

PRIMARY CREDIT RATE CHANGE

June 26, 2003

Effective today, the Federal Reserve Board approved action by the Board of Directors of the Federal Reserve Bank of Saint Louis, decreasing the primary credit rate from 2.25 percent to 2 percent.

According to the Federal Reserve press release, the Federal Open Market Committee...

continues to believe that an accommodative stance of monetary policy, coupled with still-robust underlying growth in productivity, is providing important ongoing support to economic activity. Recent signs point to a firming in spending, markedly improved financial conditions, and labor and product markets that are stabilizing. The economy, nonetheless, has yet to exhibit sustainable growth. With inflationary expectations subdued, the Committee judged that a slightly more expansive monetary policy would add further support for an economy which it expects to improve over time.

The Committee perceives that the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal. In contrast, the probability, though minor, of an unwelcome substantial fall in inflation exceeds that of a pickup in inflation from its already low level. On balance, the Committee believes that the latter concern is likely to predominate for the foreseeable future.

If you have any questions, please call Hillary Debenport, Assistant Vice President, toll free at 1-866-666-8316, select option 4, then dial extension 44-8488, or locally at (314) 444-8488.