
DISCOUNT 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.
August 22, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Atlanta had voted on August 11, 2005, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-3/4 percent (an increase from 4-1/2 percent). The directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on August 11, and the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on August 18 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: Vice Chairman Ferguson and Governors Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, August 19, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, August 22, 2005.

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

**Approved.
August 22, 2005.**

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on August 11, 2005, and by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on August 18 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 Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, August 19, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, August 22, 2005.

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 6, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Atlanta had voted on August 25, 2005, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-3/4 percent (an increase from 4-1/2 percent). The directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Chicago, St. Louis, Dallas, and San Francisco had voted on August 25, and the directors of the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City had voted on September 1 to maintain the existing rate. At its meeting on August 22, the Board had considered, but had taken no action on, a similar request by the Atlanta Reserve Bank to increase the primary credit 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 Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, September 2, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 6, 2005.

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

**Approved.
September 6, 2005.**

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on August 25, 2005, and by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on September 1 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, and Kohn.

Background: Office of the Secretary memorandum, September 2, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 6, 2005.

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.
September 19, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Richmond, and Chicago had voted on September 8, 2005, and the directors of the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City had voted on September 15 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-3/4 percent (an increase from 4-1/2 percent). The directors of the Federal Reserve Banks of Cleveland, Atlanta, St. Louis, Dallas, and San Francisco had voted on September 8 to maintain the existing rate. At its meeting on September 6, the Board had considered, but had taken no action on, a request by the Federal Reserve Bank of Atlanta to increase the primary credit rate.

Directors' requests focused on Hurricane Katrina and emphasized the difficulty in assessing its impact on the economy. Those in favor of maintaining the primary credit rate generally preferred to wait until a fuller assessment could be made. Some directors noted, however, that the damage and disruption caused by the hurricane had prompted them to lower their expectations for economic growth for the remainder of the year.

Directors in favor of an increase, while recognizing some uncertainty about the near-term outlook, generally considered the economy's overall prospects as calling for continued removal of monetary policy accommodation at a measured pace. They supported this view, in part, by noting that longer-run forecasts for steady growth and economic expansion were little changed from before the hurricane and that supply disruptions were dissipating faster than expected.

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 tomorrow. Against the background of recent and prospective economic developments, most Board members tentatively favored a further step in the

process of removing policy accommodation and discussed continuing to describe the process as before. Governor Olson tentatively favored leaving the federal funds rate target unchanged at tomorrow's meeting but reiterated that he would carefully weigh the Committee's discussions. 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 Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, September 16, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 19, 2005.

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

Approved.
September 19, 2005.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on September 8, 2005, and by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on September 15 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, and Kohn.

Background: Office of the Secretary memorandum, September 16, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 19, 2005.

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

Approved.
September 20, 2005.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Richmond, and Chicago had voted on

September 8, 2005, and the directors of the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City had voted on September 15 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-3/4 percent (an increase from 4-1/2 percent). The directors of the Federal Reserve Banks of Cleveland, Atlanta, St. Louis, Dallas, and San Francisco had voted on September 8 to maintain the existing rate. At its meeting on September 19, the Board had considered, but had taken no action on, the requests to increase the primary credit rate.

The Federal Open Market Committee had decided today to increase its target for the federal funds rate by 25 basis points to 3-3/4 percent. At today's Board meeting following this decision, there was a consensus for a 25-basis-point increase in the primary credit rate. Although Governor Olson had voted against the Committee's action, preferring no change in the federal funds rate target at this time, he indicated that the existing alignment between the two rates should be maintained. The Board approved an increase in the primary credit rate from 4-1/2 percent to 4-3/4 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Chicago, Minneapolis, and Kansas City. 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 4-3/4 percent, of the Board's approval of that schedule of rates. (NOTE: Subsequently, the remaining five Reserve Banks established that schedule of rates and were informed of the Board's approval, effective immediately for the Federal Reserve Bank of San Francisco, effective September 21 for the Federal Reserve Bank of St. Louis, and effective September 22 for the Federal Reserve Banks of Cleveland, Atlanta, and Dallas.

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

Background: Office of the Secretary memorandum, September 16, 2005.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, September 20 and 22, and Federal Register document, September 22, 2005.