
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.
August 21, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Philadelphia had voted on August 17, 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 Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on August 10, and the directors of the Federal Reserve Banks of New York and Minneapolis had voted on August 17 to maintain the existing rate. At its meeting on August 7, the Board had considered, but had taken no action on, requests by the Richmond and Philadelphia Reserve Banks to increase the primary credit rate.

At today's meeting, no sentiment was expressed for changing the primary credit rate, and the existing rate was maintained.

Participating in this determination: Chairman Bernanke and Governors Bies, Warsh, and Kroszner.

Background: Office of the Secretary memorandum, August 18, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, August 21, 2006.

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

**Approved.
August 21, 2006.**

The Board approved renewal by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on August 10, 2006, and by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on August 17 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 and Governors Bies, Warsh, and Kroszner.

Background: Office of the Secretary memorandum, August 18, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, August 21, 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.
September 5, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Philadelphia had voted on August 24, 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 Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on August 24, and the directors of the Federal Reserve Banks of New York and Minneapolis had voted on August 31 to maintain the existing rate. At its meeting on August 21, the Board had considered, but had taken no action on, a similar request by the Philadelphia Reserve Bank to increase the primary credit rate.

At today's meeting, no sentiment was expressed for changing the primary credit rate, and the existing rate was maintained.

Participating in this determination: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, September 1, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 5, 2006.

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

**Approved.
September 5, 2006.**

The Board approved renewal by the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on August 24, 2006, and by the Federal Reserve Banks of New York and Minneapolis on August 31 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 Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, September 1, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 5, 2006.

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

**Existing rate maintained.
September 19, 2006.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Richmond and Dallas had voted on September 14, 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 Boston, New York, Philadelphia, and Kansas City had voted on September 7, and the directors of the Federal Reserve Banks of Cleveland, Atlanta, Chicago, St. Louis, Minneapolis, and San Francisco had voted on September 14 to maintain the existing rate. At its meeting on September 5, the Board had considered, but had taken no action on, a request by the Philadelphia Reserve Bank to increase the primary credit rate.

Directors who preferred to maintain the existing primary credit rate cited both downside risks to economic growth, which arose mainly from the housing market, and upside risks to inflation, which resulted, in part, from some tightening in labor markets. They generally agreed that the current stance of monetary policy was in a range that was likely to achieve a tempering of inflation without endangering the economic expansion. Directors noted, however, that incoming data would be crucial in assessments of appropriate policy adjustments going forward.

Directors in favor of increasing the primary credit rate considered current rates of core inflation to be uncomfortably high and the real federal funds rate as too low to provide assurance that core inflation would decline. The recent moderation of economic growth, which resulted largely from the slow-down in the housing sector, and the recent decline in energy prices were seen as unlikely to lead to 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, September 15, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 19, 2006.

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

Approved.
September 19, 2006.

The Board approved renewal by the Federal Reserve Banks of Boston, New York, Philadelphia, and Kansas City on September 7, 2006, and by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco on September 14 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, September 15, 2006.

Implementation: Wire from Ms. Johnson to the Reserve Banks, September 19, 2006.