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

Existing rate maintained.
November 22, 2010.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Atlanta had voted on November 8, 2010; the directors of the Federal Reserve Banks of Boston, Cleveland, and San Francisco had voted on November 10; the directors of the Federal Reserve Bank of St. Louis had voted on November 17; and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Chicago, and Minneapolis had voted on November 18 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 Dallas had voted on November 10, and the directors of the Federal Reserve Bank of Kansas City had voted on November 18 to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on November 1, the Board had taken no action on similar requests by the Federal Reserve Banks of Dallas and 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 Chair Yellen, and Governors Warsh, Duke, Tarullo, and Raskin.

Background: Office of the Secretary memorandum, November 19, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, November 22, 2010.

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

Approved.
November 22, 2010.

The Board approved renewal by the Federal Reserve Bank of Atlanta on November 8, 2010; by the Federal Reserve Banks of Boston, Cleveland, Dallas, and San Francisco on November 10; by the Federal Reserve Bank of St. Louis on November 17; and by the Federal Reserve Banks of New York, Philadelphia, Richmond, Chicago, Minneapolis, and Kansas City on November 18 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 Chair Yellen, and Governors Warsh, Duke, Tarullo, and Raskin.

Background: Office of the Secretary memorandum, November 19, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, November 22, 2010.

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

Existing rate maintained.
December 13, 2010.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on December 2, 2010, and the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco had voted on December 9 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 Banks of Kansas City and Dallas had voted on December 9 to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on November 22, the Board had taken no action on similar requests by the Federal Reserve Banks of Kansas City and Dallas to increase the primary credit rate.

Federal Reserve Bank directors noted positive developments that indicated the recovery was continuing, but given ongoing uncertainties, directors remained cautious about the outlook and expected growth to be modest going forward. Directors reported somewhat stronger-than-anticipated consumer spending, with prospects for holiday sales brighter than in recent years. Some directors said manufacturing activity had continued to expand. However, directors also pointed to continued weakness in certain sectors. Housing remained depressed, with some directors observing that weak demand and elevated supply due to higher foreclosure activity was putting downward pressure on home prices. Several directors noted that unemployment remained unacceptably high, although some directors also noted that initial claims for unemployment had trended downward in recent months. Many directors commented that uncertainty about several matters, including the U.S. government's fiscal and regulatory policies, the fiscal condition of state and local governments, and financial developments abroad, continued to weigh on hiring and capital spending decisions. Directors also noted increases in certain commodity prices, such as those for metals and agricultural products, but they generally expected inflation to remain quite low. Against this backdrop, most directors recommended that the current accommodative stance of monetary policy 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. These directors favored a move toward normalization of the primary credit rate in light of the monetary stimulus already in place.

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 tomorrow. 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 Chair Yellen, and Governors Warsh, Duke, Tarullo, and Raskin.

Background: Office of the Secretary memorandum, December 10, 2010.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, December 13, 2010.

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

Approved.
December 13, 2010.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on December 2, 2010, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on December 9 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 Chair Yellen, and Governors Warsh, Duke, Tarullo, and Raskin.

Background: Office of the Secretary memorandum, December 10, 2010.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, December 13, 2010.