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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.  
May 22, 2006.**

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (6 percent) by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on May 11, 2006, and by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on May 18. 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 and Governors Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, May 19, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, May 22, 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.  
June 5, 2006.**

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (6 percent) by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on May 25, 2006, and by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on June 1. 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 and Governors Bies, Olson, Kohn, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, June 2, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 5, 2006.

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

**Existing rate maintained.  
June 26, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Chicago, and Minneapolis had voted on June 15, 2006, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, and Dallas had voted on June 22 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 6-1/4 percent (an increase from 6 percent). The directors of the Federal Reserve Banks of Kansas City and San Francisco had voted on June 22 to maintain the existing rate.

Directors in favor of increasing the primary credit rate generally viewed recent economic data as indicating a modest deceleration in economic activity. They concluded, however, that additional monetary policy tightening was appropriate to address possible inflationary pressures, which in the view of some directors were partly attributable to elevated resource utilization.

Directors in favor of maintaining the current primary credit rate believed that more time was needed to assess the outlook for both economic growth and inflation.

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

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

**Background:** Office of the Secretary memorandum, June 23, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 26, 2006.

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

**Approved.  
June 26, 2006.**

The Board approved renewal by the Federal Reserve Banks of New York, Chicago, and Minneapolis on June 15, 2006, and by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco on June 22 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 Kohn, and Governors Bies, Warsh, and Kroszner.**

**Background:** Office of the Secretary memorandum, June 23, 2006.

**Implementation:** Wire from Ms. Johnson to the Reserve Banks, June 26, 2006.

**DISCOUNT AND ADVANCE RATES -- Increase in the primary credit rate from 6 percent to 6-1/4 percent.**

**Approved.  
June 29, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Chicago, and Minneapolis had voted on June 15, 2006, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, and Dallas had voted on June 22 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 6-1/4 percent (an increase from 6 percent). At its meeting on June 26, 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 6 percent to 6-1/4 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, and Dallas, and effective June 30 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 5-1/4 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 remaining Reserve Banks, on their establishment of a primary credit rate of 6-1/4 percent, of the Board's approval. (NOTE: Subsequently, the remaining two Reserve Banks established that rate and were informed of the Board's approval, effective June 29 for the Federal Reserve Bank of San Francisco and effective July 6 for the Federal Reserve Bank of Kansas City.)

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

**Background:** Office of the Secretary memorandum, June 23, 2006.

**Implementation:** Press releases and wires from Ms. Johnson to the Reserve Banks, June 29 and July 6, and Federal Register document, July 7, 2006.