A meeting of the Federal Open Market Committee was held on Tuesday, November 26, 1963, at 11:30 a.m., EST. This was a telephone conference meeting and each individual was in Washington except as otherwise indicated in parentheses in the following list of those participating:

PRESENT:	Mr. Martin, Chairman	
	Mr. Hayes, Vice Chairman	(New York)
	Mr. Balderston	
	Mr. Bopp	(Philadelphia)
	Mr. Clay	(Kansas City)
	Mr. Irons	(Dallas)
	Mr. Mills	
	Mr. Mitchell	
	Mr. Robertson	
	Mr. Scanlon	(Chicago)
	Mr. Shepardson	(College Station, Texas)

Messrs. Hickman (Cleveland), Wayne (Richmond), Shuford (St. Louis), and Swan (San Francisco), Alternate Members of the Federal Open Market Committee

Messrs. Ellis (Boston), and Deming (Minneapolis), Presidents of the Federal Reserve Banks of Boston and Minneapolis, respectively

Mr. Young, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Noyes, Economist
Messrs. Brill, Furth, Holland, and Koch, Associate Economists
Mr. Stone, Manager, System Open Market Account (New York)
Mr. Coombs, Special Manager, System Open Market Account (New York)

Mr. Molony, Assistant to the Board of Governors
Mr. Cardon, Legislative Counsel, Board of Governors
Mr. Broida, Assistant Secretary, Board of Governors

Mr. Williams, Adviser, Division of Research and Statistics, Board of Governors
Mr. Yager, Chief, Government Finance Section, Division of Research and Statistics, Board of Governors

Mr. Patterson, First Vice President, Federal Reserve Bank of Atlanta

This meeting was held on the first business day of the Board of Governors and several of the Federal Reserve Banks following the death of President Kennedy on November 22, 1963.

At the request of the Chairman, Mr. Stone made a statement in which he reported that the Government securities market had opened on a firm and confident tone this morning. There was some buying throughout the maturity scale but little, if any, selling by investors. There were no signs of selling pressure--panicky or otherwise. Prices on Treasury coupon issues maturing in 1966 and later had risen slightly, and those on shorter maturity coupon issues were about unchanged. Treasury bill rates were unchanged to one basis point lower, with the rate declines centered in the issues maturing in late February and in March. The market was giving an excellent account of itself.

Corporate stock prices were making a good recovery, Mr. Stone continued, from the depressed levels they had reached on Friday afternoon after news of the attack on the President had been received. At 11:00 a.m. the Dow-Jones average was up 10.47 points on a heavy volume of trading. (Subsequently, Mr. Stone reported a gain of 14.64 points in the Dow-Jones average by 11:30 a.m.)

Mr. Stone commented that market ideas concerning the bidding in the Treasury bill auction scheduled for later in the day ranged around rates of 3.50-3.52 per cent on the three-month bill and 3.64-3.66 per cent on the six-month bill. These bidding ideas were close to the rates on outstanding bills of comparable maturities.

The current outlook for member bank reserves was still in need of clarification, Mr. Stone said. The latest estimates for the statement week ending November 27 indicated net borrowed reserves of $5 million, but it was not clear how firm this figure was. The money market had opened with a comfortable tone. In view of the indicated need for reserves and the uncertainty prevailing in the money market, the Desk was buying Treasury bills for delivery on the same day to insure that there would be enough reserves in the banking system to prevent the money market from becoming unduly tight and generally to maintain the steady atmosphere that had prevailed recently. Mr. Stone recalled that the Desk had planned to buy bills on the preceding Friday and had been engaged in a market "go-around" when the news of the attack on the President was received. The Desk was now indicating to the market that it was picking up where it had left off on Friday, to avoid conveying a feeling of concern about market developments or any ideas regarding rate levels. Friday's estimates had pointed to net borrowed reserves of $333 million for the statement week ahead. If the market situation should turn adverse, Mr. Stone said, it would be necessary only to step into the market a day early to supply reserves that in any case would be needed for the following week. (Later in the meeting Mr. Stone noted that new reserve estimates still indicated net borrowed reserves of $5 million for the current statement week, but that the estimate for the next statement week now stood at net borrowed reserves of $446 million. He reported that the Desk had just bought about $220 million Treasury bills in the market and would take additional bills being sold by foreign accounts into the System's portfolio.)

Mr. Stone concluded by saying that in view of the market's good performance he did not feel that any special instructions from the Committee were needed to deal with the present situation. In his judgment there was ample room within the Committee's existing instructions and leeway to deal with any turn in the market that seemed likely.

Mr. Coombs supplemented his telegraphic report of the preceding day, a copy of which has been placed in the files of the Committee, by noting that the foreign exchange markets had remained quiet and orderly this morning. Exchange rates were being held by the foreign central banks, where necessary, at the same levels as those that had prevailed on Friday and Monday, and the Federal Reserve Bank of New York planned to do the same in the New York market after the European markets closed.

In the case of the Swiss franc, Mr. Coombs continued, the dollar had moved off the floor to a level of 4.3160 while the dollar rate on the guilder had also moved above the temporary support point of 3.5990 introduced by the Netherlands Bank on Monday. The mark continued in demand, however, with the Bundesbank taking in $4 million on Monday and $28 million today. The New York Bank planned to absorb one-half of the latter amount through a swap drawing.

Mr. Coombs observed that the London gold market was quiet this morning, with small volume and a fixing price identical with that of Monday. Prices subsequently moved down to $35.08-.09. Far from losing gold, the London gold pool had gained $44 million since Friday, primarily owing to Russian sales. He had no recommendations to make to the Committee.

Chairman Martin commented that in his judgment the Account Management had handled things well during this period with respect to both foreign exchange and domestic transactions. He described the purpose of this meeting as purely precautionary. Observing that it seemed desirable for the Committee to consider whether any change was appropriate in its current economic policy directive to reflect the death of the President, the Chairman read a draft paragraph that had been suggested as a possible replacement for the second paragraph of the directive adopted at the preceding meeting of the Committee (November 12, 1963) and asked for comments.

The Committee members favored revising the directive along the general lines of the proposal, and the discussion was concerned primarily with specific phrasing.

Thereupon, upon motion duly made and seconded, 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:

It is the Federal Open Market Committee's current policy to accommodate moderate growth in bank credit, while maintaining conditions in the money market that would contribute to continued improvement in the capital account of the U. S. balance of payments. This policy takes into consideration the fact that domestic economic activity is expanding further, although with a margin of underutilized resources; and the fact that the balance of payments position is still adverse despite a tendency to reduced deficits. It also recognizes the increases in bank credit, money supply, and the reserve base of recent months.

To implement this policy, System open market operations shall be conducted with a view to cushioning any unsettlement that might arise in money markets stemming from the death of President Kennedy and to maintaining about the same conditions in the money market as have prevailed in recent weeks, while accommodating moderate expansion in aggregate bank reserves.

Votes for this action: Messrs. Martin Hayes, Balderston, Bopp, Clay, Irons, Mitchell, Robertson, Scanlon, and Shepardson. Vote against this action: Mr. Mills.

Mr. Mills dissented for the same reasons he had dissented from the directive adopted at the meeting of November 12, 1963; he thought the Committee should modify its policy to one of greater ease.

Mr. Robertson, while voting favorably on the directive, indicated that he would have preferred to continue the previous directive and to issue a supplementary instruction to the Federal Reserve Bank of New York to cushion any unsettlement in financial markets that might stem from the President's death.

Thereupon the meeting adjourned.

Ralph A Young

Secretary