

N.B.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 3, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

STERNLIGHT - NEW YORK

This is to confirm our earlier conversation that the FOMC approved the recommendation for a temporary increase of \$1 billion to \$7 billion in the limit in paragraph 1(a) of the Authorization for Domestic Open Market Operations as described in the following message transmitted to FOMC members yesterday:

" **The Manager for Domestic Operations, System Open Market Account, is requesting an increase of \$1 billion in the leeway for changes in holdings of securities in the System Account between meetings of the Committee; the present leeway is \$6 billion as specified under paragraph 1(a) of the Authorization for Domestic Open Market Operations.**

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"Please advise Mr. Bernard whether you vote to approve the Manager's recommendation."

-2-

All available members voted to approve the recommendation,
effective December 3, 1986. Absent and not voting was Mr. Wallich.

BERNARD

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FEDERAL RESERVE SYSTEM

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Date December 3, 1986

To Distribution

Subject: _____

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CLASS II - FOMC

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"Please advise Mr. Bernard whether you vote to approve the Manager's recommendation."

-2-

All available members voted to approve the recommendation, effective December 3, 1986. Absent and not voting was Mr. Wallich.

Distribution:

Mr. Bernard
Mr. Bradfield
Mr. Coyne
Mr. Kichline
Mr. Kohn
Mrs. Loney
Mr. Roberts
Mr. Truman
Records