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

Existing rate maintained.
July 18, 2005.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, and Kansas City had voted on July 14, 2005, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-1/2 percent (an increase from 4-1/4 percent). The directors of the Federal Reserve Banks of New York and Philadelphia had voted on July 7, and the directors of the Federal Reserve Banks of Boston, St. Louis, Minneapolis, Dallas, and San Francisco had voted on July 14 to maintain the existing rate.

Reserve Bank directors in favor of an increase in the primary credit rate described business conditions as improving locally and nationwide, although some noted that the possibility of slower economic growth remained. They generally agreed that monetary policy accommodation should continue to be removed at a measured pace, with several directors citing a need to reduce inflation pressures.

Reserve Bank directors in favor of maintaining the existing primary credit rate also viewed economic activity positively, citing growth at a healthy pace and decreasing slack in labor markets, and saw the inflation outlook as favorable. They generally preferred to wait for additional information that would become available in the next few weeks before recommending a further removal of monetary policy accommodation.

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, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, July 15, 2005.

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

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

Approved.
July 18, 2005.

The Board approved renewal by the Federal Reserve Banks of New York and Philadelphia on July 7, 2005, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on July 14 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, and Kohn.

Background: Office of the Secretary memorandum, July 15, 2005.

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

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

Existing rate maintained.
August 8, 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, Minneapolis, Kansas City, Dallas, and San Francisco had voted on July 28, 2005, and the directors of the Federal Reserve Banks of New York and Philadelphia had voted on August 4 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-1/2 percent (an increase from 4-1/4 percent). At its meeting on July 18, the Board had considered, but had taken no action on, requests by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, and Kansas City to increase the primary credit rate.

Directors generally agreed that recent data, including reports on manufacturing, durable goods orders, housing, and other economic indicators, showed continued strength in the economy. Most directors viewed inflation pressures as well contained, although some perceived a slight increase in such pressure. Several directors also commented that labor markets were improving. In this light, they supported continued removal of monetary policy accommodation at a measured pace.

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 tomorrow. Against the background of recent and prospective economic developments, Board members tentatively favored a further step in the process of removing policy accommodation and discussed 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 Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, August 5, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, August 8, 2005.

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

Approved.
August 8, 2005.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on July 28, 2005, and by the Federal Reserve Banks of New York and Philadelphia on August 4 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 Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, August 5, 2005.

Implementation: Wire from Ms. Johnson to the Reserve Banks, August 8, 2005.

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

Approved.
August 9, 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, Minneapolis, Kansas City, Dallas, and San Francisco had voted on July 28, 2005, and the directors of the Federal Reserve Banks of New York and Philadelphia had voted on August 4 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-1/2 percent (an increase from 4-1/4 percent). At its meeting on August 8, the Board had considered, but had taken no action on, those requests.

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 4-1/4 percent to 4-1/2 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 August 10 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 3-1/2 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 Bies, Olson, and Kohn.

Background: Office of the Secretary memorandum, August 5, 2005.

Implementation: Press release and wire from Ms. Johnson to the Reserve Banks, August 9, and Federal Register document, August 12, 2005.