
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.
April 4, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Kansas City had voted on March 31, 2005, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-1/4 percent (an increase from 3-3/4 percent). The directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on March 24, and the directors of the Federal Reserve Banks of New York and Minneapolis had voted on March 31 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, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, April 1, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 4, 2005.

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

**Approved.
April 4, 2005.**

The Board approved renewal by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on March 24, 2005, and by the Federal Reserve Banks of New York, Minneapolis, and Kansas City on March 31 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, April 1, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 4, 2005.

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

**Existing rate maintained.
April 18, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, and San Francisco had voted on April 14, 2005, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4 percent (an increase from 3-3/4 percent). The directors of the Federal Reserve Bank of Kansas City had voted on April 14 to establish a primary credit rate of 4-1/4 percent. The directors of the Federal Reserve Banks of Boston, New York, and Philadelphia had voted on April 7, and the directors of the Federal Reserve Banks of St. Louis, Minneapolis, and Dallas had voted on April 14 to maintain the existing rate. At its meeting on April 4, the Board had considered, but had taken no action on, a similar request by the Federal Reserve Bank of Kansas City to increase the primary credit rate.

Reserve Bank directors in favor of an increase in the primary credit rate noted that economic growth had been strong, and they expected economic activity to continue at a solid pace in the near term. These directors also viewed the long-term outlook for inflation as favorable, although some directors considered recent data as suggesting some upside risk. Most of these directors agreed that a measured approach to removing monetary policy accommodation remained appropriate and recommended a 25-basis-point increase in the primary credit rate. Some directors recommended a 50-basis-point increase now to address their concerns about requiring even higher rates in the future if inflation pressures were allowed to build.

Reserve Bank directors in favor of maintaining the existing primary credit rate preferred to wait for more information before recommending a further removal of policy accommodation.

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, Vice Chairman Ferguson, and Governors Gramlich, Olson, and Kohn.

Background: Office of the Secretary memorandum, April 15, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 18, 2005.

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

**Approved.
April 18, 2005.**

The Board approved renewal by the Federal Reserve Banks of Boston, New York, and Philadelphia on April 7, 2005, and by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on April 14 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, Olson, and Kohn.

Background: Office of the Secretary memorandum, April 15, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 18, 2005.

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

**Existing rate maintained.
May 2, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, and Minneapolis had voted on April 21, 2005, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on April 28 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4 percent (an increase from 3-3/4 percent). At its meeting on April 18, the Board had considered, but had taken no action on, requests by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, Kansas City, and San Francisco to increase the primary credit rate.

Reserve Bank directors expressed a degree of uncertainty about the economic outlook. They noted, in part, some downside risks to output and employment and some upside risks to the inflation outlook. Although directors viewed economic conditions as somewhat mixed, they agreed that the gradual removal of accommodative monetary policy continued to be appropriate.

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 discussed 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, and Kohn.

Background: Office of the Secretary memorandum, April 29, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, May 2, 2005.

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

Approved.
May 2, 2005.

The Board approved renewal by the Federal Reserve Banks of Boston, New York, Philadelphia, and Minneapolis on April 21, 2005, and by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on April 28 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, and Kohn.

Background: Office of the Secretary memorandum, April 29, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, May 2, 2005.

DISCOUNT AND ADVANCE RATES -- Increase in the primary credit rate from

3-3/4 percent to 4 percent.

**Approved.
May 3, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, and Minneapolis had voted on April 21, 2005, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on April 28 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4 percent (an increase from 3-3/4 percent). At its meeting on May 2, the Board had considered, but had taken no action on, those requests.

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 3-3/4 percent to 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 May 4 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 3 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, and Kohn.

Background: Office of the Secretary memorandum, April 29, 2005.

Implementation: Press release and wire from Ms. Johnson to the Reserve Banks, May 3, and Federal Register document, May 4, 2005.