



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

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CONFIDENTIAL (FR)
CLASS II FOMC

TO: Federal Open Market Committee

FROM: Arthur L. Broida *ALB*

This morning the Austrian National Bank inquired whether the Federal Reserve would be agreeable to their drawing up to \$250 million, the amount of their swap line with the System. The Austrian authorities indicated that no single drawing would exceed \$100 million and that they intended to repay any drawings within the initial 3-month terms.

Austria had anticipated a surplus during the current tourist season, but instead lost a sizable amount of reserves as a result of speculation connected with the position of the mark in the European snake. These losses have placed a considerable strain on the National Bank's cash position. The Bank has substantial assets that will mature within the next few months and that can be used to effect repayments of any drawings on the System.

The System Account Manager agreed to the possible drawings after the Foreign Currency Subcommittee gave its approval.