

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 9778
December 21, 1984

DISCOUNT RATES

*To All Depository Institutions
in the Second Federal Reserve District:*

Effective December 24, 1984, the directors of this Bank, with the approval of the Board of Governors of the Federal Reserve System, have reduced the Bank's basic discount rate from 8½ percent to 8 percent. The Bank's rates on advances of extended credit under section 10(b) of the Federal Reserve Act to institutions under sustained liquidity pressures, or for special circumstances, have also been reduced by ½ percentage point.

The following statement was issued today by the Board of Governors of the Federal Reserve System regarding the rate changes:

The Federal Reserve Board today approved a reduction in the discount rate from 8½ percent to 8 percent, effective on Monday, December 24.

The action is designed to bring the discount rate into more appropriate alignment with short-term market interest rates. It was taken in the general context of the moderation of growth in economic activity since mid-year, continued relative stability or declines in sensitive commodity prices, and strength of the dollar internationally. M1 and M2 have remained within desired longer-run ranges, but growth in M1 has on average been relatively sluggish in recent months.

In announcing the change, the Board voted on requests submitted by the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco. The discount rate is the interest rate that is charged depository institutions when they borrow from their district Federal Reserve Banks.

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

ANTHONY M. SOLOMON,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

Operating Circular No. 13
Revised effective December 24, 1984

DISCOUNT RATES

*To All Depository Institutions
in the Second Federal Reserve District:*

1. This Bank has made the following changes in its rate schedule, effective December 24, 1984:

The rate on advances of adjustment and seasonal credit and discounts under sections 13, 13a, and 10(b) of the Federal Reserve Act has been reduced from 8½ percent per annum to 8 percent per annum.

The rate on advances under section 10(b) of the Federal Reserve Act of extended credit (i) to institutions under sustained liquidity pressures, or (ii) for special circumstances, has been reduced from 8½ percent per annum to 8 percent per annum; the rate on such credit outstanding for more than 60, but not more than 150, days has been reduced from 9½ percent per annum to 9 percent per annum; and the rate on such credit outstanding for more than 150 days has been reduced from 10½ percent per annum to 10 percent per annum.

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 effective November 21, 1984.

ANTHONY M. SOLOMON,
President.

Rate Schedule Effective December 24, 1984

*Percent
Per Annum*

Advances to and discounts for depository institutions:

(a) Advances of adjustment and seasonal credit and discounts under sections 13, 13a, and 10(b) of the Federal Reserve Act	8
(b) Advances under section 10(b) of the Federal Reserve Act of extended credit (i) to institutions under sustained liquidity pressures, or (ii) for special circumstances, where such Federal Reserve credit has been outstanding (including extensions and renewals) for the following periods:*	
Not more than 60 days	8
More than 60, but not more than 150, days	9
More than 150 days	10

* In the case of extended credit that is expected to be outstanding for unusually long periods and in relatively large amounts, the time period for each rate in the extended credit rate structure may be shortened at the discretion of the Federal Reserve Bank of New York. Also, a flexible rate that takes into account rates on market sources of funds may be applied to any extended credit outstanding for prolonged periods.