

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 8626
August 16, 1979

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 10-1/2 percent from 10 percent, effective Friday, August 17, 1979.

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 an increase in the discount rate from 10 percent to 10-1/2 percent, effective Friday, August 17.

The action was taken against the background of the continuing strong inflationary forces that are evident in the economy and in recognition of the relatively rapid rate of expansion in the monetary aggregates.

In making the change, the Board acted on requests from the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond and Kansas City.

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 August 17, 1979, is as follows:

	Percent Per Annum
<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	10-1/2
(b) Advances under section 10(b) of the Federal Reserve Act, except as otherwise provided in this schedule	11
(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	11-1/2
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act	13-1/2

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

THOMAS M. TIMLEN,
First Vice President.