DISCOUNT AND ADVANCE RATES -- Requests by six Reserve Banks to maintain the existing rate; request by one Reserve Bank to decrease the primary credit rate; and requests by five Reserve Banks to increase the primary credit rate.

Existing rate maintained.
June 15, 2015.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston and New York had voted on June 4, 2015, and the directors of the Federal Reserve Banks of Atlanta, Chicago, St. Louis, and San Francisco had voted on June 11, to reestablish the existing rate for discounts and advances (3/4 percent) under the primary credit program (primary credit rate). The directors of the Federal Reserve Bank of Minneapolis had voted on June 4 to establish a rate of 1/2 percent (a decrease from 3/4 percent). The directors of the Federal Reserve Banks of Philadelphia and Richmond had voted on June 4, and the directors of the Federal Reserve Banks of Cleveland, Kansas City, and Dallas had voted on June 11, to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on April 27, the Board had taken no action on requests by the Philadelphia, Cleveland, Kansas City, and Dallas Reserve Banks to increase, and by the Minneapolis Reserve Bank to decrease, the primary credit rate in the same manner as currently requested.

Federal Reserve Bank directors noted that the economy was expanding at a moderate pace after a slowdown in growth earlier in the year that partly reflected temporary factors. Directors generally remained positive about the prospects for economic growth going forward, citing recent positive economic data for some sectors and regions. Several directors reported improvements in housing market activity. Reports on consumer spending and business investment were mixed. Most directors noted further improvements in labor markets, and several reported increasing wage pressures, attributable in part to a lack of qualified candidates in some industries and parts of the country. Inflation continued to run below the Federal Reserve's 2 percent objective, although it was expected to rise over time. Against this backdrop, most directors recommended that the current primary credit rate be maintained.

However, other Federal Reserve Bank directors viewed current and anticipated economic conditions as warranting either an increase or a decrease in the primary credit rate. Some directors supported increasing the primary credit rate by 25 basis points (to 1 percent), while other directors favored reducing the rate by 25 basis points (to 1/2 percent). The directors requesting an increase, which would widen the spread between the primary credit rate and the upper end of the target range for the federal funds rate to 75 basis points, favored a move back toward the pre-crisis spread in light of their outlook for economic and financial conditions as well as the risks to that outlook. Those directors favoring a reduction in the primary credit rate believed that a lower setting would be appropriate in light of the outlook for weaker economic growth this year and ongoing subdued inflation.

Today, Board members considered the primary credit rate and discussed, on a preliminary basis, their individual assessments of the appropriate rate and its communication, which would be discussed at the meeting of the Federal Open Market Committee this week. No sentiment was expressed for changing the primary credit rate before the Committee's meeting, and the existing rate was maintained. Thereafter, a discussion of economic and financial developments and issues related to possible policy actions took place.

Participating in this determination: Chair Yellen, Vice Chairman Fischer, and Governors Powell and Brainard.

Background: Office of the Secretary memorandum, June 12, 2015.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, June 15, 2015.

DISCOUNT AND ADVANCE RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.

Approved.
June 15, 2015.

The Board approved renewal by the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, and Minneapolis on June 4, 2015, and by the Federal Reserve Banks of Cleveland, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on June 11, of the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs.

Voting for this action: Chair Yellen, Vice Chairman Fischer, and Governors Powell and Brainard.

Background: Office of the Secretary memorandum, June 12, 2015.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, June 15, 2015.