

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6763]
[July 15, 1971]

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 $4\frac{3}{4}$ to 5 per cent, effective Friday, July 16, 1971.

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 today approved actions by the directors of the Federal Reserve Banks of New York, Philadelphia, St. Louis, and San Francisco, increasing the discount rate of those banks from $4\frac{3}{4}$ per cent to 5 per cent, effective Friday, July 16.

The action was in recognition of increases that have taken place in other short-term interest rates and is intended to bring the discount rate — which is the rate charged member banks for borrowing from their District Reserve Banks—into better alignment with short-term rates generally. The move also reflected the Board's concern over the continuation of substantial cost-push inflation in the economy.

The change in the rate, which previously had been lowered twice this year, returns it to the level prevailing in late January and early February.

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.

FEDERAL RESERVE BANK
OF NEW YORK

[Operating Circular No. 13]
[Revised July 16, 1971]

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 July 16, 1971:

A rate of 5 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 5½ 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 February 19, 1971.

ALFRED HAYES,
President.

Rate Schedule, Effective July 16, 1971

	<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	5
(b) Advances under section 10(b) of the Federal Reserve Act	5½
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act	7