



## Prime rate, fed funds, COFI

By Bankrate.com

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The prime rate, as reported by the Wall Street Journal's bank survey, is among the most widely used benchmark in setting home equity lines of credit and credit card rates. It is in turn based on the fed funds rate, which is set by the Federal Reserve. The COFI (11th District cost of funds index) is a widely used benchmark for adjustable-rate mortgages.

Prime rate, fed funds, COFI	Updated 12/13/2006		
Click on the links below to find a fuller explanation of the term.			
	This week	Month ago	Year ago
<a href="#">WSJ Prime Rate</a>	8.25	8.25	7.25
<a href="#">Federal Discount Rate</a>	6.25	6.25	5.25
<a href="#">Fed Funds Rate</a>	5.25	5.25	4.25
<a href="#">11th District Cost of Funds</a>	4.346	4.382	3.074

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### Ratings methodology

**What's included?** The fed funds rate is the primary tool that the Federal Open Market Committee uses to influence interest rates and the economy. Changes in the fed funds rate have far-reaching effects by influencing the borrowing cost of banks in the overnight lending market, and subsequently the returns offered on bank deposit products such as certificates of

deposit, savings accounts, and money market accounts. Changes in the fed funds rate and the discount rate also dictate changes in the Wall Street Journal Prime Rate, which is of interest to borrowers. The prime rate is the underlying index for most credit cards, home equity loans and lines of credit, auto loans, and personal loans. Many small business loans are also indexed to the Prime rate. The 11th District Cost of Funds is often used as an index for adjustable-rate mortgages.

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\* Mortgage rate may include points. See rate tables for details. [Click here.](#)

\* To see the definition of overnight averages [click here.](#)

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