

## **PRIMARY CREDIT RATE CHANGE**

January 23, 2008

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 4.75 percent to 4.00 percent, effective January 23, 2008.

According to the Federal Reserve press release:

The Committee took this action in view of a weakening of the economic outlook and increasing downside risks to growth. While strains in short-term funding markets have eased somewhat, broader financial market conditions have continued to deteriorate and credit has tightened further for some businesses and households. Moreover, incoming information indicates a deepening of the housing contraction as well as some softening in labor markets.

The Committee expects inflation to moderate in coming quarters, but it will be necessary to continue to monitor inflation developments carefully.

Appreciable downside risks to growth remain. The Committee will continue to assess the effects of financial and other developments on economic prospects and will act in a timely manner as needed to address those risks.

If you have any questions, please call toll free at 1-866-666-8316, for Kim Nelson (ext. 44-8735) or Paul Butler (ext. 44-4289).