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.
January 3, 2005.

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (3-1/4 percent) by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on December 23, 2004, and by the Federal Reserve Banks of New York, Minneapolis, and Kansas City on December 30. 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 Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, December 30, 2004.

Implementation: Wire from Ms. Johnson to the Reserve Banks, January 3, 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.
January 18, 2005.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, Kansas City, and San Francisco had voted on January 13, 2005, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3-1/2 percent (an increase from 3-1/4 percent). The directors of the Federal Reserve Banks of New York and Philadelphia had voted on January 6, and the directors of the Federal Reserve Banks of St. Louis, Minneapolis, and Dallas had voted on January 13 to maintain the existing rate.

While core inflation was viewed as having remained well contained, Reserve Bank directors generally supported the continued withdrawal of monetary stimulus at a measured pace to prevent the emergence of increased inflationary pressures. Reserve Bank directors in favor of a rise in the primary credit rate at this time saw recent data as showing that economic growth had been moderately above its long-run trend, and some were quite positive on the outlook for growth in production and employment.

Reserve Bank directors in favor of maintaining the existing primary credit rate for now generally preferred to wait for more data before recommending any additional rate change. For some of these directors, recent data were mixed -- positive for consumption, but less robust for investment, housing, and construction. Other directors saw the data as suggesting that the economy was growing at a moderate rate and that core inflation remained relatively low.

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 and Governors Gramlich, Bies, Olson, and Bernanke.

Background: Office of the Secretary memorandum, January 14, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, January 18, 2005.

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

Approved.
January 18, 2005.

The Board approved renewal by the Federal Reserve Banks of New York and Philadelphia on January 6, 2005, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on January 13 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 and Governors Gramlich, Bies, Olson, and Bernanke.

Background: Office of the Secretary memorandum, January 14, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, January 18, 2005.

DISCOUNT AND ADVANCE RATES -- Requests by twelve Reserve Banks to increase the primary credit rate.

Existing rate maintained.
January 31, 2005.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on

January 20, 2005, and the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on January 27 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3-1/2 percent (an increase from 3-1/4 percent). At its meeting on January 18, the Board had considered, but had taken no action on, similar requests by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, Kansas City, and San Francisco to increase the primary credit rate.

Reserve Bank directors viewed recent economic data as confirming the relatively strong pace of economic expansion and a reasonably positive near-term outlook for the economy. At the same time, inflation remained contained. Overall, the directors agreed that it was appropriate to continue moving monetary policy towards a more neutral stance at a measured pace, and the recommended increase in the primary credit rate was seen as part of that process.

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 over the next two days. Against the background of recent and prospective economic developments, Board members tentatively favored a further step in the process of removing policy accommodation and continuing to describe the process as before. 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 Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, January 28, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, January 31, 2005.

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

Approved.
January 31, 2005.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on January 20, 2005, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on January 27 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 Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, January 28, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, January 31, 2005.

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

Approved.
February 2, 2005.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on January 20, 2005, and the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on January 27 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3-1/2 percent (an increase from 3-1/4 percent). At its meeting on January 31, the Board had considered, but had taken no action on, those requests.

At today's meeting, there was a consensus in favor of an increase in the primary credit rate of 25 basis points, and the Board approved an increase in the primary credit rate from 3-1/4 percent to 3-1/2 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco, and effective February 3 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 2-1/2 percent. It was understood that a press release announcing the increases in the two rates would be issued.

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

Background: Office of the Secretary memorandum, January 28, 2005.

Implementation: Press release and wires from Ms. Johnson to the Reserve Banks, February 2, and Federal Register document, February 3, 2005.