



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

1
Form *For Open*
Market

June 10, 1980

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

TO: Federal Open Market Committee

FROM: Normand Bernard *N.B.*

Effective June 10, 1980, available members of the Foreign Currency Subcommittee (Messrs. Schultz, Partee, and Timlen, with the latter two acting as alternate members) raised the intermeeting limit on the change in the overall open position in foreign currencies, specified in paragraph 1A of the procedural instructions with respect to foreign currency operations, from \$600 million to \$1 billion for the current intermeeting period. Yesterday afternoon the Manager for Foreign Operations advised that the dollar was under considerable pressure which appeared to reflect continuing declines in U.S. interest rates and concerns about the possible initiation of stimulative economic policies following the release of the latest unemployment data on Friday. In these circumstances the Desk intervened yesterday in German marks, French francs, and Swiss francs and anticipated a need for further overnight intervention in the Far East. At the close of business in New York yesterday the remaining leeway for the

Date 5/6

-2-

intermeeting period had been reduced to about \$210 million. Yesterday's intervention for FOMC Account totaled about \$131 million, equivalent, and was financed by drawings on the swap lines with the German Federal Bank and the Bank of France and by utilization of System balances held with the Swiss National Bank.