
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.
October 18, 2010.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, and Chicago had voted on October 7, 2010, and the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, and San Francisco had voted on October 14 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 October 14 to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on September 20, 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.

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, and Raskin.

Background: Office of the Secretary memorandum, October 15, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, October 18, 2010.

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

Approved.
October 18, 2010.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, and Chicago on October 7, 2010, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco on October 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 Chair Yellen,
and Governors Duke, Tarullo, and Raskin.

Background: Office of the Secretary memorandum, October 15, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks,
October 18, 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.
November 1, 2010.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis had voted on October 21, 2010, and the directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, and San Francisco had voted on October 28 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 October 28 to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on October 18, 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 generally viewed the pace of economic recovery as slow, with unemployment rates too high and underlying inflation subdued. While some directors reported slight gains in consumer spending or manufacturing activity, other directors described economic activity as flat and anticipated only a gradual improvement in activity in the near term. The housing sector remained depressed, and some directors noted the potential for recently observed documentation irregularities in the foreclosure process to further delay the sector's recovery. Labor markets remained weak. A number of directors said that uncertainty about the strength of the economy and the government's fiscal and regulatory policies continued to weigh on hiring and

capital spending decisions. Directors noted increases in some commodity prices, but with considerable slack seen in labor and product markets, inflation was expected 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. It was emphasized that an increase in this spread would not represent a change in monetary policy, but rather a move toward normalization of the primary credit 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 Chair Yellen, and Governors Warsh, Duke, Tarullo, and Raskin.

Background: Office of the Secretary memorandum, October 29, 2010.

Implementation: Transmissions from Ms. Johnson to the Reserve Banks, November 1, 2010.

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

Approved.
November 1, 2010.

The Board approved renewal by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Minneapolis on October 21, 2010, and by the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco on October 28 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, October 29, 2010.
Implementation: Transmissions from Ms. Johnson to the Reserve Banks,
November 1, 2010.