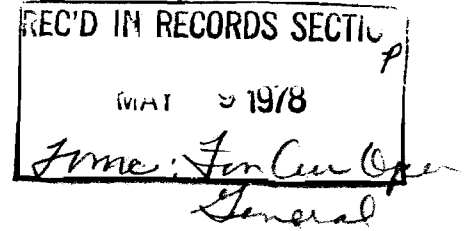




BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551



May 9, 1978

STRICTLY CONFIDENTIAL (FR)  
CLASS I FOMC

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

In the period since the April FOMC meeting, the Desk has been purchasing German marks, largely from correspondents, and adding the bulk of these marks to balances for System and ESF account to be used in repayment of outstanding swap debt. To facilitate such operations, the available members of the Foreign Currency Subcommittee (Chairman Miller, Vice Chairman Volcker, and Governor Partee, with the last serving in the absence of Governors Gardner and Wallich) yesterday authorized gross transactions in a single foreign currency in excess of the amounts specified in paragraph 1B of the Committee's procedural instructions. Specifically, the Subcommittee authorized gross transactions in a single currency of up to \$250 million on May 8 and of up to \$1 billion during the current inter-meeting period. Actual operations yesterday resulted in gross transactions in marks of \$201.4 million on the day and of \$639.3 million thus far in the inter-meeting period.

DATE