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

Existing rate and formulas approved.
November 4, 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 next joint meeting of the Board and the Federal Open Market Committee (FOMC).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, St. Louis, and Minneapolis had voted on October 31, 2019, to establish a primary credit rate of 2.25 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 2.25 percent. (NOTE: At the joint Board-FOMC meeting on October 30, 2019, the Board had approved the establishment of the primary credit rate at 2.25 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 for all twelve Reserve Banks. 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: Chair Powell, Vice Chair Clarida,
Vice Chair for Supervision Quarles,
and Governor Bowman.

Background: Office of the Secretary memorandum, November 1, 2019.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, November 4, 2019.

MONETARY POLICY IMPLEMENTATION -- Interest rate on reserve balances unchanged; rates on discounts and advances unchanged; renewal of secondary and seasonal credit formulas.

Approved.
December 11, 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 1-1/2 to 1-3/4 percent. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the interest rate (1.55 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 (2.25 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Cleveland had voted on November 27, 2019, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco had voted on December 5, to establish the primary credit rate at the existing level of 2.25 percent.

Overall, Federal Reserve Bank directors described economic conditions as positive and were optimistic about the prospects for economic growth. Many directors noted continued strength in consumer spending and sentiment going into the holiday season, and some directors reported solid or increasing activity in residential and commercial construction. Several directors continued to observe weakness in the manufacturing and agricultural sectors. Labor markets remained strong across most Districts, and directors stressed that attracting and retaining workers for a range of positions was an ongoing challenge. Several directors also noted current or expected wage pressures. Inflation remained below the FOMC's symmetric 2 percent objective.

The directors of all twelve Federal Reserve Banks favored maintaining the current primary credit rate at the existing level of 2.25 percent. The directors judged that it would be appropriate for the FOMC to closely monitor the implications of incoming information for the economic outlook and act as appropriate to sustain the expansion, with a strong labor market and inflation near its symmetric 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 2.25 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: Chair Powell, Vice Chair Clarida,
Vice Chair for Supervision Quarles,
and Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, December 6, 2019.

Implementation: FOMC statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, December 11, 2019.