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 10, 2006.

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (6-1/4 percent) by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on September 28, 2006, and by the Federal Reserve Banks of Boston, New York, Philadelphia, Minneapolis, and Kansas City on October 5. 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 6, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 10, 2006.

DISCOUNT AND ADVANCE RATES -- Request by one Reserve Bank to increase the primary credit rate; requests by eleven Reserve Banks to maintain the existing rate.

Existing rate maintained.
October 23, 2006.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Richmond had voted on October 12, 2006, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 6-1/2 percent (an increase from 6-1/4 percent). The directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, Kansas City, Dallas, and San Francisco had voted on October 12, and the directors of the Federal Reserve Banks of New York, Philadelphia, St. Louis, and Minneapolis had voted on October 19 to maintain the existing rate.

Directors in favor of maintaining the existing primary credit rate expected the economy to expand at a notably slower pace going forward than it had over the first half of the year, importantly because of a cooling in the housing market. They generally agreed that core inflation was higher than desirable but did not consider inflation pressures sufficient to require additional firming, in part because of the recent drop in energy prices. For now, the directors preferred to leave the stance of monetary policy unchanged and to monitor further economic developments.

Directors in favor of raising the primary credit rate viewed underlying growth of the overall economy as solid, despite the weakness in housing, and expressed concern that core inflation remained elevated. In their view, additional firming was required to effect a significant reduction in inflation pressures.

At today's meeting, no sentiment was expressed for changing 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 Bies, Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, October 20, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 23, 2006.

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

Approved.
October 23, 2006.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, Kansas City, Dallas, and San Francisco on October 12, 2006, and by the Federal Reserve Banks of New York, Philadelphia, St. Louis, and Minneapolis on October 19 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 Bies, Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, October 20, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 23, 2006.