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.
May 17, 2004.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Kansas City, Dallas, and San Francisco had voted on May 13, 2004, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-1/4 percent (an increase from 2 percent). The directors of the Federal Reserve Banks of New York, Philadelphia, and Chicago had voted on May 6, and the directors of the Federal Reserve Banks of Richmond, St. Louis, and Minneapolis had voted on May 13, to maintain the existing rate.

Reserve Bank directors requesting an increase in the primary credit rate noted that the economic outlook was improving. These directors cited a strengthening in labor markets and commented on recent evidence of increased pricing power. In view of these developments, the directors believed that beginning to remove monetary policy accommodation was appropriate.

Directors in favor of maintaining the existing rate concluded that, on balance, the incoming economic data did not support a change at this time. Some directors mentioned that core inflation had remained moderate despite recent commodity price increases, while others pointed out that although inflation had risen, wage costs were growing at a modest rate. For the near term, these directors preferred to continue to monitor economic indicators instead of adjusting monetary policy.

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, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, May 14, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, May 17, 2004.

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

Approved.
May 17, 2004.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Chicago on May 6, 2004, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on May 13, 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, May 14, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, May 17, 2004.

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

Existing rate maintained.
June 7, 2004.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Kansas City, Dallas, and San Francisco had voted on May 27, 2004, and the directors of the Federal Reserve Bank of Minneapolis had voted on June 3, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-1/4 percent (an increase from 2 percent). The directors of the Federal Reserve Bank of St. Louis had voted on May 27, the directors of the Federal Reserve Bank of Richmond had voted on June 2, and the directors of the Federal Reserve Banks of New York, Philadelphia, and Chicago had voted on June 3, to maintain the existing rate. At its meeting on May 17, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Boston, Cleveland, Atlanta, Kansas City, Dallas, and San Francisco to increase the primary credit rate. Directors' views were substantially similar to those submitted for the Board's consideration at the May 17 meeting.

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 Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, June 4, 2004.

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

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

Approved.
June 7, 2004.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco on May 27, 2004, by the Federal Reserve Bank of Richmond on June 2, and by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on June 3, 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 Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, June 4, 2004.

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

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

Existing rate maintained.
June 21, 2004.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on June 10, 2004, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on June 17, and the directors of the Federal Reserve Bank of Richmond had voted on June 18, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-1/4 percent (an increase from 2 percent). At its meeting on June 7, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Boston, Cleveland, Atlanta, Minneapolis, Kansas City, Dallas, and San Francisco.

Reserve Bank directors generally concluded that the economy was growing at a solid pace, citing increases in output and stronger labor markets. Some directors also noted signs of upward pressure on inflation. In this light, they agreed that it was appropriate to begin removing monetary policy accommodation.

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, and Kohn.

Background: Office of the Secretary memorandum, June 18, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, June 21, 2004.

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

Approved.
June 21, 2004.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on June 10, 2004, by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on June 17, and by the Federal Reserve Bank of Richmond on June 18, 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, June 18, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, June 21, 2004.

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

Existing rate maintained.
June 28, 2004.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on June 17, 2004, and the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on June 24, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-1/4 percent (an increase from 2 percent). At its meeting on June 21, the Board had considered, but had taken no action on, similar requests by the twelve Reserve Banks. Directors' views were substantially similar to those submitted for the Board's consideration at the June 21 meeting.

At today's meeting, 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: Vice Chairman Ferguson and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, June 25, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, June 28, 2004.

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

Approved.
June 28, 2004.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on June 24, 2004, 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, June 25, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, June 28, 2004.

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

Approved.
June 30, 2004.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on June 17, 2004, and the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on June 24, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-1/4 percent (an increase from 2 percent). At its meeting on June 28, the Board had considered, but had taken no action on, similar requests by the twelve Reserve Banks.

At today's meeting, there was a consensus in favor of an increase in the primary credit rate of 25 basis points, and the Board approved an increase in the primary credit rate from 2 percent to 2-1/4 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 July 1 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 1-1/4 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, June 25, 2004.

Implementation: Press release and wires from Ms. Johnson to the Reserve Banks, June 30, and Federal Register document, July 2, 2004.