
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.
October 12, 2004.**

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (2-3/4 percent) by the Federal Reserve Banks of Minneapolis and Kansas City on September 30, 2004, and by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on October 7. 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 Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Olson, and Bernanke.

Background: Office of the Secretary memorandum, October 8, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 12, 2004.

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

**Existing rate maintained.
October 25, 2004.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Cleveland, Atlanta, and Kansas City had voted on October 14, 2004, and the directors of the Federal Reserve Bank of Chicago had voted on October 21 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3 percent (an increase from 2-3/4 percent). The directors of the Federal Reserve Banks of Boston, Richmond, St. Louis, Minneapolis, Dallas, and San Francisco had voted on October 14, and the directors of the Federal Reserve Banks of New York and Philadelphia had voted on October 21 to maintain the existing rate.

Reserve Bank directors who requested an increase in the primary credit rate gave considerable emphasis to the development of upward pressures on materials and energy prices and viewed current economic conditions as generally good. On the whole, these directors considered it appropriate for the Federal Reserve to continue

moving the current accommodative stance of monetary policy to a more neutral setting through measured steps, and accordingly, they favored a small increase in the primary credit rate at this time.

Some directors in favor of maintaining the existing rate expressed a bit more uncertainty about downside risks to the economy by citing concerns about high oil prices and the vigor of business conditions going forward. Other directors felt that the evidence on whether the economy's soft patch had ended was inconclusive. Without a clear sense of the strength of overall economic activity or substantial evidence pointing to the emergence of inflationary pressure, they preferred to review incoming data to assess the strength of the recovery before taking further action consistent with the removal of monetary 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 Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, October 22, 2004.

Implementation: Wire from Mr. Frierson to the Reserve Banks, October 25, 2004.

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

Approved.
October 25, 2004.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on October 14, 2004, and by the Federal Reserve Banks of New York, Philadelphia, and Chicago on October 21 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, October 22, 2004.

Implementation: Wire from Mr. Frierson to the Reserve Banks, October 25, 2004.

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.
November 5, 2004.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Atlanta had voted on October 28, 2004, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, and Kansas City had voted on November 4 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3 percent (an increase from 2-3/4 percent). The directors of the Federal Reserve Banks of Minneapolis, Dallas, and San Francisco had voted on October 28 to maintain the existing rate. At its meeting on October 25, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Cleveland, Atlanta, Chicago, and Kansas City to increase the primary credit rate.

Most Reserve Bank directors who requested an increase in the primary credit rate saw the economy continuing to expand at a moderate pace and inflation remaining low for now. In these circumstances, they were comfortable with a strategy of withdrawing monetary stimulus at a measured pace.

Reserve Bank directors in favor of maintaining the existing primary credit rate viewed recent economic indicators as more mixed. Some directors, while acknowledging that the economy continued to grow, expressed a concern that a soft patch might not be completely over, noting in particular a decline in consumer confidence. Other directors cited below-par job growth over the last several months as an indication of lingering business caution. Overall, they preferred to maintain the existing rate, although some directors noted that the decision was a close call.

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 the meeting of the Federal Open Market Committee on November 10, 2004. 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 Olson, Bernanke, and Kohn.

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

Implementation: Wire from Ms. Johnson to the Reserve Banks, November 5, 2004.

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

Approved.
November 5, 2004.

The Board approved renewal by the Federal Reserve Banks of Atlanta, Minneapolis, Dallas, and San Francisco on October 28, 2004, and by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, and Kansas City on November 4 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 Olson, Bernanke, and Kohn.

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

Implementation: Wire from Ms. Johnson to the Reserve Banks, November 5, 2004.

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

Approved.
November 10, 2004.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Atlanta had voted on October 28, 2004, the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, and Kansas City had voted on November 4, and the directors of the Federal Reserve Bank of Minneapolis had voted on November 5 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3 percent (an increase from 2-3/4 percent). At its meeting on November 5, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, and Kansas City.

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 2-3/4 percent to 3 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, and Kansas City, and effective November 12 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 2 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 remaining Reserve Banks, on their establishment of a primary credit rate of 3 percent, of the Board's approval of that schedule of rates. (NOTE: Subsequently, the remaining two Reserve Banks established that schedule of rates and were informed of the Board's approval, effective November 10 for the Federal Reserve Bank of San Francisco, and effective November 12 for the Federal Reserve Bank of Dallas.)

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

Background: Office of the Secretary memorandum, November 5, 2004.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, November 10 and 12, and Federal Register document, November 15, 2004.

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

Approved.
November 10, 2004.

The Board approved renewal by the Federal Reserve Bank of Minneapolis on November 5, 2004, 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, November 5, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Bank, November 10, and Federal Register document, November 15, 2004.