

Meeting of Federal Open Market Committee

April 29, 1969

MINUTES OF ACTIONS

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D. C., on Tuesday, April 29, 1969, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Hayes, Vice Chairman
Mr. Bopp
Mr. Brimmer
Mr. Clay
Mr. Coldwell
Mr. Daane
Mr. Maisel
Mr. Mitchell
Mr. Robertson
Mr. Scanlon

Messrs. Francis, Heflin, Hickman, and Swan,
Alternate Members of the Federal Open
Market Committee

Messrs. Morris, Kimbrel, and Galusha, Presidents
of the Federal Reserve Banks of Boston,
Atlanta, and Minneapolis, respectively

Mr. Holland, Secretary
Mr. Broida, Deputy Secretary
Messrs. Kenyon and Molony, Assistant
Secretaries
Mr. Hackley, General Counsel
Mr. Brill, Economist
Messrs. Axilrod, Baughman, Eastburn, Green,
Hersey, Partee, Solomon, and Tow,
Associate Economists
Mr. Coombs, Special Manager, System Open
Market Account

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Mr. Sherman, Consultant, Board of
Governors
Messrs. Coyne and Nichols, Special
Assistants to the Board of Governors
Mr. Wernick, Associate Adviser, Divi-
sion of Research and Statistics,
Board of Governors
Mr. Keir, Assistant Adviser, Division
of Research and Statistics, Board
of Governors
Mr. Bernard, Special Assistant, Office
of the Secretary, Board of Governors
Miss Eaton, Open Market Secretariat Assis-
tant, Office of the Secretary, Board
of Governors

Messrs. Taylor, Jones, and Craven, Senior
Vice Presidents of the Federal Reserve
Banks of Atlanta, St. Louis, and San
Francisco, respectively
Messrs. Eisenmenger, Sternlight, and
Snellings, Vice Presidents of the
Federal Reserve Banks of Boston,
New York, and Richmond, respectively
Mr. Davis, Adviser, Federal Reserve Bank
of New York
Messrs. Geng and Shotwell, Assistant Vice
Presidents of the Federal Reserve Banks
of New York and Cleveland, respectively
Mr. Kareken, Economic Adviser, Federal
Reserve Bank of Minneapolis

By unanimous vote, the minutes of actions taken at the
meeting of the Federal Open Market Committee held on April 1, 1969,
were approved.

The memorandum of discussion for the meeting of the
Federal Open Market Committee held on April 1, 1969, was accepted.

By unanimous vote, the System open market transactions in
foreign currencies during the period April 1 through 28, 1969,
were approved, ratified, and confirmed.

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With Messrs. Brimmer and Mitchell dissenting, renewal for further periods of three months, if requested, of the four swap drawings by the Bank of France maturing in the period May 19-20, 1969, and totaling \$281 million, was authorized.

With Mr. Brimmer dissenting, renewal for further periods of three months, if requested, of the seven swap drawings by the Bank of England maturing in the period May 20 - June 4, 1969, and totaling \$800 million, was authorized.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period April 1 through 28, 1969, were approved, ratified, and confirmed.

By unanimous vote, 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:

The information reviewed at this meeting suggests that expansion in real economic activity has moderated only slightly since the fourth quarter of 1968. At the same time, substantial upward pressures on prices and costs are persisting. Long-term interest rates have generally declined in recent weeks, but most short-term rates have risen somewhat. In the first quarter of the year bank credit changed little on average and the money supply grew at a sharply reduced rate. In early April both measures increased substantially, influenced in part by large tax-date borrowing and deposit bulges around Easter. The outstanding volume of large-denomination CD's has continued to decline and there was a net outflow of consumer-type time and savings

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deposits from banks and other thrift institutions in the first half of April. A sizable deficit reemerged in the U. S. balance of payments on the liquidity basis in the first quarter but the balance on the official settlements basis remained in surplus as a result of large inflows of Euro-dollars. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to the reduction of inflationary pressures, with a view to encouraging a more sustainable rate of economic growth and attaining reasonable equilibrium in the country's balance of payments.

To implement this policy, while taking account of the forthcoming Treasury refunding, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining the prevailing firm conditions in money and short-term credit markets; provided, however, that operations shall be modified, to the extent permitted by the Treasury refunding, if bank credit appears to be deviating significantly from current projections.

It was agreed that the next meeting of the Committee would be held on Tuesday, May 27, 1969, at 9:30 a.m.

The meeting adjourned.


Secretary