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**DISCOUNT RATES -- Requests by three Reserve Banks to lower the primary credit rate; requests by nine Reserve Banks to maintain the existing rate.**

**Existing rate maintained.  
May 19, 2003.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston and San Francisco had voted on May 8, 2003, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Bank of New York had voted on May 15 to establish a primary credit rate of 1-3/4 percent. The directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, St. Louis, and Dallas had voted on May 8, and the directors of the Federal Reserve Banks of Philadelphia, Chicago, Minneapolis, and Kansas City had voted on May 15, to maintain the existing rate. Directors' views were substantially similar to those submitted for the Board's consideration at the meeting on May 5. At that meeting, the Board had considered, but had taken no action on, requests by the Federal Reserve Banks of Boston, New York, and San Francisco to lower the primary credit rate.

At today's meeting, no sentiment was expressed in favor of a change in the primary credit rate, and the existing rate was maintained.

**Participating in this determination: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, May 16, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, May 19, 2003.

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**DISCOUNT RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.**

**Approved.  
May 19, 2003.**

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The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Dallas, and San Francisco on May 8, 2003, and by the Federal Reserve Banks of New York, Philadelphia, Chicago, Minneapolis, and Kansas City on May 15, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, May 16, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, May 19, 2003.

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**DISCOUNT RATES -- Requests by three Reserve Banks to lower the primary credit rate; requests by nine Reserve Banks to maintain the existing rate.**

**Existing rate maintained.  
June 2, 2003.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston and San Francisco had voted on May 22, 2003, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Bank of New York had voted on May 29 to establish a primary credit rate of 1-3/4 percent. The directors of the Federal Reserve Banks of Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, and Dallas had voted on May 22, and the directors of the Federal Reserve Banks of Chicago, Minneapolis, and Kansas City had voted on May 29, to maintain the existing rate. Directors' views were substantially similar to those submitted for the Board's consideration at the meeting on May 19. At that meeting, the Board had considered, but had taken no action on, requests by the Federal Reserve Banks of Boston, New York, and San Francisco to lower the primary credit rate.

At today's meeting, no sentiment was expressed in favor of a change in the primary credit rate, and the existing rate was maintained.

**Participating in this determination: Chairman Greenspan and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, May 30, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 2, 2003.

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**DISCOUNT RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.**

**Approved.  
June 2, 2003.**

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The Board approved renewal by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Dallas, and San Francisco on May 22, 2003, and by the Federal Reserve Banks of New York, Chicago, Minneapolis, and Kansas City on May 29, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Chairman Greenspan and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, May 30, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 2, 2003.

**DISCOUNT RATES -- Requests by three Reserve Banks to lower the primary credit rate; requests by six Reserve Banks to maintain the existing rate.**

**Existing rate maintained.  
June 9, 2003.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston and San Francisco had voted on June 5, 2003, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Bank of New York had voted on June 5 to establish a primary credit rate of 1-3/4 percent. The directors of the Federal Reserve Banks of Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, and Dallas had voted on June 5 to maintain the existing rate. Directors' views were substantially similar to those submitted for the Board's consideration at the meeting on June 2. At that meeting, the Board had considered, but had taken no action on, requests by the Federal Reserve Banks of Boston, New York, and San Francisco to lower the primary credit rate.

At today's meeting, no sentiment was expressed in favor of a change in the primary credit rate, and the existing rate was maintained.

**Participating in this determination: Chairman Greenspan and Governors Bies, Olson, and Bernanke.**

**Background:** Office of the Secretary memorandum, June 6, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 9, 2003.

**DISCOUNT RATES -- Renewal by nine Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.**

**Approved.  
June 9, 2003.**

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The Board approved renewal by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Dallas, and San Francisco on June 5, 2003, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Chairman Greenspan and Governors Bies, Olson, and Bernanke.**

**Background:** Office of the Secretary memorandum, June 6, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 9, 2003.

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**DISCOUNT RATES -- Requests by eight Reserve Banks to lower the primary credit rate; requests by four Reserve Banks to maintain the existing rate.**

**Existing rate maintained.  
June 23, 2003.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, St. Louis, Kansas City, and San Francisco had voted on June 12, 2003, and the directors of the Federal Reserve Bank of New York had voted on June 19, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Banks of Richmond and Minneapolis had voted on June 12, and the directors of the Federal Reserve Bank of Philadelphia had voted on June 19, to establish a primary credit rate of 1-3/4 percent. The directors of the Federal Reserve Banks of Cleveland, Atlanta, Chicago, and Dallas had voted on June 12 to maintain the existing rate. At its meeting on June 9, the Board had considered, but had taken no action on, requests by the Federal Reserve Banks of Boston, New York, and San Francisco to lower the primary credit rate.

Reserve Bank directors requesting a reduction in the primary credit rate to 2 percent acknowledged that some economic indicators, such as residential lending, remained strong and expectations for growth were improving, but they believed that it was too early to conclude that these indicators signaled the beginning of a marked strengthening of the expansion. Based on data indicating that capital investments by businesses remained sluggish, these directors thought that an easing of market conditions would encourage economic growth.

Reserve Bank directors requesting a reduction in the primary credit rate to

1-3/4 percent cited a sluggish expansion that, in their view, was gaining no momentum. These directors believed that decisive action now could improve prospects for an acceleration of growth by year-end, with little risk of triggering inflation.

Directors who supported maintaining existing rates cited strong residential construction, although they acknowledged sluggish commercial building and little loan demand outside mortgage products. They also indicated that geopolitical risks had subsided, and that consumer confidence and the mood in financial markets had improved. These directors believed that the currently stimulative stances of monetary and fiscal policies, together with other factors such as strong productivity growth, were sufficient to support a resumption of solid economic growth.

At today's meeting, the Board discussed recent economic developments and the potential effect of a more accommodative stance of monetary policy on economic activity. No sentiment was expressed in favor of taking action on the primary credit rate before the meeting of the Federal Open Market Committee over the next two days, and the existing rate was maintained.

**Participating in this determination: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, June 20, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 23, 2003.

**DISCOUNT RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.**

**Approved.  
June 23, 2003.**

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on June 12, 2003, and by the Federal Reserve Banks of New York and Philadelphia on June 19, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, June 20, 2003.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 23, 2003.

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**DISCOUNT RATES -- Reduction in the primary credit rate from 2-1/4 percent to 2 percent.**

**Approved.  
June 25, 2003.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, St. Louis, Kansas City, and San Francisco had voted on June 12, 2003, and the directors of the Federal Reserve Bank of New York had voted on June 19, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Banks of Richmond and Minneapolis had voted on June 12, and the directors of the Federal Reserve Bank of Philadelphia had voted on June 19, to establish a primary credit rate of 1-3/4 percent. The directors of the Federal Reserve Banks of Cleveland, Atlanta, Chicago, and Dallas had voted on June 12 to maintain the existing rate. At its meeting on June 23, the Board had considered, but had taken no action on, the requests to lower the primary credit rate.

At today's meeting, there was a consensus in favor of a reduction in the primary credit rate of 25 basis points, and the Board approved a reduction in the primary credit rate from 2-1/4 percent to 2 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Kansas City, and San Francisco, and effective June 26 for the Federal Reserve Bank of St. Louis. At an earlier meeting today, the Federal Open Market Committee had decided to lower its target for the federal funds rate by 25 basis points to 1 percent.

It was understood that a press release announcing the reduction would be issued. In addition, the Secretary was authorized to inform the remaining Reserve Banks, on their establishment of a primary credit rate of 2 percent, of the Board's approval of that rate. (Note: Subsequently, the Federal Reserve Banks of Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, and Dallas established that rate and were informed of the Board's approval, effective June 26.)

**Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, June 20, 2003.

**Implementation:** Press release and wires from Ms. Johnson and Mr. Frierson to the Reserve Banks, June 25 and 26, 2003.