



Press Release

Release Date: January 31, 1996

For immediate release

The Federal Reserve today announced the following policy actions:

- The Board of Governors approved a reduction in the discount rate from 5-1/4 percent to 5 percent, effective immediately.
- In a related move, the Federal Open Market Committee agreed that the reduction would be reflected fully in interest rates in the reserve markets. This is expected to result in a reduction in the federal funds rate of 25 basis points, from about 5-1/2 percent to about 5-1/4 percent.

Moderating economic expansion in recent months has reduced potential inflationary pressures going forward. With price and cost trends already subdued, a slight easing of monetary policy is consistent with contained inflation and sustainable growth.

In taking the discount action, the Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Minneapolis, and Dallas.

[1996 Monetary policy](#)

Last update: March 16, 2001