
DISCOUNT AND ADVANCE RATES -- Establishment without change by twelve Reserve Banks of the existing primary credit rate.

Existing rate maintained.
January 26, 2009.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Minneapolis, and Kansas City had voted on January 15, 2009, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on January 22 to reestablish the existing rate for discounts and advances (1/2 percent) under the primary credit program (primary credit rate).

Federal Reserve Bank directors generally agreed that economic conditions had weakened further. Some directors commented that heightened uncertainty over the economic outlook, asset prices, and government efforts to provide liquidity and strengthen financial institutions was adversely affecting financial markets and households' and businesses' spending decisions. Others noted that a credit crunch was restraining economic activity. Most directors viewed inflationary pressures as subsiding in response to falling commodity prices and increased economic slack. With credit conditions in financial markets remaining tight and given the weak economic outlook and the downside risks to that outlook, the directors concluded that very low short-term interest rates remained appropriate. Accordingly, they recommended maintaining the existing primary credit rate.

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 discussed at 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 and Duke.

Background: Office of the Secretary memorandum, January 23, 2009.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, January 26, 2009.

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.
January 26, 2009.

The Board approved renewal by the Federal Reserve Banks of New York, Minneapolis, and Kansas City on January 15, 2009, and by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on January 22 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 and Duke.

Background: Office of the Secretary memorandum, January 23, 2009.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks,
January 26, 2009.