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 7-3/4 percent from 7-1/4 percent, effective Monday, August 21, 1978.

Following is the text of a statement issued today by the Board of Governors:

The Board of Governors of the Federal Reserve System today announced an increase in the discount rate from 7-1/4 percent to 7-3/4 percent, effective Monday August 21.

Action was taken in view of recent disorderly conditions in foreign exchange markets as well as the continuing serious domestic inflationary problem.

In making the change, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City and San Francisco. The discount rate is the interest rate that is charged member banks when they borrow from their district Federal Reserve Banks.

Enclosed is a copy of this Bank's Operating Circular No. 13, regarding discount rates.

PAUL A. VOLCKER,
President.
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 August 21, 1978:

A rate of 7¾ percent per annum on advances to, and discounts for, member banks under sections 13 and 13a of the Federal Reserve Act, and on advances under section 10(b) of the Act if secured by mortgage loans on one-family to four-family residences.

A rate of 8¾ percent per annum on advances to member banks under section 10(b) of the Federal Reserve Act, except as otherwise indicated herein.

A rate of 8¾ percent per annum on advances to member banks 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.

A rate of 10¾ percent 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 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 July 3, 1978.

PAUL A. VOLCKER,
President.
Rate Schedule, Effective August 21, 1978

**Percent Per Annum**

**Advances to and discounts for member banks:**

(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 ........ 

7 3/4

(b) Advances under section 10(b) of the Federal Reserve Act, except as otherwise provided in this schedule ........................................ ........................................ 

8 3/4

(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 ........ 

8 3/4

**Advances to individuals, partnerships, and corporations other than member banks:**

Advances under last paragraph of section 13 of the Federal Reserve Act ............................................................. 10 3/4