DISCOUNT AND ADVANCE RATES -- Establishment without change by three Reserve Banks of the existing primary credit rate; renewal by six Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.

Approved.
November 5, 2007.

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (5 percent) by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on November 1, 2007. The Board also approved renewal by the Federal Reserve Banks of Boston, New York, Philadelphia, Minneapolis, Kansas City, and Dallas on November 1 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 and Kroszner.

Background: Office of the Secretary memorandum, November 2, 2007.

Implementation: Wire from Ms. Johnson to the Reserve Banks, November 5, 2007.

DISCOUNT AND ADVANCE RATES -- Requests by ten Reserve Banks to lower the primary credit rate; requests by two Reserve Banks to maintain the existing rate.

Existing rate maintained.
December 10, 2007.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Atlanta had voted on November 30, 2007, the directors of the Federal Reserve Banks of Richmond and St. Louis had voted on December 5, the directors of the Federal Reserve Banks of New York, Philadelphia, and Cleveland had voted on December 6, and the directors of the Federal Reserve Bank of Chicago had voted on December 7 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-3/4 percent (a reduction from 5 percent). The directors of the Federal Reserve Bank of Minneapolis had voted on November 29 and the directors of the Federal Reserve Banks of Boston and San Francisco had voted on

December 6 to establish a primary credit rate of 4-1/2 percent. The directors of the Federal Reserve Bank of Kansas City had voted on November 29 and the directors of the Federal Reserve Bank of Dallas had voted on December 6 to maintain the existing rate.

Federal Reserve Bank directors in favor of reducing the primary credit rate by 25 basis points generally agreed that the downside risks to economic growth had increased and that conditions in financial markets had recently deteriorated. Some directors thought that a reduction in the primary credit rate might improve liquidity in the interbank term funding market. In light of the financial market situation and other factors affecting economic prospects, these directors concluded that reducing the primary credit rate to 4-3/4 percent would be sufficient at this time.

Federal Reserve Bank directors in favor of a 50-basis-point reduction expressed similar concerns. They believed, however, that financial market conditions and the economic outlook necessitated a larger reduction in order to provide some insurance against a more serious economic downturn. Accordingly, they supported a primary credit rate of 4-1/2 percent.

Federal Reserve Bank directors who preferred to maintain the current primary credit rate of 5 percent considered the incoming evidence of a slowdown in economic growth to be within their expectations and viewed the re-pricing of credit to be a necessary adjustment. In the absence of new material information, they considered concerns about a slowdown in economic activity to be offset by continued inflation pressures and judged that an unchanged primary credit rate was appropriate.

At today's meeting, no sentiment was expressed in favor of considering 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 Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, December 7, 2007.

Implementation: Wire from Ms. Johnson to the Reserve Banks, December 10, 2007.

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

Approved.
December 10, 2007.

The Board approved renewal by the Federal Reserve Banks of Minneapolis and Kansas City on November 29, 2007, by the Federal Reserve Bank of Atlanta on November 30, by the Federal Reserve Banks of Richmond and St. Louis on December 5, by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Dallas, and San Francisco on December 6, and by the Federal Reserve Bank of Chicago on December 7 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, December 7, 2007.

Implementation: Wire from Ms. Johnson to the Reserve Banks, December 10, 2007.

DISCOUNT AND ADVANCE RATES -- Reduction in the primary credit rate from 5 percent to 4-3/4 percent.

Approved.
December 11, 2007.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Atlanta had voted on November 30, 2007, the directors of the Federal Reserve Banks of Richmond and St. Louis had voted on December 5, the directors of the Federal Reserve Banks of New York, Philadelphia, and Cleveland had voted on December 6, and the directors of the Federal Reserve Bank of Chicago had voted on December 7 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 4-3/4 percent (a reduction from 5 percent). The directors of the Federal Reserve Bank of Minneapolis had voted on November 29 and the directors of the Federal Reserve Banks of Boston and San Francisco had voted on December 6 to establish a primary credit rate of 4-1/2 percent. The directors of the Federal Reserve Bank of Kansas City had voted on November 29 and the directors of the Federal Reserve Bank of Dallas had voted on December 6 to maintain the existing rate. At its meeting on December 10, the Board had taken no action on the requests to lower the primary credit rate.

At today's meeting, there was a consensus for a 25-basis-point reduction, and the Board approved a reduction in the primary credit rate from 5 percent to 4-3/4 percent, effective immediately for the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, and Chicago and effective December 12 for the Federal Reserve Bank of St. Louis. Earlier today, the Federal Open Market Committee had decided to lower its target for the federal funds rate by 25 basis points to 4-1/4 percent. It was understood that a press release announcing the reductions 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 4-3/4 percent, of the Board's approval. (NOTE: Subsequently, the remaining Reserve Banks established that rate and were informed of the Board's approval, effective December 11 for the Federal Reserve Bank of San Francisco, effective December 12 for the Federal Reserve Banks of Boston, Minneapolis, and Dallas, and effective December 13 for the Federal Reserve Bank of Kansas City.)

Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, December 7, 2007.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, December 11, 12, and 13, and Federal Register document, December 14, 2007.