
DISCOUNT AND ADVANCE RATES -- Establishment without change by three 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 7, 2005.**

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (3-1/2 percent) by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on February 3, 2005. The Board also approved renewal by those Banks on February 3 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

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

Background: Office of the Secretary memorandum, February 4, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, February 7, 2005.

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 22, 2005.**

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (3-1/2 percent) by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on February 10, 2005, and by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on February 17. 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, February 18, 2005.

Implementation: Wire from Mr. Frierson to the Reserve Banks, February 22, 2005.

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.
March 7, 2005.**

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (3-1/2 percent) by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on February 24, 2005, and by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on March 3. 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 and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, March 4, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, March 7, 2005.

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 21, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on March 10, 2005, and the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on March 17 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3-3/4 percent (an increase from 3-1/2 percent). The directors of the Federal Reserve Bank of Kansas City had voted on March 17 to establish a primary credit rate of 4 percent. The directors of the Federal Reserve Bank of Dallas had voted on March 10 to maintain the existing rate.

Reserve Bank directors in favor of an increase in the primary credit rate were positive about the strength of economic activity, citing in particular improving labor markets and an increase in the underlying pace of investment. They also noted some signs of inflationary pressures. Directors agreed that monetary policy remained accommodative and viewed a 25-basis-point increase as continuing to move monetary policy towards a more neutral stance at a measured pace. Some directors preferred to remove monetary policy accommodation more quickly through a 50-basis-point increase.

Reserve Bank directors in favor of maintaining the existing primary credit rate cited the cumulative reduction in monetary policy accommodation to date and the lag in the impact of policy actions on the economy as supporting a pause in removing accommodation.

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 tomorrow's meeting of the Federal Open Market Committee. 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, March 18, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, March 21, 2005.

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

Approved.
March 21, 2005.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on March 10, 2005, and by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and Kansas City on March 17 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, March 18, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, March 21, 2005.

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

**Approved.
March 22, 2005.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on March 10, 2005, and the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on March 17 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3-3/4 percent (an increase from 3-1/2 percent). The directors of the Federal Reserve Bank of Kansas City had voted on March 17 to establish a primary credit rate of 4 percent. The directors of the Federal Reserve Bank of Dallas had voted on March 10 to maintain the existing rate. At its meeting on March 21, 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 3-1/2 percent to 3-3/4 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, and San Francisco, and effective March 23 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 2-3/4 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 remaining Reserve Banks, on their establishment of a primary credit rate of 3-3/4 percent, of the Board's approval of that schedule of rates. (NOTE: Subsequently, the remaining two Reserve Banks established that schedule of rates and were informed of the Board's approval, effective March 23 for the Federal Reserve Bank of Kansas City, and effective March 24 for the Federal Reserve Bank of Dallas.)

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

Background: Office of the Secretary memorandum, March 18, 2005.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, March 22, 23, and 24, and Federal Register document, March 24, 2005.