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.
July 27, 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 July 16, 2015, and the directors of the Federal Reserve Banks of Atlanta, Chicago, St. Louis, and San Francisco had voted on July 23, 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 July 16 to establish a rate of 1/2 percent (a decrease from 3/4 percent). The directors of the Federal Reserve Banks of Richmond and Kansas City had voted on July 16, and the directors of the Federal Reserve Banks of Philadelphia, Cleveland, and Dallas had voted on July 23, to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on June 15, the Board had taken no action on similar requests by the Philadelphia, Cleveland, Richmond, 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 cited generally positive economic developments in a range of sectors and regions, with some directors noting that growth had rebounded somewhat more than expected from earlier in the year. Directors were somewhat more optimistic about the prospects for economic growth going forward. Most directors reported increased activity in the housing and commercial real estate sectors, but reports on consumer spending were mixed. In labor markets, conditions had continued to improve. Several directors reported increasing wage pressures, attributable in part to a lack of qualified candidates in some industries and parts of the country. Some directors also expressed heightened uncertainty about international developments and their potential adverse implications for domestic economic activity. 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 favored either an increase or a decrease in the primary credit rate. Those directors requesting an increase in the primary credit rate (to 1 percent) viewed a move toward a more normal level as appropriate in light of improvements in economic and labor market conditions as well as the outlook for inflation. The directors requesting a reduction in the primary credit rate (to 1/2 percent) thought a lower rate would be appropriate, given the outlook for economic growth, ongoing subdued inflation, and the downside risks to that outlook.

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 Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, July 24, 2015.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, July 27, 2015.

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

Approved.
July 27, 2015.

The Board approved renewal by the Federal Reserve Banks of Boston, New York, Richmond, Minneapolis, and Kansas City on July 16, 2015, and by the Federal Reserve Banks of Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Dallas, and San Francisco on July 23, 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 Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, July 24, 2015.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, July 27, 2015.