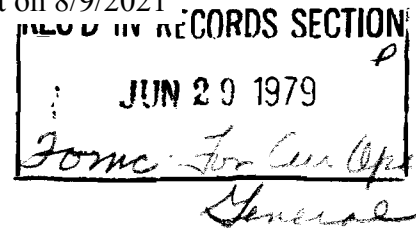




BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551



June 22, 1979

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

TO: Federal Open Market Committee

FROM: Murray Altmann *M.A.*

Owing to strong downward pressure on the dollar against the German mark, the Desk purchased \$400 million dollars equivalent of marks last Friday and almost \$200 million on Tuesday of this week, for account of the Treasury. With continuing pressure on Wednesday, the Desk purchased approximately \$410 million dollars equivalent for the account of the Treasury, but with the thought that the System might share in the operation after agreement by the Bundesbank to activation of the System's swap line.

Yesterday, after the Bundesbank had agreed to activation of the Swap line, Governor Coldwell suspended the \$150 million dollar daily limit on changes in the System's net position in a single foreign currency, specified in paragraph 1B of the Committee's procedural instructions, for the three-day period June 20 through June 23. He also authorized an increase in the intermeeting limit on operations that would result in a change in the System's overall open position in foreign currencies, specified in paragraph 1A of

Date File

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the procedural instructions, from \$600 million to \$1 billion for the period through the close of business on July 11, 1979. Governor Coldwell, as the most senior member of the Board present, acted as Chairman of the Committee in the absence of Chairman Miller, Vice Chairman Volcker, and Governor Wallich, and after it had been determined that consultation with the foreign currency subcommittee was not feasible.

Following these actions, half of the intervention on Wednesday was taken for System account. With downward pressure continuing strong yesterday, the Desk purchased \$520 million equivalent of marks, half for System account and half for account of the Treasury. This morning, the market was relatively quiet.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

JUN 29 1979
For Mr. For Curly
General

June 22, 1979

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

PRESIDENTS OF ALL FEDERAL RESERVE BANKS

Owing to strong downward pressure on the dollar against the German mark, the Desk purchased \$400 million dollars equivalent of marks last Friday and almost \$200 million on Tuesday of this week, for account of the Treasury. With continuing pressure on Wednesday, the Desk purchased approximately \$410 million dollars equivalent for the account of the Treasury, but with the thought that the System might share in the operation after agreement by the Bundesbank to activation of the System's swap line.

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*File copy filed as attachment 6/22/79 memo
D.L. to F.O.*

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ALTMANN

M. C.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

REC'D IN RECORDS SECTION
JUN 29 1979
Time: For Cw. Ope.
General

June 22, 1979

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

HOLMES - NEW YORK
PARDEE - NEW YORK

Owing to strong downward pressure on the dollar against the German mark, the Desk purchased \$400 million dollars equivalent of marks last Friday and almost \$200 million on Tuesday of this week, for account of the Treasury. With continuing pressure on Wednesday, the Desk purchased approximately \$410 million dollars equivalent for the account of the Treasury, but with the thought that the System might share in the operation after agreement by the Bundesbank to activation of the System's swap line.

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