
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.
November 6, 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 Boston, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco on October 26, 2006, and by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on November 2. 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 Bies, Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, November 3, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, November 6, 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.
December 11, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Richmond had voted on December 6, 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 Atlanta, Chicago, Minneapolis, and Kansas City had voted on November 30, the directors of the Federal Reserve Bank of St. Louis had voted on December 6, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Dallas, and San Francisco had voted on December 7 to maintain the existing rate.

Directors in favor of maintaining the primary credit rate viewed recent economic data as somewhat mixed. They noted, for example, that although the residential real estate market continued to weaken, activity in most other sectors remained solid and

labor was relatively scarce. Other directors noted increased downside risks to real activity and slightly lower inflation risks. Directors agreed that the current stance of monetary policy continued to be appropriate for now, based in part on a general expectation of moderate economic growth and slowly declining core inflation.

Directors who preferred to increase the primary credit rate did not consider the data to date to present persuasive evidence of slowing inflation. In this light, they believed that additional firming was needed 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, December 8, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, December 11, 2006.

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

Approved.
December 11, 2006.

The Board approved renewal by the Federal Reserve Banks of Atlanta, Chicago, Minneapolis, and Kansas City on November 30, 2006, by the Federal Reserve Banks of Richmond and St. Louis on December 6, and by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Dallas, and San Francisco 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 Bies, Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, December 8, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, December 11, 2006.