

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 7105
February 24, 1973

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 5 1/2 percent from 5 percent, effective Monday, February 26.

Following is the text of a statement issued February 23 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today approved actions by the directors of the Federal Reserve Banks of New York, Philadelphia, St. Louis and Kansas City increasing the discount rates of those banks from 5 percent to 5 1/2 percent, effective Monday, February 26.

This action was taken in recognition of the recent rise in short-term open market interest rates which is an outgrowth of strong credit demands generated by continued rapid economic expansion. In this situation and in view of recent developments in the foreign exchange markets, the Board concluded that an increase in the discount rate--to bring it into closer alignment with short-term rates generally--was called for in furtherance of the objectives of economic stabilization.

The discount rate is the rate charged member banks for borrowings from their district Federal Reserve Banks.

Enclosed is a copy of this Bank's Operating Circular No. 13, regarding discount rates. Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,
President.

FEDERAL RESERVE BANK
OF NEW YORK

[Operating Circular No. 13]
[Revised February 26, 1973]

DISCOUNT RATES

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

1. This Bank has established the following new rates, effective February 26, 1973:

A rate of 5½ per cent per annum on advances to, and discounts for, member banks under sections 13 and 13a of the Federal Reserve Act.

A rate of 6 per cent per annum on advances to member banks under section 10(b) of the Federal Reserve Act.

A rate of 7½ per cent per annum on advances to individuals, partnerships, and corporations other than member banks under the last paragraph of section 13 of the Federal Reserve Act.

Shown below 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 January 15, 1973.

ALFRED HAYES,
President.

Rate Schedule, Effective February 26, 1973

	<i>Per Cent 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	5½
(b) Advances under section 10(b) of the Federal Reserve Act	6
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act	7½