
DISCOUNT AND ADVANCE RATES -- Reduction in the primary credit rate from 3-1/2 percent to 3-1/4 percent.

Approved.
March 16, 2008.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of New York had voted on March 16, 2008, to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 3-1/4 percent (a reduction from 3-1/2 percent).

At today's meeting, there was a consensus for a 25-basis-point reduction to narrow the spread between the primary credit rate and the Federal Open Market Committee's target federal funds rate, and the Board approved a reduction in the primary credit rate from 3-1/2 percent to 3-1/4 percent, effective immediately for the

Federal Reserve Bank of New York. In addition, the Secretary was authorized to inform the remaining Reserve Banks, on their establishment of a primary credit rate of 3-1/4 percent, of the Board's approval. (NOTE: Subsequently, the Federal Reserve Banks of Boston, Cleveland, Richmond, Chicago, Minneapolis, Kansas City, and San Francisco established that rate and were informed of the Board's approval, effective March 17, 2008.)

The Board also approved renewal by the Federal Reserve Bank of New York of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit program and renewal of the auction procedure for determining the rate for the Term Auction Facility.

Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and
Governors Warsh, Kroszner, and Mishkin.

Background: Office of the Secretary memorandum, March 16, 2008.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, March 16 and 17, and Federal Register document, March 21, 2008.

DISCOUNT AND ADVANCE RATES -- Existing primary credit rate of 3-1/4 percent.