

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. **10741** ]  
[ November 15, 1994 ]

**DISCOUNT RATE**

*To All Depository Institutions  
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 basic discount rate to 4-3/4 percent from 4 percent, effective immediately. In that regard, the Board of Governors issued the following statement.

The Federal Reserve Board today approved an increase in the discount rate from 4 percent to 4-3/4 percent, effective immediately.

In a related move, the Federal Open Market Committee decided that the increase in the discount rate should be reflected fully in interest rates in reserve markets.

These measures were taken against the background of evidence of persistent strength in economic activity and high and rising levels of resource utilization. In these circumstances, the Federal Reserve views these actions as necessary to keep inflation contained, and thereby foster sustainable economic growth.

In taking the discount rate action, the Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of New York, St. Louis, and Kansas City. 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 revised accordingly.

WILLIAM J. McDONOUGH,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

AT-10741

**[ Operating Circular No. 13 ]**  
Revised effective November 15, 1994

**DISCOUNT RATES**

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

1. This Bank has increased its basic discount rate under sections 10(b), 13, and 13a of the Federal Reserve Act from 4 percent per annum to 4¾ percent per annum, effective November 15, 1994. Described on the reverse side are the 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 August 16, 1994.

WILLIAM J. McDONOUGH,  
*President.*

AT  
[Ref. Cir. No. 10741]

(OVER)

**Rates Effective November 15, 1994  
Under Sections 10(b), 13, and 13a  
of the Federal Reserve Act**

The following rates will be applied to advances and discounts for depository institutions:

**Adjustment Credit**

The basic discount rate, currently  $4\frac{3}{4}$  percent per annum, is usually charged for advances of adjustment credit. In the case of adjustment credit advances determined by this Bank to be unusually large and to arise from a major operating problem at the borrowing institution, including but not limited to a computer outage, this Bank, in its discretion, may charge the highest rate established by this Bank for advances to depository institutions.

**Seasonal Credit**

A flexible rate, no less than the basic discount rate, that takes into account rates on market sources of funds will be applied to seasonal credit. This rate will ordinarily change every two weeks, and the changed rate will apply to both new and outstanding advances of this type. The rate may, under certain circumstances, be changed more frequently than every two weeks.

**Extended Credit**

The flexible rate plus fifty basis points will be charged for extended credit to institutions under sustained liquidity pressures or for other special circumstances. The current extended credit rate shall apply to any extended credit outstanding for more than thirty days and may be applied, in the Bank's discretion, at any time extended credit is granted or outstanding.

A depository institution may obtain information regarding the current rate by contacting the Loans and Credits Function (Tel. No: 212-720-5394).