

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6262]
[December 17, 1968]

DISCOUNT RATES

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

With the approval of the Board of Governors of the Federal Reserve System, the directors of this Bank have increased the Bank's discount rate from $5\frac{1}{4}$ to $5\frac{1}{2}$ per cent, effective Wednesday, December 18, 1968.

Following is the text of a statement issued today by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today its approval of action by directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, and Dallas, increasing the discount rate of those banks from $5\frac{1}{4}$ to $5\frac{1}{2}$ per cent, effective Wednesday, December 18.

This discount rate increase was approved in recognition of the advances that have taken place in other market interest rates in recent months and also in light of the resurgence in inflationary expectations that is impeding the restoration of economic stability. The objective of Federal Reserve policy is to foster financial conditions conducive to the reduction of inflationary pressures, with a view toward encouraging a more sustainable rate of economic expansion and attaining reasonable equilibrium in the country's balance of payments. The present action is being taken in furtherance of a policy of restraint.

The discount rate is the interest rate charged member banks for borrowing from their District Federal Reserve Banks. The increase restores the rate to the level prevailing between April 19 and August 15, 1968. This level is the highest in nearly four decades.

Voting for this action were Vice Chairman Robertson and Governors Mitchell, Daane, Maisel, Brimmer, and Sherrill. Chairman Martin was absent and did not vote.

Enclosed is a copy of this Bank's Operating Circular No. 13, regarding discount rates. Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,
President.

DISCOUNT RATES

To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:

1. This Bank has established the following new rates, effective December 18, 1968:

A rate of 5½ per cent per annum on advances to, and discounts for, member banks under sections 13 and 13a of the Federal Reserve Act.

A rate of 6 per cent per annum on advances to member banks under section 10(b) of the Federal Reserve Act.

A rate of 7 per cent per annum on advances to individuals, partnerships, and corporations other than member banks under the last paragraph of section 13 of the Federal Reserve Act.

Shown below is the schedule of rates now in effect at this Bank on advances and discounts made under the Federal Reserve Act.

2. This circular supersedes our Operating Circular No. 13, Revised August 30, 1968.

ALFRED HAYES,
President.

Rate Schedule, Effective December 18, 1968

	<i>Per Cent Per Annum</i>
<i>Advances to and discounts for member banks:</i>	
(a) Advances and discounts under sections 13 and 13a of the Federal Reserve Act	5½
(b) Advances under section 10(b) of the Federal Reserve Act	6
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act secured by direct obligations of the United States	7