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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.  
October 1, 2007.

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (5-1/4 percent) by the Federal Reserve Bank of Richmond on September 19, 2007, by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on September 20, and by the Federal Reserve Banks of Boston, Cleveland, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco on September 27. 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 Kohn, and  
Governors Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, September 28, 2007.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 1, 2007.

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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.  
October 15, 2007.

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The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (5-1/4 percent) by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on October 4, 2007, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis,

Kansas City, Dallas, and San Francisco on October 11. 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 Kohn, and Governors Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, October 12, 2007.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 15, 2007.

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

Existing rate maintained.  
October 29, 2007.

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on October 25, 2007, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 5 percent (a reduction from 5-1/4 percent). The directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on October 18, and the directors of the Federal Reserve Banks of Boston, Cleveland, Kansas City, and Dallas had voted on October 25 to maintain the existing rate.

Federal Reserve Bank directors in favor of a 25-basis-point reduction noted that the correction in the housing sector had intensified, increasing concerns about the potential for spillover into consumer spending going forward. They also commented that while financial market conditions had improved since the stance of monetary policy was eased in September, those conditions had not yet returned to normal. Under these circumstances, the directors considered a further easing now to be an appropriately preemptive approach to downside risks to economic growth.

Federal Reserve Bank directors in favor of maintaining the current rate also noted that downside risks to the real economy remained, notably in the housing sector. However, they assessed incoming economic data overall as positive and financial markets as gradually improving. Against that background, they expected moderate economic growth going forward. Directors noted that recent inflation readings remained

moderate. In view of last month's easing of monetary policy, these directors preferred to maintain the current primary credit rate for now and closely monitor incoming data for evolving risks to growth and inflation.

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

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

Background: Office of the Secretary memorandum, October 26, 2007.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 29, 2007.

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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.  
October 29, 2007.

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The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on October 18, 2007, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on October 25 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 Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, October 26, 2007.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 29, 2007.

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DISCOUNT AND ADVANCE RATES -- Reduction in the primary credit rate from 5-1/4 percent to 5 percent.

Approved.  
October 31, 2007.

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Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on October 25, 2007, and the directors of the Federal Reserve Bank of New York had voted on October 30 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 5 percent (a reduction from 5-1/4 percent). The directors of the Federal Reserve Banks of Philadelphia and Minneapolis had voted on October 18, and the directors of the Federal Reserve Banks of Boston, Cleveland, Kansas City, and Dallas had voted on October 25 to maintain the existing rate. At its meeting on October 29, the Board had taken no action on the requests by the Federal Reserve Banks of Richmond, Atlanta, Chicago, St. Louis, and San Francisco to lower the primary credit rate.

At today's meeting, there was a consensus for a 25-basis-point reduction, and the Board approved a reduction in the primary credit rate from 5-1/4 percent to 5 percent, effective immediately for the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, and San Francisco, and effective November 1 for the Federal Reserve Bank of St. Louis. Earlier today, the Federal Open Market Committee had decided to lower its target for the federal funds rate by 25 basis points to 4-1/2 percent. It was understood that a press release announcing the reductions 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 5 percent, of the Board's approval. (NOTE: Subsequently, the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Minneapolis, Kansas City, and Dallas established that rate and were informed of the Board's approval, effective November 1.)

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

Background: Office of the Secretary memorandum, October 26, and Office of the Secretary chart -- Current Week's Pending Discount Rates, October 30, 2007.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, October 31 and November 1, and Federal Register document, November 2, 2007.