



Press Release

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For immediate release

The Federal Reserve today announced the following set of policy actions:

- The Board of Governors approved a reduction in the discount rate by 25 basis points from 4-3/4 percent to 4-1/2 percent.
- The federal funds rate is expected to fall 25 basis points from around 5 percent to around 4-3/4 percent.

Although conditions in financial markets have settled down materially since mid-October, unusual strains remain. With the 75 basis point decline in the federal funds rate since September, financial conditions can reasonably be expected to be consistent with fostering sustained economic expansion while keeping inflationary pressures subdued.

In taking the discount rate action, the Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of New York, Philadelphia, 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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