DISCOUNT AND ADVANCE RATES -- Requests by twelve Reserve Banks to maintain the existing primary credit rate; requests to renew the secondary and seasonal credit formulas.

Existing rate and formulas approved.
January 22, 2019.

Today, Board members discussed economic and financial developments and issues related to possible policy actions. In connection with this discussion, Board members considered discounts and advances under the primary credit program (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 joint meeting of the Board and the Federal Open Market Committee (FOMC) next week.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Dallas, and San Francisco had voted on January 10, 2019, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Chicago, St. Louis, Minneapolis, and Kansas City had voted on January 17, to establish the primary credit rate at the existing level (3 percent).

Federal Reserve Bank directors had mostly favorable reports on economic conditions across sectors and Districts. Several directors noted strong consumer spending, including during the recent holiday season. Most directors commented on the still-tight labor market for both skilled and unskilled workers, and some directors noted corresponding wage pressures in their Districts. Overall, directors remained positive about the outlook for continued solid economic growth, although they also noted potential risks to the outlook associated with recent financial, global, and domestic developments, including the partial federal government shutdown.

The directors of all twelve Reserve Banks favored establishing the primary credit rate at its existing level of 3 percent. The directors judged that maintaining the current stance of monetary policy was appropriate for the time being in order to assess whether incoming data remained consistent with the outlook for continued solid economic growth, strong labor markets, and inflation remaining near the FOMC's 2 percent objective.

No sentiment was expressed by the Board at today's meeting for changing the primary credit rate at this time, and the Board approved the establishment of the primary credit rate at the existing level of 3 percent. (NOTE: At the joint Board-FOMC meeting on December 19, 2018, the Board had approved the establishment of the primary credit rate at 3 percent, an increase from 2.75 percent).

The Board's action today on the primary credit rate also included renewal of the existing formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs. As specified by the formula for the secondary credit rate, this rate would be set 50 basis points above the primary credit rate. As specified by the formula for the seasonal credit rate, this rate would be reset every two weeks as the average of the daily effective federal funds rate and the rate on three-month CDs over the previous 14 days, rounded to the nearest 5 basis points.

Voting for this action: Chairman Powell, Vice Chairman Clarida,
Vice Chairman for Supervision Quarles,
and Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, January 18, 2019.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, January 22, 2019.

MONETARY POLICY IMPLEMENTATION -- Rates on reserve balances and on discounts and advances unchanged.

Approved.
January 30, 2019.

In a joint meeting of the Federal Open Market Committee (FOMC) and the Board today, the FOMC decided to maintain the target range for the federal funds rate at 2.25 to 2.50 percent. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the existing interest rates (2.40 percent) paid on required and excess reserve balances. At today's meeting, the Board also approved the establishment of the interest rate on discounts and advances made under the primary credit program (the primary credit rate) at the existing level (3 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Atlanta, Dallas, and San Francisco had voted on January 24, 2019, to establish the primary credit rate at the existing level of 3 percent.

No sentiment was expressed by the Board at today's meeting for changing the primary credit rate at this time, and the Board approved the establishment of the primary credit rate at the existing level of 3 percent. (NOTE: At the Board meeting on January 22, 2019, the Board had approved the establishment of the primary credit rate at 3 percent.)

The Board's action today on the primary credit rate also included renewal of the existing formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs. As specified by the formula for the secondary credit rate, this rate would be set 50 basis points above the primary credit rate. As specified by the formula for the seasonal credit rate, this rate would be reset every two weeks as the average of the daily effective federal funds rate and the rate on three-month CDs over the previous 14 days, rounded to the nearest 5 basis points.

Voting for these actions: Chairman Powell, Vice Chairman Clarida,
Vice Chairman for Supervision Quarles,
and Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, January 25, 2019.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, January 30, 2019.