



# Press Release

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For immediate release

The Federal Reserve today announced two actions designed to maintain favorable trends in inflation and thereby sustain the economic expansion.

The Board approved an increase in the discount rate from 3 percent to 3-1/2 percent, effective immediately, and the Federal Open Market Committee agreed that this increase should be allowed to show through completely into interest rates in reserve markets.

These actions, combined with the three adjustments initiated earlier this year by the FOMC, substantially remove the degree of monetary accommodation which prevailed throughout 1993. As always, the Federal Reserve will continue to monitor economic and financial developments to judge the appropriate stance of monetary policy.

In taking the discount action, the Board approved requests submitted by the Boards of Directors of eleven Federal Reserve Banks -- Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco. The discount rate is the interest rate that is charged depository institutions when they borrow from their district Federal Reserve Bank.

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