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

**Existing rate maintained.
March 31, 2003.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of St. Louis and San Francisco had voted on March 27, 2003, to establish a primary credit rate of 1-3/4 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Banks of New York, Philadelphia, and Minneapolis had voted on March 20; the directors of the Federal Reserve Bank of Richmond had voted on March 26; and the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, Kansas City, and Dallas had voted on March 27 to maintain the existing rate.

At today's meeting, no sentiment was expressed in favor of a change in the primary credit rate, and the existing rate was maintained.

Participating in this determination: Vice Chairman Ferguson and Governors Gramlich, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, March 28, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, March 31, 2003.

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

**Approved.
March 31, 2003.**

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on March 20, 2003; by the Federal Reserve Bank of Richmond on March 26; and by the Federal Reserve Banks of Boston, Cleveland, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on March 27 of the formulas for calculating the secondary and seasonal credit rates.

Voting for this action: Vice Chairman Ferguson and Governors Gramlich, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, March 28, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, March 31, 2003.

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

**Existing rate maintained.
April 14, 2003.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of New York had voted on April 3, 2003, and the directors of the Federal Reserve Bank of Boston had voted on April 10 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Bank of San Francisco had voted on April 10 to establish a primary credit rate of 1-3/4 percent. The directors of the Federal Reserve Banks of Philadelphia and Minneapolis had voted on April 3, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, and Dallas had voted on April 10 to maintain the existing rate.

Reserve Bank directors in favor of reducing the primary credit rate viewed this action as the prudent course in light of current uncertainties in the geopolitical environment, the persistence of risk aversion in the business community, and the associated risk of a weakening economy. Some of these directors noted, in particular, that retail spending had not shown signs of significant improvement, and that many businesses were expected to defer major capital expenditures until final sales rose sufficiently to absorb excess capacity. Other directors referred to the weak job market and low levels of consumer sentiment. The directors who favored a lower rate concluded that their concerns about the outlook for consumer spending and the strength of the anticipated recovery of business investment underscored the need to provide a measure of insurance against further weakness in the economy.

Directors voting to maintain the primary credit rate believed that monetary policy was currently positioned to foster a faster pace of economic growth, and that the economy needed more time to adjust to lingering imbalances. Accordingly, a wait-and-see approach seemed desirable because it was still too early to conclude that the economy would not return to stronger growth or to discount the possibility of a stronger rebound than was generally expected.

At today's meeting, no sentiment was expressed in favor of a change in the primary credit rate, and the existing rate was maintained.

Participating in this determination: Vice Chairman Ferguson and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, April 11, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 14, 2003.

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

**Approved.
April 14, 2003.**

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on April 3, 2003, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on April 10 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

Voting for this action: Vice Chairman Ferguson and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, April 11, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 14, 2003.

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

**Existing rate maintained.
April 28, 2003.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of New York had voted on April 17, 2003, and the directors of the Federal Reserve Banks of Boston and San Francisco had voted on April 24 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Banks of Philadelphia and Minneapolis had voted on April 17, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, and Dallas had voted on April 24 to maintain the existing rate. At its meeting on April 14, the Board had considered, but had taken no action on, similar requests by the New York, Boston, and San Francisco Reserve Banks to lower the primary credit rate. Directors' views were substantially similar to those submitted for the Board's consideration at the April 14 meeting, except that one Reserve Bank had recommended a smaller reduction in the primary credit rate this time, in part because of reduced uncertainties about the hostilities in Iraq and, consequently, less downside risk

to the economy.

At today's meeting, no sentiment was expressed in favor of a change in the primary credit rate, and the existing rate was maintained.

Participating in this determination: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, April 25, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 28, 2003.

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

Approved.
April 28, 2003.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Minneapolis on April 17, 2003, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on April 24 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, April 25, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, April 28, 2003.

DISCOUNT RATES -- Requests by three Reserve Banks to lower the primary credit rate; requests by three Reserve Banks to maintain the existing rate.

Existing rate maintained.
May 5, 2003.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston and San Francisco had voted on April 24, 2003, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2 percent (a reduction from 2-1/4 percent). The directors of the Federal Reserve Bank of New York had voted on May 1 to establish a primary credit rate of 1-3/4 percent. The directors of the Federal Reserve Banks of Philadelphia, Chicago, and Minneapolis had voted on May 1 to maintain the existing rate. At its

meeting on April 28, the Board had considered, but had taken no action on, requests by the Federal Reserve Banks of Boston, New York, and San Francisco to lower the primary credit rate. The views of directors favoring a reduction in the primary credit rate were substantially similar to those submitted for the Board's consideration at the meeting on April 28, except that one Reserve Bank had recommended a larger reduction in the primary credit rate than last time in light of the current level of unemployment, pessimism among retailers, and the low likelihood of an immediate increase in business investment. The views of directors in favor of maintaining the current primary credit rate were substantially similar to those submitted for the Board's consideration at the April 14 and 28 meetings.

At today's meeting, Board members discussed recent economic developments, which included, on the one hand, disappointing readings on production and employment (although those readings mostly reflected household and business decisions made before the conclusion of hostilities in Iraq) and, on the other hand, lessening geopolitical tensions that had lowered oil prices, bolstered consumer confidence, and strengthened debt and equity markets. They also reviewed the balance of influences on sustainable growth over the next few quarters and on inflation. The Board members debated the best course of action when inflation was unlikely to rise, and when there was a small risk that it could decline substantially from already low levels.

At the conclusion of the discussion, no sentiment was expressed in favor of a change in 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 Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, May 2, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, May 5, 2003.

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

Approved.
May 5, 2003.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on May 1, 2003, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

Background: Office of the Secretary memorandum, May 2, 2003.

Implementation: Wire from Ms. Johnson to the Reserve Banks, May 5, 2003.