

Approved.
March 18, 2008.

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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 March 17, 2008, and the directors of the Federal Reserve Bank of New York had voted on March 18 to establish a rate for discounts and advances under the primary credit program (primary credit rate) of 2-1/2 percent (a reduction from 3-1/4 percent). The Federal Reserve Bank of Chicago had voted on March 17 to establish a primary credit rate of 2-3/4 percent.

Federal Reserve Bank directors in favor of a 75-basis-point reduction expressed concerns about the further deterioration in financial conditions and the economic outlook. For some, economic prospects were unusually uncertain, and they believed that considerable downside risks to the economy remained and, for now, outweighed the upside risks to inflation. Under these circumstances, directors generally agreed that an appreciably more accommodative stance for monetary policy was warranted.

At today's meeting, there was a consensus for a 75-basis-point reduction, and the Board approved a reduction in the primary credit rate from 3-1/4 percent to 2-1/2 percent, effective immediately for the Federal Reserve Banks of Boston, New York, and San Francisco. Earlier today, the Federal Open Market Committee had decided to lower its target for the federal funds rate by 75 basis points to 2-1/4 percent. It was understood that a press release announcing the reductions in the two rates would be issued.

In addition, the Secretary was authorized to inform the remaining Reserve Banks, on their establishment of a primary credit rate of 2-1/2 percent, of the Board's approval. (NOTE: Subsequently, the remaining Federal Reserve Banks established that rate and were informed of the Board's approval, effective March 18 for the Federal Reserve Banks of Cleveland, Chicago, Kansas City, and Dallas; effective March 19 for the Federal Reserve Banks of Richmond, Atlanta, St. Louis, and Minneapolis; and effective March 20 for the Federal Reserve Bank of Philadelphia.

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

Background: Office of the Secretary memorandum, March 18, 2008.

Implementation: Press releases and wires from Ms. Johnson to the Reserve Banks, March 18, 19, and 20, and Federal Register document, March 21, 2008.

DISCOUNT AND ADVANCE RATES -- Renewal by six Reserve Banks of the formulas for calculating the secondary and seasonal credit rates and of the auction procedure for determining the rate for the Term Auction Facility.

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The Board approved renewal by the Federal Reserve Bank of Cleveland on March 6, 2008, by the Federal Reserve Banks of Minneapolis and Kansas City on March 13, and by the Federal Reserve Banks of Boston, Chicago, and San Francisco on March 17 of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs 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 18, 2008.

Implementation: Wire from Ms. Johnson to the Reserve Banks, March 18, 2008.