FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 73-159
June 29, 1973

INCREASES IN DISCOUNT RATE
AND RESERVE REQUIREMENTS

To All Member Banks in the
Eleventh Federal Reserve District:

It was announced today, by the Board of Governors of the Federal Reserve System, that two actions have been taken which are designed to restrain continuing excessive expansion in money and credit.

In regard to the discount rate, the Board today approved actions by the directors of several Federal Reserve Banks, including the Federal Reserve Bank of Dallas, increasing the discount rate of those banks from $6\frac{1}{2}$ percent to 7 percent, effective Monday, July 2, 1973. In a corresponding action concerning reserve requirements, the Board has approved an increase of one-half of one percentage point on all but the first $2 million of net demand deposits at member banks. This action will become effective in the reserve computation period beginning July 19 and will be applicable to the average net demand deposits held in the week beginning July 5 and ending July 11, 1973. It is projected that the increase in reserve requirements will remove some $800 million from the reserves that support the deposit and loan structure.

ON NET DEMAND DEPOSITS OF	RESERVE PERCENTAGE APPLICABLE
First $2 million or less	8 percent (unchanged)
Over $2 million to $10 million	10 1/2 percent
Over $10 million to $100 million	12 1/2 percent
Over $100 million to $400 million	13 1/2 percent
Over $400 million	18 percent

A revised Supplement A of our Bulletin No. 2 (Loans) and Supplement to Regulation D (Reserves of Member Banks) will be forwarded to you in the near future.

Yours very truly,

P. E. Coldwell

President

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