

PRIMARY CREDIT RATE CHANGE

March 19, 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 3.50 percent to 2.50 percent, effective March 19, 2008.

According to the Federal Reserve press release:

Recent information indicates that the outlook for economic activity has weakened further. Growth in consumer spending has slowed and labor markets have softened. Financial markets remain under considerable stress, and the tightening of credit conditions and the deepening of the housing contraction are likely to weigh on economic growth over the next few quarters.

Inflation has been elevated, and some indicators of inflation expectations have risen. The Committee expects inflation to moderate in coming quarters, reflecting a projected leveling-out of energy and other commodity prices and an easing of pressures on resource utilization. Still, uncertainty about the inflation outlook has increased. It will be necessary to continue to monitor inflation developments carefully.

Today's policy action, combined with those taken earlier, including measures to foster market liquidity, should help to promote moderate growth over time and to mitigate the risks to economic activity. However, downside risks to growth remain. The Committee will act in a timely manner as needed to promote sustainable economic growth and price stability.

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.