
TREASURY AND FEDERAL RESERVE
FOREIGN EXCHANGE OPERATIONS

TREASURY AND FEDERAL RESERVE FOREIGN EXCHANGE OPERATIONS FOR 1995: AN OVERVIEW

During 1995, the dollar declined 7.4 percent against the German mark and 4.8 percent on a trade weighted basis, but appreciated by 3.7 percent against the Japanese yen. Against the Canadian dollar and Mexican peso, the dollar ended 1995 2.7 percent weaker and 58.8 percent stronger, respectively. Over the course of the year, the U.S. monetary authorities intervened in the foreign exchange markets on eight occasions—March 2, March 3, April 3, April 5, May 31, July 7, August 2, and August 15—purchasing a total of approximately \$6.6 billion against the mark and the yen (see table). All of these purchases were equally divided between the Treasury Department's Exchange Stabilization Fund (ESF) and the Federal Reserve System. In other operations, the Mexican authorities drew a total of \$1.5 billion against Federal Reserve System short-term swap lines and \$12 billion against short- and medium-term ESF swap lines in 1995. During that period, Mexico repaid a total of \$1.7 billion in principal, allocated equally between the ESF and the Federal Reserve System swap lines. A more detailed discussion of these operations can be found in the quarterly foreign exchange reports that follow.

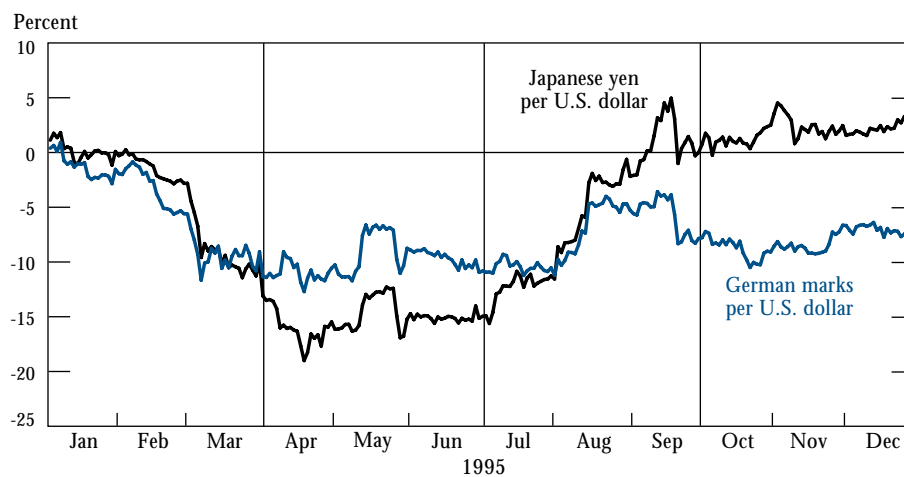
U.S. FOREIGN EXCHANGE INTERVENTION ACTIVITY DURING 1995

Millions of Dollars

Dollar Purchases (+) or Sales (-)	Against the Mark	Against the Yen	Total
March 2	+300	+300	+600
March 3	+450	+370	+820
April 3	+750	+750	+1500
April 5	+850	+250	+1100
May 31	+500	+500	+1000
July 7		+333.3	+333.3
August 2		+500	+500
August 15	+400	+300	+700
Total	+3250	+3303.3	+6553.3

PERCENTAGE CHANGE IN THE DOLLAR DURING 1995

Spot Exchange Rate



Source: Federal Reserve Bank of New York.