DISCOUNT AND ADVANCE RATES -- Requests by ten Reserve Banks to maintain the existing rate; request by one Reserve Bank to decrease the primary credit rate; and request by one Reserve Bank to increase the primary credit rate.

Existing rate maintained.
November 19, 2012.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Cleveland, St. Louis, Dallas, and San Francisco had voted on November 8, 2012, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Atlanta, Chicago, and Minneapolis had voted on November 15 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 Boston had voted on November 8 to establish a rate of 1/2 percent (a decrease from 3/4 percent). The directors of the Federal Reserve Bank of Kansas City had voted on November 15 to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on October 22, the Board had taken no action on similar requests by the Federal Reserve Bank of Boston to decrease and 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 Chair Yellen, and Governors Duke, Tarullo, Raskin, Stein, and Powell.

Background: Office of the Secretary memorandum, November 16, 2012.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, November 19, 2012.

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

Approved.
November 19, 2012.

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, St. Louis, Dallas, and San Francisco on November 8, 2012, and by the Federal Reserve Banks of New York, Philadelphia, Richmond, Atlanta, Chicago, Minneapolis, and Kansas City on November 15 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 Duke, Tarullo, Raskin, Stein, and Powell.

Background: Office of the Secretary memorandum, November 16, 2012.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, November 19, 2012.

DISCOUNT AND ADVANCE RATES -- Requests by ten Reserve Banks to maintain the existing rate; request by one Reserve Bank to decrease the primary credit rate; and request by one Reserve Bank to increase the primary credit rate.

Existing rate maintained.
December 10, 2012.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York and Minneapolis had voted on November 29, 2012; the directors of the Federal Reserve Bank of St. Louis had voted on December 5; and the directors of the Federal Reserve Banks of Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Dallas, and San Francisco had voted on December 6 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 Boston had voted on December 6 to establish a rate of 1/2 percent (a decrease from 3/4 percent). The directors of the Federal Reserve Bank of Kansas City had voted on December 6 to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on November 19, the Board had taken no action on similar requests by the Federal Reserve Bank of Boston to decrease and by the Federal Reserve Bank of Kansas City to increase the primary credit rate.

In general, Federal Reserve Bank directors remained cautiously optimistic about the prospects for economic growth. Directors noted that changes in economic activity across sectors had been mixed. Many directors pointed to continued improvement in the housing sector, including growth in residential construction, although some directors reported weakness in the commercial real estate sector. Directors also reported significant home mortgage refinancing activity. Some directors noted continued, though uneven, improvements in consumer spending, especially for automobiles. Aside from the automobile sector, manufacturing was generally described as showing no noticeable signs of increased activity, and directors indicated that weak aggregate demand continued to contribute to elevated levels of unemployment. In addition, directors said that fiscal and regulatory uncertainty had continued to weigh on business hiring and investment, and they expressed increased concern about the potential effects on the economy if pending fiscal issues were not addressed. Additional downside risks associated with strains in global markets and with global economic growth more broadly were also identified. Inflation was generally seen as subdued, and longer-term inflation expectations remained stable overall. Against this backdrop, most directors recommended that the current primary credit rate be maintained.

However, other Federal Reserve Bank directors viewed current and anticipated economic conditions as warranting either an increase or a decrease in the primary credit rate. Some directors favored decreasing the rate by 25 basis points (to 1/2 percent), while other directors favored increasing the rate by 25 basis points (to 1 percent). In part, directors viewed an increase, which would widen the spread between the primary credit rate and the upper end of the target range for the federal funds rate to 75 basis points, as a move toward restoring the 100-basis-point spread in the pre-crisis discount rate structure.

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. Thereafter, a discussion of economic and financial developments and issues related to possible policy actions took place. (NOTE: Vice Chair Yellen was not present for this discussion.)

Participating in this determination: Chairman Bernanke, Vice Chair Yellen, and Governors Duke, Tarullo, Raskin, Stein, and Powell.

Background: Office of the Secretary memorandum, December 7, 2012.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, December 10, 2012.

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

Approved.
December 10, 2012.

The Board approved renewal by the Federal Reserve Banks of New York and Minneapolis on November 29, 2012; by the Federal Reserve Bank of St. Louis on December 5; and by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Kansas City, Dallas, and San Francisco on December 6 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 Duke, Tarullo, Raskin, Stein, and Powell.

Background: Office of the Secretary memorandum, December 7, 2012.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, December 10, 2012.