

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

REC'D IN RECORDS SECTION
JUN 14 1974
Date April 24, 1974
FOMC: General

To Board Members (addressed individually)
From Arthur L. Broida

Subject: _____

Attached for your information is a copy of a telegram being sent today to the President-Members of the FOMC. If you concur in the Chairman's recommendation, please indicate by initialing below and returning this memorandum to my office.

Attachment

OM
Date file

REC'D IN RECORDS SECTION
JUN 14 1974
FOMC - General

April 24, 1974

CONFIDENTIAL (FR)

HAYES - NEW YORK
BLACK - RICHMOND
WINN - CLEVELAND

It appears from the latest still incomplete data that the growth rates in the several monetary aggregates in April-May period are somewhat further above upper ends of ranges of tolerance than indicated by last week's estimates. Largely because of unexpectedly strong money market pressures, Federal funds rate in recent days has been around 11 per cent, and in statement week ending today it is expected to average slightly above the 10-3/4 per cent upper limit set by Committee. To bring funds rate back within range of tolerance, Manager believes he would have to expand reserve-supplying operations, thus stimulating further growth of monetary aggregates which already appear to be above upper limits of tolerance ranges. In view of these circumstances and of the limited time remaining before even keel considerations begin to influence System operations, and against the background of today's discount rate action, Chairman Burns recommends that upper limit of funds rate constraint be raised by 1/4 point, to 11 per cent.

Please advise promptly whether you concur in Chairman's recommendation.

DATE ^{OM} FILE
BROIDA

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

REC'D IN RECORDS SECTION
TELEGRAM
LEASTON WIRE 1974
RECEIVED AT WASHINGTON
FOMC: General
1974 APR 24 PM 3 51

April 24, 1974

CONFIDENTIAL (FR)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

MACLAURY - MINNEAPOLIS

It appears from the latest still incomplete data that the growth rates in the several monetary aggregates in April-May period are somewhat further above upper ends of ranges of tolerance than indicated by last week's estimates. Largely because of unexpectedly strong money market pressures, Federal funds rate in recent days has been around 11 per cent, and in statement week ending today it is expected to average slightly above the 10-3/4 per cent upper limit set by Committee. To bring funds rate back within range of tolerance, Manager believes he would have to expand reserve-supplying operations, thus stimulating further growth of monetary aggregates which already appear to be above upper limits of tolerance ranges. In view of these circumstances and of the limited time remaining before even keel considerations begin to influence System operations, and against the background of today's discount rate action, Chairman Burns recommends that upper limit of funds rate constraint be raised by 1/4 point, to 11 per cent.

As alternate for Mr. Clay, who is away from the Bank today, please advise promptly whether you concur in Chairman's recommendation.

BROIDA

DATE COPY ^{AM} ^{CVB}

REC'D IN RECORDS SECTION
JUN 14 1974
Fomic report

TELEGRAM

FEDERAL RESERVE COMMUNICATIONS SYSTEM
RECEIVED AT WASHINGTON

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

1974 APR 24 PM 3 51

April 24, 1974

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

CONFIDENTIAL (FR)

COLDWELL - DALLAS

It appears from the latest still incomplete data that the growth rates in the several monetary aggregates in April-May period are somewhat further above upper ends of ranges of tolerance than indicated by last week's estimates. Largely because of unexpectedly strong money market pressures, Federal funds rate in recent days has been around 11 per cent, and in statement week ending today it is expected to average slightly above the 10-3/4 per cent upper limit set by Committee. To bring funds rate back within range of tolerance, Manager believes he would have to expand reserve-supplying operations, thus stimulating further growth of monetary aggregates which already appear to be above upper limits of tolerance ranges. In view of these circumstances and of the limited time remaining before even keel considerations begin to influence System operations, and against the background of today's discount rate action, Chairman Burns recommends that upper limit of funds rate constraint be raised by 1/4 point, to 11 per cent.

As alternate for Mr. Kimbrel, who is away from the Bank today, please advise promptly whether you concur in Chairman's recommendation.

BROIDA

DATE COPY

M
D/B

REC'D IN RECORDS SECTION
JUN 14 1974
FOMC: General
April 25, 1974

Board Members (addressed individually)

Arthur L. Broida

In response to yesterday's telegram transmitting the Chairman's recommendation to the FOMC that the upper limit of the Federal funds rate constraint be raised to 11 per cent, replies received late yesterday indicated that eleven members (including Presidents MacLaury and Coldwell, responding as alternates) concurred in the recommendation and that Governor Bucher did not concur.

cc:

Mr. Partee
Mr. Axilrod
Mr. Gramley
Mr. Keir
Mr. Reynolds
Mr. Wendel
Mr. O'Connell
Mr. Coyne
Mr. Pierce
Mr. Bernard
Mr. Bryant
Mr. Melnicoff
Mr. Feldberg
Mr. Altmann
Miss Pruitt

ALB:ck

CB

DATE IN FILE