



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

February 17, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

TO: Federal Open Market Committee
FROM: Arthur L. Broida *ALB*

With the reemergence of strong downward pressures on the dollar this week, the Desk has been intervening actively for System and Treasury Account. From the date of the January FOMC meeting through 3:15 p.m. E.S.T. today operations for System Account (including some small operations prior to this week) have involved gross transactions in German marks of \$282.8 million and have resulted in a net change in the System's over-all open position of \$296.3 million.

For your information, in view of the likelihood that further intervention will be needed prior to the next FOMC meeting now scheduled for February 28, the Foreign Currency Subcommittee (with Governor Partee serving as alternate in the absence of Governors Gardner and Wallich) today increased the limits--specified in paragraphs 1A and 1B of the procedural instructions--on changes between meetings in the over-all open position and on gross transactions in a single currency for the current intermeeting period from \$300 million to \$500 million.

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Yesterday the available members of the Subcommittee (Chairman Burns, Vice-Chairman Volcker, and Governor Gardner) authorized the Desk to exceed the \$100 million daily limits also specified in paragraphs 1A and 1B of the procedural instructions. During the day System operations involved gross transactions in marks of \$106.9 million and resulted in a change in the System's over-all open position of \$103.3 million.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

February 17, 1978

STRICTLY CONFIDENTIAL (FR)
CLASS I FOMC

TO: Presidents of all Federal Reserve Banks

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BROIDA

Handwritten signature in cursive, appearing to be 'CMB'.