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

Existing rate maintained.
October 26, 2015.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York and Chicago had voted on October 22, 2015, 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 October 15 to establish a rate of 1/2 percent (a decrease from 3/4 percent). The directors of the Federal Reserve Banks of Boston, Richmond, St. Louis, and Kansas City had voted on October 15, and the directors of the Federal Reserve Banks of Philadelphia, Cleveland, Atlanta, Dallas, and San Francisco had voted on October 22, to establish a rate of 1 percent (an increase from 3/4 percent). At its meeting on September 15, the Board had taken no action on requests by the Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco Reserve Banks to increase, and by the Minneapolis Reserve Bank to decrease, the primary credit rate.

Federal Reserve Bank directors noted generally positive economic conditions, with economic growth expected to continue at a moderate pace. Household spending had advanced further, and both the residential and commercial real estate sectors were strengthening. However, exports continued to lag, and financial conditions had tightened somewhat. The unemployment rate had remained steady. Some directors reported reduced labor market slack, as well as recruiting difficulties and signs of wage pressures in some sectors and parts of the country. Inflation, however, remained below the Federal Reserve's 2 percent objective, reflecting in part the temporary effects of lower energy prices.

Against this backdrop, some Federal Reserve Bank directors favored maintaining the current primary credit rate. However, other Federal Reserve Bank directors recommended either an increase or a decrease in the primary credit rate. 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 the improvements in labor market conditions this year and their expectations for inflation to rise gradually toward the Federal Reserve's 2 percent objective. Some directors favoring an increase judged that an earlier start to the policy normalization process could allow for a more gradual pace of adjustment, thereby limiting the associated risks. The directors requesting a reduction in the primary credit rate (to 1/2 percent) judged that the lower rate would be appropriate given current and anticipated economic conditions, their outlook for continued low inflation, and potential downside risks to the domestic economy associated with international developments.

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, October 23, 2015.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, October 26, 2015.

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

Approved.
October 26, 2015.

The Board approved renewal by the Federal Reserve Banks of Boston, Richmond, St. Louis, Minneapolis, and Kansas City on October 15, 2015, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Chicago, Dallas, and San Francisco on October 22, 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, October 23, 2015.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, October 26, 2015.