

July 15, 1977

CONFIDENTIAL (FR)
CLASS II FOMC

TO: Federal Open Market Committee SUBJECT: Improvements in
FROM: Arthur L. Broida Red Book

Certain improvements are being made in the red book, beginning with the July issue. The improvements, which were developed by the System Research Advisory Committee, are as follows:

1. Sources of information. In the past only eight of the 12 Reserve Banks regularly drew on their business directors as a source of information, and only nine regularly drew on other members of the local business community. In the future the Banks will make more extensive use of both sources.

2. Subjects covered. In the past there were marked differences in the lists of subjects regularly addressed by the various Reserve Banks. To some extent this reflected differences in the economic structure of the various Districts, but to some extent it reflected the absence of any general guidelines for coverage. In the future the Banks will generally cover consumer spending, business inventories, and financial sector developments, along with developments in industries of particular importance in the District. This "core" material will be supplemented by material on topics deemed important by the individual Bank and--as in the past--by material on special topics requested by the FOMC or staff.

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3. Timeliness. The present schedule calls for each Bank to forward its contribution to the "assembling Bank" eight days before the meeting, and for the latter to prepare a summary, reproduce the whole document, and place it in the mail six days before the meeting. While no change in this schedule is being made, each Bank has been asked to concentrate its information-gathering as close to the forwarding date as practical. Also, procedures have been worked out for the Banks to forward important information received after the red book has gone to press. Specifically, the Banks will wire any such information to me on the Friday before the meeting, for distribution in the form of a supplement to the red book on Friday or Monday. It is contemplated that this procedure will be reserved for highly significant information, and that there will not necessarily be a supplement every month.