

**FEDERAL RESERVE BANK  
OF NEW YORK**

Circular No. 10,055  
July 10, 1986

**DISCOUNT RATES**

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

Effective Friday, July 11, 1986, 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 6½ percent to 6 percent.

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

The Federal Reserve Board today announced a reduction in the discount rate from 6½ percent to 6 percent, effective on Friday, July 11, 1986.

The action, conforming in part to recent declines in a number of market interest rates, was taken within the framework of the generally accommodative stance of monetary policy that has prevailed for some time.

More specifically, the action appeared appropriate in the context of a pattern of relatively slow growth, comfortably within capacity constraints, in the United States and in the industrialized world generally. That pattern has been accompanied by relatively low prices of a number of important commodities and greater stability in prices of goods generally. Measures of the broader monetary aggregates — M2 and M3— are near the mid-points of the target ranges set at the start of the year.

In making the change, the Board voted on requests submitted by the boards of directors of the 12 Federal Reserve Banks. The discount rate is the interest rate that is charged depository institutions when they borrow from their district Federal Reserve Banks.

This Bank's Operating Circular No. 13, regarding discount rates, will be issued shortly.

E. GERALD CORRIGAN.  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

**Operating Circular No. 13**  
Revised effective July 11, 1986

**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 July 11, 1986:

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 6½ percent per annum to 6 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 6½ percent per annum to 6 percent per annum; the rate on such credit outstanding for more than 60, but not more than 150, days has been reduced from 7½ percent per annum to 7 percent per annum; and the rate on such credit outstanding for more than 150 days has been reduced from 8½ percent per annum to 8 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 June 10, 1986.

**E. GERALD CORRIGAN,**  
*President.*

## Rate Schedule Effective July 11, 1986

*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 . . . . .	6*
(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 credit has been outstanding (including extensions and renewals) for the following periods:†	
Not more than 60 days . . . . .	6
More than 60, but not more than 150, days . . . . .	7
More than 150 days . . . . .	8
(c) Advances under temporary simplified seasonal credit program pursuant to sections 13 and 10(b) of the Federal Reserve Act . . . . .	‡

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\* In the case of adjustment credit loans determined by this Bank to be unusually large and to arise from a major operating problem at the borrowing institution, this Bank, at its discretion, may charge the highest rate it has established for loans to depository institutions.

† 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.

‡ Under the program, the borrower has the option of borrowing (i) at the basic discount rate in effect during the period the loan is outstanding (if the discount rate changes during this period, the rate charged on the loan changes accordingly), or (ii) at a rate that, during the time the credit is outstanding, will remain fixed at one-half percentage point higher than the basic discount rate in effect at the time of the loan. No credit under this program will mature later than February 28, 1987, nor will such credit be extended subsequent to September 30, 1986.