



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

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

TO: Federal Open Market Committee

DATE: October 17, 1985

FROM: Stephen H. Axilrod

SA
FOR INFORMATION ONLY

In the face of strong upward pressures on the dollar, especially in recent days, in relatively volatile markets, the Chairman (acting on behalf of the Foreign Currency Subcommittee) cleared transactions in excess of \$600 million for an intermeeting period as required by the Committee's "Procedural Instructions with Respect to Foreign Currency Operations." Since the meeting on October 1, 1985, the Federal Reserve Bank of New York has purchased a total of \$2,050 million of Japanese yen and German marks, one-half for Treasury account and the balance for System account. Of the \$1,025 million total for System account, \$272.5 million is in yen and \$752.6 million in marks. The figures are as of close of business on October 16, 1985. Total System holdings of foreign currencies now amount to about \$6.7 billion compared with the \$10.0 billion ceiling authorized by the Committee at its October 1 meeting. With respect to individual currency holdings, the remaining leeway under the informal limits set by the Committee at that meeting is \$725 million for marks and \$1,948 million for yen.