

Meeting of Federal Open Market Committee

October 28, 1969

MINUTES OF ACTIONS

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D. C., on Tuesday, October 28, 1969, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Hayes, Vice Chairman  
Mr. Bopp  
Mr. Brimmer  
Mr. Clay  
Mr. Coldwell  
Mr. Daane  
Mr. Maisel  
Mr. Mitchell  
Mr. Robertson  
Mr. Scanlon  
Mr. Sherrill

Messrs. Francis, Heflin, and Swan, Alternate  
Members of the Federal Open Market Committee

Messrs. Morris and Kimbrel, Presidents of the  
Federal Reserve Banks of Boston and Atlanta,  
respectively

Mr. Holland, Secretary  
Mr. Broida, Deputy Secretary  
Messrs. Kenyon and Molony, Assistant  
Secretaries  
Mr. Hackley, General Counsel  
Mr. Partee, Economist  
Messrs. Axilrod, Baughman, Gramley, Green,  
Hersey, Solomon, and Tow, Associate  
Economists  
Mr. Holmes, Manager, System Open Market  
Account

Mr. Cardon, Assistant to the Board of Governors  
Messrs. Coyne and Nichols, Special Assistants  
to the Board of Governors

10/28/69

-2-

Mr. Williams, Adviser, Division of Research  
and Statistics, Board of Governors  
Messrs. Keir and Wernick, Associate Advisers,  
Division of Research and Statistics,  
Board of Governors  
Mr. Bernard, Special Assistant, Office of the  
Secretary, Board of Governors  
Mr. Wendel, Chief, Government Finance Section,  
Division of Research and Statistics, Board  
of Governors  
Miss Eaton, Open Market Secretariat Assistant,  
Office of the Secretary, Board of Governors

Messrs. MacDonald and Strothman, First Vice  
Presidents of the Federal Reserve Banks of  
Cleveland and Minneapolis, respectively

Messrs. Eisenmenger, Parthemos, Taylor, Jones,  
and Craven, Senior Vice Presidents of the  
Federal Reserve Banks of Boston, Richmond,  
Atlanta, St. Louis, and San Francisco,  
respectively

Mr. Hocter, Vice President, Federal Reserve  
Bank of Cleveland

Messrs. Garvy and Kareken, Economic Advisers,  
Federal Reserve Banks of New York and  
Minneapolis, respectively

Messrs. Bodner and Meek, Assistant Vice  
Presidents, Federal Reserve Bank of New  
York

Mr. Willes, Senior Economist, Federal Reserve  
Bank of Philadelphia

Mr. Sandberg, Special Assistant, Securities  
Department, Federal Reserve Bank of New  
York

By unanimous vote, the minutes of actions taken at the  
meeting of the Federal Open Market Committee held on October 7, 1969,  
were approved.

The memorandum of discussion for the meeting of the Federal  
Open Market Committee held on October 7, 1969, was accepted.

10/28/69

-3-

By unanimous vote, the System open market transactions in foreign currencies during the period October 7 through October 27, 1969, were approved, ratified, and confirmed.

By unanimous vote, renewal for further periods of three months, if requested, of the seven swap drawings by the Bank of England maturing in the period November 10 to December 3, 1969, was authorized.

By unanimous vote, renewal for further periods of one year of the following swap arrangements, having the indicated amounts and maturity dates, was approved:

<u>Foreign bank</u>	<u>Amount of arrangement (millions of dollars)</u>	<u>Maturity of latest authorized renewal</u>
Austrian National Bank	200	December 2, 1969
National Bank of Belgium	500	December 22, 1969
Bank of Canada	1,000	December 30, 1969
National Bank of Denmark	200	December 2, 1969
Bank of England	2,000	December 2, 1969
Bank of France	1,000	December 26, 1969
German Federal Bank	1,000	December 16, 1969
Bank of Italy	1,000	December 30, 1969
Bank of Japan	1,000	December 2, 1969
Bank of Mexico	130	December 2, 1969
Netherlands Bank	300	December 30, 1969
Bank of Norway	200	December 2, 1969
Bank of Sweden	250	December 2, 1969
Swiss National Bank	600	December 2, 1969
Bank for International Settlements:		
Dollars against Swiss francs	600	December 2, 1969
Dollars against authorized European currencies other than Swiss francs	1,000	December 2, 1969

10/28/69

-4-

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period October 7 through 27, 1969, were approved, ratified, and confirmed.

By unanimous vote, the Federal Reserve Bank of New York was authorized and directed, until otherwise directed by the Committee, to execute transactions in the System Account in accordance with the following current economic policy directive:

The information reviewed at this meeting indicates that the pace of expansion in real economic activity was sustained in the third quarter by an acceleration of inventory investment, which about offset a further slackening in growth of private final sales. Slower over-all growth is projected for the fourth quarter, although some cross-currents have been evident in the recent behavior of monthly economic measures. Prices and costs are continuing to rise at a rapid pace. Most market interest rates have declined considerably on balance from their recent highs, in large part because of changing expectations. In the third quarter, average monthly bank credit declined and the money supply changed little; in October it appears that bank credit is decreasing further on average but that the money supply is growing somewhat. In recent weeks the net contraction of outstanding large-denomination CD's slowed markedly, apparently reflecting mainly an increase in foreign official time deposits, but flows of consumer-type time and savings funds at banks and nonbank thrift institutions appear to have remained relatively weak. The U.S. foreign trade surplus increased further in September, but the deficit in the over-all balance of payments was still large on the liquidity basis and even larger on the official settlements basis. The appreciation of the German mark since the end of September, culminating in the revaluation of the official parity, has led to a partial reversal of speculative flows, and conditions in the Euro-dollar market have eased. In light of

10/28/69

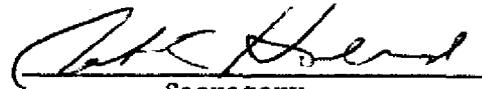
-5-

the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to the reduction of inflationary pressures, with a view to encouraging sustainable economic growth and attaining reasonable equilibrium in the country's balance of payments.

To implement this policy, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining the prevailing firm conditions in money and short-term credit markets; provided, however, that operations shall be modified if bank credit appears to be deviating significantly from current projections.

It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, November 25, 1969, at 9:30 a.m.

The meeting adjourned.

  
Secretary