

PRIMARY CREDIT RATE CHANGE

September 19, 2007

The Federal Reserve Board approved action by the Board of Directors of the Federal Reserve Bank of St. Louis, decreasing the primary credit rate from 5.75 percent to 5.25 percent, effective September 19, 2007.

According to the Federal Reserve press release:

Economic growth was moderate during the first half of the year, but the tightening of credit conditions has the potential to intensify the housing correction and to restrain economic growth more generally. Today's action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time.

Readings on core inflation have improved modestly this year. However, the Committee judges that some inflation risks remain, and it will continue to monitor inflation developments carefully.

Developments in financial markets since the Committee's last regular meeting have increased the uncertainty surrounding the economic outlook. The Committee will continue to assess the effects of these and other developments on economic prospects and will act as needed to foster price stability and sustainable economic growth.

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