
DISCOUNT AND ADVANCE RATES -- Establishment without change by twelve Federal Reserve Banks of the primary credit rate, and renewal by those Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.

**Existing rate maintained.
Formulas renewed.
January 25, 2016.**

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Cleveland, Richmond, Minneapolis, Kansas City, Dallas, and San Francisco had voted on January 14, 2016, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Atlanta, Chicago, and St. Louis had voted on January 21, to reestablish the existing rate (1 percent) for discounts and advances under the primary credit program (primary credit rate).

Federal Reserve Bank directors noted that economic performance had been mixed across sectors and Districts, while most directors reported ongoing improvements in labor markets. Although economic growth had slowed late last year, several directors observed positive developments in certain sectors, including increased housing-sector activity. Reports on consumer spending varied, with some directors observing that auto sales and online spending continued to be strong. Activity in manufacturing, energy, and export-related sectors softened further. Inflation remained below the Federal Reserve's 2 percent objective, in part because of further declines in energy prices. Directors reported minimal signs of generalized wage pressures, although some directors continued to report recruiting difficulties, mostly for highly skilled jobs. Directors noted recent global economic and financial developments and their potential implications for the economic outlook. Against this backdrop, directors recommended that the current primary credit rate be maintained.

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. The Board also renewed the formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs for the twelve Reserve Banks on the dates indicated above.

**Participating in these determinations: Chair Yellen, Vice Chairman Fischer,
and Governors Tarullo and Powell.**

Background: Office of the Secretary memorandum, January 22, 2016.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks,
January 25, 2016.