



# Press Release

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For immediate release

The Federal Reserve announced today the following monetary policy actions:

- The Board of Governors approved an increase in the discount rate from 3 1/2 percent to 4 percent, effective immediately.
- The Federal Open Market Committee agreed that this increase would be allowed to show through completely into interest rates in reserve markets.

These measures were taken against the background of evidence of continuing strength in the economic expansion and high levels of resource utilization. The actions are intended to keep inflationary pressures contained, and thereby foster sustainable economic growth.

The Federal Reserve will continue to monitor economic and financial developments to gauge the appropriate stance of policy. But these actions are expected to be sufficient, at least for a time, to meet the objective of sustained, noninflationary growth.

In taking the discount rate action, the Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Richmond, Kansas City, and Dallas. The discount rate is the interest rate that is charged depository institutions when they borrow from their district Federal Reserve Banks.

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