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**DISCOUNT AND ADVANCE RATES -- Establishment without change by four Reserve Banks of the existing primary credit rate; renewal by those Banks of the formulas for calculating the secondary and seasonal credit rates.**

**Approved.  
February 6, 2006.**

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (5-1/2 percent) by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on February 2, 2006. The Board also approved renewal by those Banks on February 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 Bernanke, Vice Chairman Ferguson, and Governors Bies, Olson, and Kohn.**

**Background:** Office of the Secretary memorandum, February 3, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, February 6, 2006.

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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.  
February 21, 2006.**

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (5-1/2 percent) by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on February 9, 2006, and by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on February 16. 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 Bernanke, Vice Chairman Ferguson, and Governors Bies, Olson, and Kohn.**

**Background:** Office of the Secretary memorandum, February 17, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, February 21, 2006.

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**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.  
March 13, 2006.**

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, and Chicago had voted on March 9, 2006, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 5-3/4 percent (an increase from 5-1/2 percent). The directors of the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City had voted on March 2, and the directors of the Federal Reserve Banks of Boston, St. Louis, Dallas, and San Francisco had voted on March 9 to maintain the existing rate.

Directors in favor of increasing the primary credit rate generally gave positive assessments of the economy. Some directors commented that business conditions were very good and that the general outlook had improved since the last quarter. Others noted that although economic activity appeared to be picking up pace, inflation pressures remained moderate. In these circumstances, additional monetary policy tightening was seen as appropriate, particularly in light of the possibility that tightening labor markets might increase inflationary pressures.

Directors requesting no change in the primary credit rate also viewed the economy as growing at a healthy pace with inflation relatively well contained. Although most of these directors appeared supportive of a further tightening in monetary policy as needed, they preferred to wait for additional data before recommending action at this time.

At today's meeting, no sentiment was expressed for changing the primary credit rate, and the existing rate was maintained.

**Participating in this determination: Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, March 10, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, March 13, 2006.

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

**Approved.  
March 13, 2006.**

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The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on March 2, 2006, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on March 9 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, March 10, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, March 13, 2006.

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

**Existing rate maintained.  
March 27, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York and Minneapolis had voted on March 16, 2006, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on March 23 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 5-3/4 percent (an increase from 5-1/2 percent). The directors of the Federal Reserve Bank of Kansas City had voted on March 16 to maintain the existing rate. At its meeting on March 13, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, and Chicago to increase the primary credit rate.

Directors in favor of increasing the primary credit rate generally cited recent data indicating solid economic growth in the first quarter and contained inflation. Although most directors viewed the near-term outlook as favorable, some noted the potential upside risk to inflation pressures stemming from elevated energy prices. Some directors regarded core inflation as approaching the upper limit of what was acceptable. In this light, further monetary policy firming was considered appropriate.

Directors in favor of maintaining the primary credit rate for the time being viewed economic growth as near trend and inflation as modest, with some expressing concern about a slowdown in the housing market.

At today's meeting, no sentiment was expressed for changing the primary credit rate before the meeting of the Federal Open Market Committee later today and tomorrow, and the existing rate was maintained.

**Participating in this determination: Chairman Bernanke and Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, March 24, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, March 27, 2006.

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

**Approved.**  
**March 27, 2006.**

The Board approved renewal by the Federal Reserve Banks of New York, Minneapolis, and Kansas City on March 16, 2006, and by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on March 23 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

**Voting for this action: Chairman Bernanke and Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, March 24, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, March 27, 2006.

**DISCOUNT AND ADVANCE RATES -- Increase in the primary credit rate from 5-1/2 percent to 5-3/4 percent.**

**Approved.**  
**March 28, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York and Minneapolis had voted on March 16, 2006, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on March 23 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 5-3/4 percent (an increase from 5-1/2 percent). The directors of the Federal Reserve Bank of Kansas City had voted on March 16 to maintain the existing rate. At its meeting on March 27, the Board had considered, but had taken no action on, the requests to increase the primary credit rate.

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 5-1/2 percent to 5-3/4 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Dallas, and San Francisco, and effective March 29 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 4-3/4 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 Federal Reserve Bank of Kansas City, on its establishment of a primary credit rate of 5-3/4 percent, of the Board's approval. (NOTE: Subsequently, the Reserve Bank established that rate and was informed of the Board's approval, effective March 30, 2006).

**Voting for this action: Chairman Bernanke and Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, March 24, 2006.

**Implementation:** Press releases and wires from Ms. Johnson to the Reserve Banks, March 28 and 30, and Federal Register document, March 30, 2006.