



FEDERAL RESERVE

press release

For immediate release

July 18, 1968

The Board of Governors of the Federal Reserve System and the Federal Open Market Committee today released the attached record of policy actions taken by the Federal Open Market Committee at its meeting on April 19, 1968. Such records are made available approximately 90 days after the date of each meeting of the Committee and will be found in the Federal Reserve Bulletin and the Board's Annual Report.

Attachment

Meeting held on April 19, 1968

Authority to effect transactions in System Account.

On the day before this meeting, the Board of Governors of the Federal Reserve System had approved an increase in Federal Reserve Bank discount rates from 5 to 5-1/2 per cent and had raised the maximum rates payable by member banks on new large-denomination CD's having maturities of 60 days or more.^{1/} Both actions were effective on the day of this meeting. Following the announcement of these actions, interest rates advanced in domestic financial markets--with the market rate on 3-month Treasury bills rising about 20 basis points to around 5.55 per cent--and in foreign exchange markets the dollar strengthened against most currencies. The purpose of today's meeting, which was held by telephone, was to consider the need for revision of the Committee's current economic policy directive in light of yesterday's actions.

The Committee agreed that open market operations in the interval until its next scheduled meeting should be directed at achieving firmer money market conditions in keeping with the higher

^{1/} By amendment to Regulation Q the following schedule of maximum rates payable by member banks on CD's of \$100,000 or more was adopted:

<u>Maturity</u> <u>(days)</u>	<u>Maximum rate</u> <u>(per cent)</u>
30- 59	5-1/2
60- 89	5-3/4
90-179	6
180 and over	6-1/4

The maximum rate payable previously had been 5-1/2 per cent for all maturities.

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discount rate, while facilitating orderly market adjustments to the increase in that rate. The following current economic policy directive was issued to the Federal Reserve Bank of New York:

System open market operations until the next meeting of the Committee shall be conducted with a view to achieving firmer but maintaining orderly conditions in the money market, while facilitating market adjustments to the increase in Federal Reserve discount rates.

Votes for this action: Messrs. Martin, Hayes, Brimmer, Daane, Ellis, Galusha, Hickman, Kimbrel, Maisel, Mitchell, and Robertson. Votes against this action: None.
Absent and not voting: Mr. Sherrill.