

FEDERAL RESERVE BANK  
OF NEW YORK

Circular No. 8255  
January 9, 1978

DISCOUNT RATES

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

The directors of this Bank, with the approval of the Board of Governors of the Federal Reserve System, have increased the Bank's discount rate to 6 1/2 percent from 6 percent, effective today, January 9, 1978.

Following is the text of a statement issued January 6 by the Board of Governors of the Federal Reserve System:

The recent disorder in foreign exchange markets constitutes a threat to orderly expansion of the domestic and international economy. In view of this, the Board of Governors of the Federal Reserve System today approved an increase in the discount rate from 6 percent to 6 1/2 percent.

The Board expressed the hope that the need for the increase will prove temporary. The Board further indicated that the condition of the domestic economy is sound and that credit supplies to sustain economic expansion will remain ample.

In making the change, the Board acted on requests from directors of the Federal Reserve Banks of New York and Chicago, increasing the discount rates of those Banks to 6 1/2 percent, effective Monday, January 9. The discount rate is the interest rate that is charged member banks when they borrow from their district Federal Reserve Banks.

Enclosed is a copy of this Bank's Operating Circular No. 13, regarding discount rates.

PAUL A. VOLCKER,  
*President.*



FEDERAL RESERVE BANK  
OF NEW YORK

[ Operating Circular No. 13 ]  
Revised January 9, 1978

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 January 9, 1978:

A rate of  $6\frac{1}{2}$  percent per annum on advances to, and discounts for, member banks under sections 13 and 13a of the Federal Reserve Act, and on advances under section 10(b) of the Act if secured by mortgage loans on one-family to four-family residences.

A rate of 7 percent per annum on advances to member banks under section 10(b) of the Federal Reserve Act, except as otherwise indicated herein.

A rate of  $7\frac{1}{2}$  percent per annum on advances to member banks for prolonged periods and for significant amounts under section 10(b) of the Federal Reserve Act, except advances secured by mortgage loans on one-family to four-family residences.

A rate of  $9\frac{1}{2}$  percent 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 on the reverse side 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 October 26, 1977.

PAUL A. VOLCKER,  
*President.*

(OVER)

Rate Schedule, Effective January 9, 1978

	<i>Percent 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, and advances under section 10(b) of the Act if secured by mortgage loans on one-family to four-family residences.....	6½
(b) Advances under section 10(b) of the Federal Reserve Act, except as otherwise provided in this schedule .....	7
(c) Advances for prolonged periods and for significant amounts under section 10(b) of the Federal Reserve Act, except advances secured by mortgage loans on one-family to four-family residences.....	7½
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act .....	9½