

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 8436
October 13, 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 8-1/2 percent from 8 percent, effective Monday, October 16, 1978.

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

The Federal Reserve Board today announced approval of an increase in the discount rate from 8 percent to 8-1/2 percent, effective Monday, October 16.

The action was taken to bring the discount rate into closer alignment with increased short-term market interest rates, and in recognition of continued high inflation, the recent rapid rate of monetary expansion and current international financial conditions.

In making the change, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Banks.

The new rate schedule for this Bank, effective October 16, 1978, is as follows:

	<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	8 1/2
(b) Advances under section 10(b) of the Federal Reserve Act, except as otherwise provided in this schedule	9
(c) Advances for prolonged periods and in significant amounts under section 10(b) of the Federal Reserve Act, except advances secured by mortgage loans on one-family to four-family residences	9 1/2
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act	11 1/2

A copy of this Bank's Operating Circular No. 13, regarding discount rates, will be sent to you on October 16.

PAUL A. VOLCKER,
President.