
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; and renewal by the Federal Reserve Bank of New York of the formulas for calculating the rates for loans backed by newly issued commercial mortgage-backed securities under the Term Asset-Backed Securities Loan Facility.

Approved.
April 5, 2010.

The Board approved the establishment without change of the rate for discounts and advances under the primary credit program (3/4 percent) by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco on March 25, 2010, and by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on April 1. 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. In addition, the Board approved renewal by the Federal Reserve Bank of New York on April 1 of the formulas for calculating the rates for loans backed by newly issued commercial mortgage-backed securities under the Term Asset-Backed Securities Loan Facility.

Voting for this action: Chairman Bernanke and Governors Warsh, Duke, and Tarullo.

Background: Office of the Secretary memorandum, April 2, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, and transmission from Ms. Beattie to the Federal Reserve Bank of New York, April 5, 2010.

DISCOUNT AND ADVANCE RATES -- Requests by nine Reserve Banks to maintain the existing rate; requests by three Reserve Banks to increase the primary credit rate.

Existing rate maintained.
April 26, 2010.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Chicago, and Minneapolis had voted on April 15, 2010, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, and San Francisco had voted on April 22 to reestablish the existing rate for discounts and advances (3/4 percent) under the primary credit program (primary credit rate). The directors of the Federal Reserve Bank of Kansas City had voted on April 15, and the directors of the Federal Reserve Banks of St. Louis and Dallas had voted on April 22 to establish a rate of 1 percent (an increase from 3/4 percent).

Federal Reserve Bank directors noted further signs of improvement in economic conditions, consistent with a moderate pace of economic recovery. Consumer spending, while still restrained, had been somewhat stronger than anticipated. Some directors also cited a slight pickup in home sales and construction and improved conditions in financial markets. Nevertheless, directors were cautious about the economic outlook. Despite recent job growth, companies continued to be tentative about major staffing initiatives. Several directors also said that large state and local government budget deficits could constrain government spending and employment. Inflation rates were low, as substantial slack in resource utilization continued to hold cost pressures in check. In light of persistent downside risks and the continued outlook for a gradual recovery, and with inflation moderate and inflation expectations stable, most directors concluded that the current accommodative stance of monetary policy should be maintained.

As another step toward restoring a pre-crisis discount rate structure, some directors supported increasing the primary credit rate by 25 basis points (to 1 percent) at this time. Such an action would result in a 75-basis-point spread between the primary credit rate and the upper end of the Federal Open Market Committee's target range for the federal funds 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, Duke, and Tarullo.

Background: Office of the Secretary memorandum, April 23, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, April 26, 2010.

DISCOUNT AND ADVANCE RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates, and renewal by the Federal Reserve Bank of New York of the formulas for calculating the rates for loans backed by newly issued commercial mortgage-backed securities under the Term Asset-Backed Securities Loan Facility.

Approved.
April 26, 2010.

The Board approved renewal by the Federal Reserve Banks of New York, Chicago, Minneapolis, and Kansas City on April 15, 2010, and by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Dallas, and San Francisco on April 22 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs. In addition, the Board approved renewal by the Federal Reserve Bank of New York on April 15 of the formulas for calculating the rates for loans backed by newly issued commercial mortgage-backed securities under the Term Asset-Backed Securities Loan Facility.

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

Background: Office of the Secretary memorandum, April 23, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, and
transmission from Ms. Beattie to the Federal Reserve Bank of
New York, April 26, 2010.