

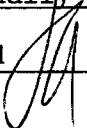
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date June 18, 1986

To Board Members (Individually addressed)

Subject: _____

From Stephen H. Axilrod 

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

Attached is a copy of a telegram being sent today to the President-members of the FOMC. If you vote to approve the recommendation, please indicate by initialing below and returning this memorandum to my office.

Attachment

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

June 18, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

MORRIS - BOSTON
CORRIGAN - NEW YORK
HORN - CLEVELAND
GUFFEY - KANSAS CITY
BOYKIN - DALLAS

Reserve needs in the current intermeeting period are running substantially above earlier estimates. The enlarged needs reflect much greater growth in required reserves than was expected earlier. Currency in circulation is expanding substantially, but about as expected. Meantime, a larger than anticipated foreign account repo pool is adding to needs. Through June 17, the Desk has used about \$3.75 billion of the normal \$6 billion leeway provided for outright purchases in Paragraph 1a of the Authorization for Domestic Open Market Operations. Further large needs of as much as \$5 billion are anticipated for the reserve maintenance periods beginning June 19 and July 3. A \$3 billion increase in leeway is requested for the current intermeeting period to cover possible outright operations. The Chairman concurs in this request.

Please advise me whether you vote to approve the recommendation.

AXILROD



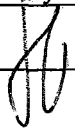
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FEDERAL RESERVE SYSTEM

Office Correspondence

Date June 18, 1986

To Board Members (Individually addressed)

Subject: _____

From Stephen H. Axilrod 

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

In response to my message transmitted to FOMC members today, all available members of the Committee voted to approve the Manager's recommendation for a temporary increase of \$3 billion to \$9 billion in the limit in paragraph 1(a) of the Authorization for Domestic Open Market Operations, effective June 19 for the intermeeting period ending with the close of business on July 8, 1986. Mr. Boykin voted as alternate for Mr. Melzer.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

June 18, 1986

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June 18, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

BOEHNE - PHILADELPHIA
KEEHN - CHICAGO
MELZER - ST. LOUIS
STERN - MINNEAPOLIS
BLACK - RICHMOND
FORRESTAL - ATLANTA
PARRY - SAN FRANCISCO

For your information the following message was transmitted to FOMC members today:

"Reserve needs in the current intermeeting period are running substantially above earlier estimates. The enlarged needs reflect much greater growth in required reserves than was expected earlier. Currency in circulation is expanding substantially, but about as expected. Meantime, a larger than anticipated foreign account repo pool is adding to needs. Through June 17, the Desk has used about \$3.75 billion of the normal \$6 billion leeway provided for outright purchases in Paragraph 1a of the Authorization for Domestic Open Market Operations. Further large needs of as much as \$5 billion are anticipated for the reserve maintenance periods beginning June 19 and July 3. A \$3 billion increase in leeway is requested for the current intermeeting period to cover possible outright operations. The Chairman concurs in this request."

"Please advise me whether you vote to approve the recommendation."

-2-

All available members voted to approve the recommendation.

Absent and not voting: Mr. Melzer, Ms. Seger, and Mr. Wallich.

Mr. Boykin voted as alternate for Mr. Melzer.

AXILROD

A handwritten signature in black ink, appearing to be 'JA', written over the printed name 'AXILROD'.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

June 18, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

STERNLIGHT - New York

This is to confirm our earlier conversation that the FOMC approved the recommendation for an increase of \$3 billion to \$9 billion in the limit in paragraph 1(a) of the Authorization for Domestic Open Market Operations as described in the following message transmitted to FOMC members today:

"Reserve needs in the current intermeeting period are running substantially above earlier estimates. The enlarged needs reflect much greater growth in required reserves than was expected earlier. Currency in circulation is expanding substantially, but about as expected. Meantime, a larger than anticipated foreign account repo pool is adding to needs. Through June 17, the Desk has used about \$3.75 billion of the normal \$6 billion leeway provided for outright purchases in Paragraph 1a of the Authorization for Domestic Open Market Operations. Further large needs of as much as \$5 billion are anticipated for the reserve maintenance periods beginning June 19 and July 3. A \$3 billion increase in leeway is requested for the current intermeeting period to cover possible outright operations. The Chairman concurs in this request."

"Please advise me whether you vote to approve the recommendation."

-2-

All available members voted to approve the recommendation.

Absent and not voting: Mr. Melzer, Ms. Seger, and Mr. Wallich.

Mr. Boykin voted as alternate for Mr. Melzer.

AXILROD

A handwritten signature in black ink, appearing to be 'Axilrod', written in a cursive style.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date June 18, 1986

To Distribution

Subject: _____

From Stephen H. Axilrod

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

For your information the following message was transmitted to FOMC members today:

"Reserve needs in the current intermeeting period are running substantially above earlier estimates. The enlarged needs reflect much greater growth in required reserves than was expected earlier. Currency in circulation is expanding substantially, but about as expected. Meantime, a larger than anticipated foreign account repo pool is adding to needs. Through June 17, the Desk has used about \$3.75 billion of the normal \$6 billion leeway provided for outright purchases in Paragraph 1a of the Authorization for Domestic Open Market Operations. Further large needs of as much as \$5 billion are anticipated for the reserve maintenance periods beginning June 19 and July 3. A \$3 billion increase in leeway is requested for the current intermeeting period to cover possible outright operations. The Chairman concurs in this request."

"Please advise me whether you vote to approve the recommendation."

All available members voted to approve the recommendation.

Absent and not voting: Mr. Melzer, Ms. Seger, and Mr. Wallich. Mr. Boykin voted as alternate for Mr. Melzer.

Distribution:

Mr. Axilrod	Mr. Kohn
Mr. Bernard	Mr. Roberts
Mr. Bradfield	Mr. Truman
Mr. Coyne	Records
Mr. Kichline	

**BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM**

DATE: 6/17/86

TO: Chairman Volcker

FROM: STEPHEN H. AXILROD

OK Paul

Need your approval
on this increase in
leeway for Manager.
Would like to send it
out Wednesday a.m. (in
case we do outright
tomorrow).

P.S. We did nothing today. Funds
ended 6/16.

June 17, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

TO: Members of the Federal Open
Market Committee

Reserve needs in the current intermeeting period are running substantially above earlier estimates. The enlarged needs reflect much greater growth in required reserves than was expected earlier. Currency in circulation is expanding substantially, but about as expected. Meantime, a larger than anticipated foreign account repo pool is adding to needs. Through June 17, the Desk has used about \$3.75 billion of the normal \$6 billion leeway provided ^{for outright purchase} in Paragraph 1a of the Authorization for Domestic Open Market Operations. Further large needs of as much as \$5 billion are anticipated for the reserve maintenance periods beginning June 19 and July 3. A \$3 billion increase in leeway is requested for the current intermeeting period to cover possible outright operations. The Chairman concurs in this request.

Please advise Mr. Axilrod whether you vote to approve the recommendation.