DISCOUNT RATES -- Request by one Reserve Bank to lower the discount rate; requests by eleven Reserve Banks to maintain existing rates.

Existing rates maintained.
October 7, 2002.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Dallas had voted on September 26, 2002, to establish a basic discount rate of 3/4 percent (a reduction from 1-1/4 percent). The directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, and San Francisco had voted on September 26, and the directors of the Federal Reserve Banks of New York, Philadelphia, and Kansas City had voted on October 3, 2002, to maintain the rates in their existing schedules.

No sentiment was expressed in favor of a reduction in the discount rate at today's meeting, and existing rates were maintained.

Participating in this determination: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, October 4, 2002.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 7, 2002.

DISCOUNT RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the flexible rates for extended and seasonal credit.

Approved.
October 7, 2002.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco on September 26; and by the Federal Reserve Banks of New York, Philadelphia, and Kansas City on October 3, 2002, of the formulas for calculating the flexible rates for extended and seasonal credit.

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

Background: Office of the Secretary memorandum, October 4, 2002.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 7, 2002.

DISCOUNT RATES -- Requests by two Reserve Banks to lower the discount rate; requests by ten Reserve Banks to maintain existing rates.

Existing rates maintained.
October 21, 2002.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Dallas had voted on October 10, 2002, to establish a basic discount rate of 3/4 percent (a reduction from 1-1/4 percent) and the directors of the Federal Reserve Bank of Boston had voted, also on October 10, to establish a basic discount rate of 1 percent. The directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on October 10, and the directors of the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City had voted on October 17, 2002, to maintain the rates in their existing schedules.

No sentiment was expressed in favor of a reduction in the discount rate at today's meeting, and existing rates were maintained.

Participating in this determination: Chairman Greenspan, Vice Chairman Ferguson, and Governors Olson and Bernanke.

Background: Office of the Secretary memorandum, October 18, 2002.

Implementation: Wire from Mr. Frierson to the Reserve Banks, October 21, 2002.

DISCOUNT RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the flexible rates for extended and seasonal credit.

Approved.
October 21, 2002.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on October 10, and by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on October 17, 2002, of the formulas for calculating the flexible rates for extended and seasonal credit.

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

Background: Office of the Secretary memorandum, October 18, 2002.

Implementation: Wire from Mr. Frierson to the Reserve Banks, October 21, 2002.

DISCOUNT RATES -- Requests by four Reserve Banks to lower the discount rate; requests by eight Reserve Banks to maintain existing rates.

Existing rates maintained.
November 4, 2002.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston and Philadelphia had voted on October 24, 2002, to establish a basic discount rate of 1 percent (a reduction from 1-1/4 percent). The directors of the Federal Reserve Bank of Dallas had voted on October 24, and the directors of the Federal Reserve Bank of New York had voted on October 31, 2002, to establish a basic discount rate of 3/4 percent. The directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on October 24, and the directors of the Federal Reserve Banks of Minneapolis and Kansas City had voted on October 31, 2002, to maintain the rates in their existing schedules.

At its meeting on October 21, 2002, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Boston and Dallas to lower the discount rate.

Directors favoring a reduction in the discount rate of 50 basis points expressed concern that consumer spending, a mainstay of the recovery to date, showed signs of weakening. They cited decreases in retail spending, lower levels of consumer confidence, the impact of layoffs, and uncertainty related to the threat of war and terrorism. More generally, the recent economic information was consistent with a marked softening in the expansion of economic activity from its pace earlier in the year. In their view, substantial additional monetary stimulus in the form of a 50-basis-point reduction was needed.

Directors supporting a reduction of 25 basis points also expressed concern about the outlook for consumer spending and referred to persisting weakness in business investment, notably in the nonresidential construction sector. With few signs of improving business conditions, these directors concluded that a 25-basis-point reduction was desirable.

Directors favoring no change in the discount rate acknowledged the emergence of heightened uncertainties about prospects for further economic recovery, but in their view the data were still mixed and included some signs of improving business conditions. Thus, while the risks of a faltering expansion remained a concern, these directors viewed the existing discount rate as appropriate at this time. Even so, the prevalence of downside risks pointed to the possible need to lower the discount rate in the near future.

At today's meeting, the Board discussed recent economic developments. No sentiment was expressed in favor of taking action on the discount rate before this week's meeting of the Federal Open Market Committee, and existing rates were maintained.

Participating in this determination: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, November 1, 2002.

Implementation: Wire from Ms. Johnson to the Reserve Banks, November 4, 2002.

DISCOUNT RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the flexible rates for extended and seasonal credit.

Approved.
November 4, 2002.

The Board approved renewal by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on October 24, and by the Federal Reserve Banks of New York, Minneapolis, and Kansas City on October 31, 2002, of the formulas for calculating the flexible rates for extended and seasonal credit.

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

Background: Office of the Secretary memorandum, November 1, 2002.

Implementation: Wire from Ms. Johnson to the Reserve Banks, November 4, 2002.

DISCOUNT RATES -- Reduction in the discount rate from 1-1/4 percent to 3/4 percent.

Approved.
November 6, 2002.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston and Philadelphia had voted on October 24, 2002, to establish a basic discount rate of 1 percent (a reduction from 1-1/4 percent). The directors of the Federal Reserve Bank of Dallas had voted on October 24, and the directors of the Federal Reserve Bank of New York had voted on October 31, 2002, to establish a basic discount rate of 3/4 percent. The directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on October 24, and the directors of the Federal Reserve Banks of Minneapolis and Kansas City had voted on October 31, 2002, to maintain the rates in their existing schedules. At its meeting on November 4, 2002, the Board had considered, but had taken no action on, the requests to lower the discount rate.

At today's meeting, there was a consensus in favor of a reduction in the discount rate of 50 basis points, and the Board approved a reduction in the discount rate from 1-1/4 percent to 3/4 percent, effective immediately for the Federal Reserve Banks of New York and Dallas. At an earlier meeting today, the Federal Open Market Committee had decided to lower its target for the federal funds rate by 50 basis points to 1-1/4 percent.

It was understood that a press release announcing the reduction would be issued. In addition, the Secretary was authorized to inform the remaining Reserve Banks, on their establishment of a basic discount rate of 3/4 percent, of the Board's approval of that schedule of rates. (Note: Subsequently, the remaining ten Reserve Banks established that schedule of rates and were informed of the Board's approval, effective November 6 for the Federal Reserve Bank of San Francisco, and effective November 7, 2002, for the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, and Kansas City.)

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

Background: Office of the Secretary memorandum, November 1, 2002.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, November 6 and 7, 2002.