

<u>ACTION</u>	<u>Immediate Effect</u>	<u>Economic Result</u>
Raise Fed Funds Target Rate	Inc. cost of overnight borrowing by banks	Dec. bank lending, slow the economy
Lower Fed Funds Target Rate	Dec. cost of overnight borrowing by banks	Stimulate the economy
Raise Discount Rate	Inc. the cost of borrowing	Slow economic activity
Lower Discount Rate	Dec. the cost of borrowing	Stimulate the economy
Raise Reserve Requirements	Decrease bank lending	Slow the economy
Lower Reserve Requirements	Boost bank lending	Accelerate economic activity