

Meeting of Federal Open Market Committee

October 29, 1968

MINUTES OF ACTIONS

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D. C., on Tuesday, October 29, 1968, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Hayes, Vice Chairman
Mr. Brimmer
Mr. Daane
Mr. Galusha
Mr. Hickman
Mr. Kimbrel
Mr. Maisel
Mr. Mitchell
Mr. Morris
Mr. Robertson
Mr. Sherrill

Messrs. Bopp, Clay, Coldwell, and Scanlon,
Alternate Members of the Federal Open
Market Committee

Messrs. Heflin, Francis, and Swan, Presidents
of the Federal Reserve Banks of Richmond,
St. Louis, and San Francisco, respectively

Mr. Holland, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Brill, Economist
Messrs. Axilrod, Hersey, Kareken, Link,
Mann, Partee, Reynolds, Solomon, and
Taylor, Associate Economists
Mr. Holmes, Manager, System Open Market
Account

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Mr. Coombs, Special Manager, System Open
Market Account

Messrs. Gramley and Williams, Advisers,
Division of Research and Statistics,
Board of Governors

Mr. Wernick, Associate Adviser, Division
of Research and Statistics, Board of
Governors

Mr. Keir, Assistant Adviser, Division of
Research and Statistics, Board of
Governors

Mr. Bernard, Special Assistant, Office of
the Secretary, Board of Governors

Miss Eaton, Open Market Secretariat
Assistant, Office of the Secretary,
Board of Governors

Messrs. Eisenmenger, Eastburn, Parthemos,
Baughman, Jones, Tow, Green, and Craven,
Vice Presidents of the Federal Reserve
Banks of Boston, Philadelphia, Richmond,
Chicago, St. Louis, Kansas City, Dallas,
and San Francisco, respectively

Mr. Meek, Assistant Vice President, Federal
Reserve Bank of New York

By unanimous vote, the minutes of actions taken at the
meeting of the Federal Open Market Committee held on October 8, 1968,
were approved.

The memorandum of discussion for the meeting of the Federal
Open Market Committee held on October 8, 1968, was accepted.

By unanimous vote, the System open market transactions in
foreign currencies during the period October 8 through 28, 1968, were
approved, ratified, and confirmed.

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By unanimous vote, renewal for further periods of one year of the following swap arrangements, having the indicated amounts and maturity dates, was approved:

<u>Foreign bank</u>	<u>Amount of agreement (millions of dollars)</u>	<u>Maturity of latest authorized renewal</u>
Austrian National Bank	100	December 2, 1968
National Bank of Belgium	225	December 23, 1968
Bank of Canada	1,000	December 30, 1968
National Bank of Denmark	100	December 2, 1968
Bank of England	2,000	December 2, 1968
German Federal Bank	1,000	December 16, 1968
Bank of Italy	1,000	December 30, 1968
Bank of Japan	1,000	December 2, 1968
Bank of Mexico	130	December 2, 1968
Netherlands Bank	400	December 30, 1968
Bank of Norway	100	December 2, 1968
Bank of Sweden	250	December 2, 1968
Swiss National Bank	600	December 2, 1968
Bank for International Settlements:		
System drawings in Swiss francs	600	December 2, 1968
System drawings in authorized European currencies other than Swiss francs	1,000	December 2, 1968

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By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period October 8 through 28, 1968, were approved, ratified, and confirmed.

With Mr. Hayes dissenting, the Federal Reserve Bank of New York was authorized and directed, until otherwise directed by the Committee, to execute transactions in the System Account in accordance with the following current economic policy directive:

The information reviewed at this meeting suggests that over-all economic expansion has moderated somewhat from its very rapid pace earlier in the year, although less than projected, and that upward pressures on prices and costs are persisting. Market interest rates have risen in recent weeks. Bank credit and time and savings deposits have continued to expand rapidly, but savings inflows to thrift institutions have remained moderate. The money supply, after growing little on balance during the summer, has increased in recent weeks. The U.S. foreign trade balance and underlying payments position continue to be matters of serious concern. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to sustainable economic growth, continued resistance to inflationary pressures, and attainment of reasonable equilibrium in the country's balance of payments.

To implement this policy, while taking account of the current Treasury financing, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining about the prevailing conditions in money and short-term credit markets; provided, however, that operations shall be modified, to the extent permitted by the Treasury financing, if bank credit expansion appears to be exceeding current projections.

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It was agreed that the next meeting of the Committee would be held on Tuesday, November 26, 1968, at 9:30 a.m.

The meeting adjourned.


Secretary