

## **PRIMARY CREDIT RATE CHANGE**

November 1, 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 5.25 percent to 5.00 percent, effective November 1, 2007.

According to the Federal Reserve press release:

Economic growth was solid in the third quarter, and strains in financial markets have eased somewhat on balance. However, the pace of economic expansion will likely slow in the near term, partly reflecting the intensification of the housing correction. Today's action, combined with the policy action taken in September, should help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and promote moderate growth over time.

Readings on core inflation have improved modestly this year, but recent increases in energy and commodity prices, among other factors, may put renewed upward pressure on inflation. In this context, the Committee judges that some inflation risks remain, and it will continue to monitor inflation developments carefully.

The Committee judges that, after this action, the upside risks to inflation roughly balance the downside risks to growth. The Committee will continue to assess the effects of financial 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.