
DISCOUNT AND ADVANCE RATES -- Request by one Reserve Bank to lower the primary credit rate, requests by ten Reserve Banks to maintain the existing rate, and request by one Reserve Bank to increase the primary credit rate.

Existing rate maintained.
September 29, 2008.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Boston had voted on September 25, 2008, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 1-3/4 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis had voted on September 18 and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, St. Louis, Dallas, and San Francisco had voted on September 25 to maintain the existing rate. The directors of the Federal Reserve Bank of Kansas City had voted on September 25 to establish a primary credit rate of 2-1/2 percent (an increase from 2-1/4 percent). At its meeting on September 15, the Board had taken no action on a similar request by the Federal Reserve Bank of Kansas City to increase the primary credit rate.

At today's meeting, no sentiment was expressed in favor of considering the primary credit rate, and the existing rate was maintained.

Participating in this determination: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Duke.

Background: Office of the Secretary memorandum, September 26, 2008.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 29, 2008.

DISCOUNT AND ADVANCE RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates and of the auction procedure for determining the rate for the Term Auction Facility.

Approved.
September 29, 2008.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on September 18, 2008, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco on September 25 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs and renewal of the auction procedure for determining the rate for the Term Auction Facility.

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

Background: Office of the Secretary memorandum, September 26, 2008.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 29, 2008.

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

Approved.
October 7, 2008.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Boston had voted on September 25, 2008, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 1-3/4 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis had voted on October 2 to maintain the existing rate. The directors of the Federal Reserve Bank of Kansas City had voted on September 25 to establish a primary credit rate of 2-1/2 percent (an increase from 2-1/4 percent). At its meeting on September 29, the Board had taken no action on similar requests by the Federal Reserve Banks of Boston and Kansas City to change the primary credit rate.

Federal Reserve Bank directors supporting a 50-basis-point decrease in the primary credit rate believed that the downside risks to growth, particularly those resulting from tight credit conditions in financial markets and weakness in the labor market, were significant and believed that the upside risks to inflation were receding.

Federal Reserve Bank directors in favor of maintaining the existing primary credit rate generally agreed that the economic outlook had weakened significantly over the last three months and that additional easing might be appropriate. With conditions unsettled, however, these directors preferred no change in the stance of monetary policy at this time.

Federal Reserve Bank directors supporting a 25-basis-point increase in the primary credit rate recognized the downside risks to the current outlook, but they continued to believe that these risks were outweighed by upside risks to inflation.

At today's meeting, there was a consensus for a 50-basis-point reduction, and the Board approved a reduction in the primary credit rate from 2-1/4 percent to 1-3/4 percent, effective immediately for the Federal Reserve Bank of Boston. Earlier today, the Federal Open Market Committee had decided to lower its target for the federal funds rate by 50 basis points to 1-1/2 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 1-3/4 percent, of the Board's approval. (NOTE: Subsequently, the remaining Reserve Banks established that rate and were informed of the Board's approval, effective October 8 for the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco, and effective October 9 for the Federal Reserve Bank of St. Louis.)

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

Background: Office of the Secretary memorandum, October 3, 2008.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, October 8, and Federal Register document, October 9, 2008.

DISCOUNT AND ADVANCE RATES -- Renewal by four Reserve Banks of the formulas for calculating the secondary and seasonal credit rates and of the auction procedure for determining the rate for the Term Auction Facility.

Approved.
October 7, 2008.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on October 2, 2008, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs and renewal of the auction procedure for determining the rate for the Term Auction Facility.

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

Background: Office of the Secretary memorandum, October 3, 2008.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 7, 2008.

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

Existing rate maintained.
October 27, 2008.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, and San Francisco had voted on October 23, 2008, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 1-1/4 percent (a reduction from 1-3/4 percent). The directors of the Federal Reserve Bank of Atlanta had voted on October 23 to establish a primary credit rate of 1-1/2 percent. The directors of the Federal Reserve Banks of New York, Richmond, Chicago, and Kansas City had voted on October 16, the directors of the Federal Reserve Banks of St. Louis and Minneapolis had voted on October 22, and the directors of the Federal Reserve Banks of Philadelphia and Dallas had voted on October 23 to maintain the existing rate.

Federal Reserve Bank directors in favor of a 50-basis-point reduction in the primary credit rate pointed out that heightened stress in financial markets and considerable deterioration in the outlook for economic activity made a strong case for a substantial easing in the stance of monetary policy. They also believed that inflationary pressures were likely to abate somewhat because of sharp declines in commodity prices and increased economic slack. Directors favoring a 25-basis-point decrease in the primary credit rate also expressed concern about slowing economic activity but, in view of lingering concerns about inflation risks, recommended a smaller reduction in the primary credit rate.

Federal Reserve Bank directors in favor of maintaining the existing rate also noted that economic activity appeared to have weakened as stress in financial markets had increased. They believed, however, that the recent reduction in the primary credit rate and the extraordinary actions taken to recapitalize banks and foster liquidity in financial markets had not had enough time to take effect. They concluded that no change in the existing rate was appropriate at this time.

Today, Board members considered the primary credit rate and discussed, on a preliminary basis, their individual assessments of the appropriate rate and its communication, which would be the subject of the meeting of the Federal Open Market Committee this week. 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 Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Duke.

Background: Office of the Secretary memorandum, October 24, 2008.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 27, 2008.

DISCOUNT AND ADVANCE RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates and of the auction procedure for determining the rate for the Term Auction Facility.

Approved.
October 27, 2008.

The Board approved renewal by the Federal Reserve Banks of New York, Richmond, Chicago, and Kansas City on October 16, 2008, by the Federal Reserve Banks of St. Louis and Minneapolis on October 22, and by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Atlanta, Dallas, and San Francisco on October 23 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs and renewal of the auction procedure for determining the rate for the Term Auction Facility.

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

Background: Office of the Secretary memorandum, October 24, 2008.

Implementation: Wire from Ms. Johnson to the Reserve Banks, October 27, 2008.

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

Approved.
October 29, 2008.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, and San Francisco had voted on October 23, 2008, and the directors of the Federal Reserve Bank of New York had voted on October 28, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 1-1/4 percent (a reduction from 1-3/4 percent). The directors of the Federal Reserve Bank of Atlanta had voted on October 23 to establish a primary credit rate of 1-1/2 percent. The directors of the Federal Reserve Banks of Richmond, Chicago, and Kansas City had voted on October 16, the directors of the Federal Reserve Banks of St. Louis and Minneapolis had voted on October 22, and the directors of the Federal Reserve Banks of Philadelphia and Dallas had voted on October 23 to maintain the existing rate. At its meeting on October 27, the Board had taken no action on similar requests by the Federal Reserve Banks of Boston, Cleveland, Atlanta, and San Francisco to lower the primary credit rate.

At today's meeting, there was a consensus for a 50-basis-point reduction, and the Board approved a reduction in the primary credit rate from 1-3/4 percent to 1-1/4 percent, effective immediately for the Federal Reserve Banks of Boston, New York, Cleveland, and San Francisco. Earlier today, the Federal Open Market Committee had decided to lower its target for the federal funds rate by 50 basis points to 1 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 1-1/4 percent, of the Board's approval. (NOTE: Subsequently, the remaining Reserve Banks established that rate and were informed of the Board's approval, effective October 29 for the Federal Reserve Banks of Chicago and Kansas City, effective October 30 for the Federal Reserve Banks of Philadelphia, Richmond, St. Louis, Minneapolis, and Dallas, and effective October 31 for the Federal Reserve Bank of Atlanta.)

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

Background: Office of the Secretary memorandum, October 24, 2008, and Office of the Secretary chart -- Current Week's Pending Discount Rates.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, October 29, 30, and 31, and Federal Register document, November 3, 2008.