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**DISCOUNT AND ADVANCE RATES -- Establishment without change by twelve Reserve Banks of the existing primary credit rate; renewal by those Banks of the formulas for calculating the secondary and seasonal credit rates.**

**Approved.  
April 10, 2006.**

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (5-3/4 percent) by the Federal Reserve Banks of Minneapolis and Kansas City on March 30, 2006, and by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on April 6. The Board also approved renewal by those Banks, on the dates indicated above, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Chairman Bernanke and Governors Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, April 7, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, April 10, 2006.

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

**Existing rate maintained.  
May 1, 2006.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Richmond and Minneapolis had voted on April 20, 2006, and the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on April 27 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 6 percent (an increase from 5-3/4 percent). The directors of the Federal Reserve Banks of New York and Philadelphia had voted on April 20 and the directors of the Federal Reserve Bank of Kansas City had voted on April 27 to maintain the existing rate.

Directors in favor of increasing the primary credit rate generally viewed recent economic data as consistent with healthy growth, a high level of employment, and stable inflation. Other directors, however, considered inflation somewhat higher and growth a bit stronger than they had expected. Overall, the directors agreed that a

further tightening in monetary policy was appropriate, although several noted that the federal funds rate was near the upper end of what could be considered a neutral range.

Directors in favor of maintaining the current primary credit rate were more comfortable with a wait-and-see approach at this time, although some expressed support for additional monetary policy tightening if warranted by the available data.

At today's meeting, no sentiment was expressed for changing the primary credit rate, and the existing rate was maintained.

**Participating in this determination: Chairman Bernanke and Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, April 28, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, May 1, 2006.

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

**Approved.**  
**May 1, 2006.**

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, Richmond, and Minneapolis on April 20, 2006, and by the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on April 27 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Chairman Bernanke and Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, April 28, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, May 1, 2006.

**DISCOUNT AND ADVANCE RATES -- Requests by eleven Reserve Banks to increase the primary credit rate.**

**Existing rate maintained.**  
**May 8, 2006.**

Subject to review and determination by the Board of Governors, the directors of

the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on April 27, 2006, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, and Minneapolis had voted on May 4 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 6 percent (an increase from 5-3/4 percent). At its meeting on May 1, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco to increase the primary credit rate.

The views of directors in favor of increasing the primary credit rate were substantially the same as those considered at the Board's meeting on May 1. Some directors additionally noted that consumer activity remained robust despite slowing demand in housing and increased prices in the energy, commodities, and agricultural sectors.

At today's meeting, no sentiment was expressed for changing the primary credit rate before the meeting of the Federal Open Market Committee later this week, and the existing rate was maintained.

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

**Background:** Office of the Secretary memorandum, May 5, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, May 8, 2006.

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

**Approved.**  
**May 8, 2006.**

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, Richmond, and Minneapolis on May 4, 2006, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

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

**Background:** Office of the Secretary memorandum, May 5, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, May 8, 2006.

**DISCOUNT AND ADVANCE RATES -- Increase in the primary credit rate from 5-3/4 percent to 6 percent.**

**Approved.**  
**May 10, 2006.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on April 27, 2006, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, and Minneapolis had voted on May 4 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 6 percent (an increase from 5-3/4 percent). At its meeting on May 8, the Board had considered, but had taken no action on, the requests to increase the primary credit rate.

At today's meeting, there was a consensus for a 25-basis-point increase, and the Board approved an increase in the primary credit rate from 5-3/4 percent to 6 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Dallas, and San Francisco, and effective May 11 for the Federal Reserve Bank of St. Louis. At an earlier meeting today, the Federal Open Market Committee had decided to increase its target for the federal funds rate by 25 basis points to 5 percent. It was understood that a press release announcing the increases in the two rates would be issued.

In addition, the Secretary was authorized to inform the Federal Reserve Bank of Kansas City, on its establishment of a primary credit rate of 6 percent, of the Board's approval. (NOTE: Subsequently, the Reserve Bank established that rate and was informed of the Board's approval, effective May 11, 2006.)

**Voting for this action: Chairman Bernanke and Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, May 5, 2006.

**Implementation:** Press releases and wires from Ms. Johnson to the Reserve Banks, May 10 and 11, and Federal Register document, May 11, 2006.