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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.  
August 23, 2004.**

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (2-1/2 percent) by the Federal Reserve Banks of Boston, Cleveland, Richmond, St. Louis, Dallas, and San Francisco on August 12, 2004, and by the Federal Reserve Banks of New York, Philadelphia, Atlanta, Chicago, Minneapolis, and Kansas City on August 19. 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: Vice Chairman Ferguson and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, August 20, 2004.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, August 23, 2004.

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**DISCOUNT AND ADVANCE RATES -- Request by one Reserve Bank to increase the primary credit rate; requests by eleven Reserve Banks to maintain the existing rate.**

**Existing rate maintained.  
September 7, 2004.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Dallas had voted on August 26, 2004, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-3/4 percent (an increase from 2-1/2 percent). The directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, St. Louis, and San Francisco had voted on August 26, and the directors of the Federal Reserve Banks of New York, Philadelphia, Atlanta, Chicago, Minneapolis, and Kansas City had voted on September 2 to maintain the existing rate.

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 Greenspan and Governors Gramlich, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, September 3, 2004.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, September 7, 2004.

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

**Approved.**  
**September 7, 2004.**

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, St. Louis, Dallas, and San Francisco on August 26, 2004, and by the Federal Reserve Banks of New York, Philadelphia, Atlanta, Chicago, Minneapolis, and Kansas City on September 2 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, Olson, Bernanke, and Kohn.**

**Background:** Office of the Secretary memorandum, September 3, 2004.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, September 7, 2004.

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

**Existing rate maintained.**  
**September 20, 2004.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on September 9, 2004, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on September 16, and the directors of the Federal Reserve Bank of Kansas City had voted on September 17 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-3/4 percent (an increase from 2-1/2 percent). At its meeting on September 7, the Board had considered, but had taken no action on, a similar request by the Federal Reserve Bank of Dallas.

Reserve Bank directors generally viewed the economic outlook as favorable, although their assessments varied to some degree. Some directors described the economy as remaining on a path of solid growth and restrained price increases. Others noted that economic expansion, while continuing, was perhaps not as robust as earlier in the year. Most directors indicated, however, that it was appropriate in their view to gradually remove monetary policy accommodation.

Today, Board members considered the primary credit rate and discussed, on a preliminary basis, their individual assessments of appropriate monetary policy and its communication, which would be the principal subjects of tomorrow's meeting of the Federal Open Market Committee. Against the background of recent and prospective economic developments, Board members tentatively favored a further step in the process of removing policy accommodation and continuing to describe the process as before. No sentiment was expressed for changing the primary credit rate before the Committee's meeting, 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, September 17, 2004.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, September 20, 2004.

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

**Approved.**  
**September 20, 2004.**

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on September 9, 2004, by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on September 16, and by the Federal Reserve Bank of Kansas City on September 17 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, September 17, 2004.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, September 20, 2004.

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**DISCOUNT AND ADVANCE RATES -- Increase in the primary credit rate from 2-1/2 percent to 2-3/4 percent.**

**Approved.  
September 21, 2004.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on September 9, 2004, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on September 16, and the directors of the Federal Reserve Bank of Kansas City had voted on September 17 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-3/4 percent (an increase from 2-1/2 percent). At its meeting on September 20, the Board had considered, but had taken no action on, these requests.

At today's meeting, there was a consensus for a 25-basis-point increase, and the Board approved increasing the primary credit rate from 2-1/2 percent to 2-3/4 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco, and effective September 22 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 1-3/4 percent. It was understood that a press release announcing the increases in the two rates would be issued.

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

**Background:** Office of the Secretary memorandum, September 17, 2004.

**Implementation:** Press release and wires from Ms. Johnson to the Reserve Banks, September 21, and Federal Register document, September 22, 2004.