

Meeting of Federal Open Market Committee

February 4, 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, February 4, 1969, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Hayes, Vice Chairman
Mr. Brimmer
Mr. Daane
Mr. Galusha
Mr. Hickman
Mr. Kimbrel
Mr. Maisel
Mr. Mitchell
Mr. Morris
Mr. Robertson
Mr. Sherrill

Messrs. Clay and Goldwell, Alternate Members of
the Federal Open Market Committee

Messrs. Heflin, Francis, and Swan, Presidents
of the Federal Reserve Banks of Richmond,
St. Louis, and San Francisco, respectively

Mr. Holland, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Brill, Economist
Messrs. Axilrod, Hersey, Kareken, Partee,
Solomon, and Taylor, Associate
Economists
Mr. Holmes, Manager, System Open Market
Account

Mr. Cardon, Assistant to the Board of
Governors

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Messrs. Coyne and Nichols, Special Assistants to the Board of Governors
Mr. Gramley, Adviser, Division of Research and Statistics, Board of Governors
Mr. Wernick, Associate Adviser, Division 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

Messrs. Hilkert and Helmer, First Vice Presidents of the Federal Reserve Banks of Philadelphia and Chicago, respectively

Messrs. Eastburn, Parthemos, Baughman, Jones, Tow, and Craven, Senior Vice Presidents of the Federal Reserve Banks of Philadelphia, Richmond, Chicago, St. Louis, Kansas City, and San Francisco, respectively

Messrs. Eisenmenger and Green, Vice Presidents of the Federal Reserve Banks of Boston and Dallas, respectively

Mr. Garvy, Economic Adviser, Federal Reserve Bank of New York

Messrs. Bodner and Geng, Assistant Vice Presidents, Federal Reserve Bank of New York

Miss Beekel, Assistant Vice President and Economist, Federal Reserve Bank of Cleveland

By unanimous vote, the minutes of actions taken at the meeting of the Federal Open Market Committee held on January 14, 1969, were approved.

The memorandum of discussion for the meeting of the Federal Open Market Committee held on January 14, 1969, was accepted.

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By unanimous vote, the System open market transactions in foreign currencies during the period January 14 through February 3, 1969, were approved, ratified, and confirmed.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period January 14 through February 3, 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 been moderating, but that upward pressures on prices and costs are persisting. Prospects are for some further slowing in economic expansion in the period ahead. Market interest rates recently have fluctuated near the highs reached around the turn of the year. Bank credit contracted slightly in January on average, as the outstanding volume of large-denomination CD's continued to decline sharply, inflows of other time and savings deposits slowed, and growth in the money supply moderated. The U.S. balance of payments on the liquidity basis appears to have reverted to deficit in early 1969, but large inflows of Euro-dollars have had the effect of keeping the official settlements balance in surplus. 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 current Treasury refunding, System open market

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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 March 4, 1969, at 9:30 a.m.

The meeting adjourned.


Secretary