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.
June 22, 2020.

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.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Cleveland, Chicago, Minneapolis, and San Francisco had voted on June 11, 2020, and the directors of the Federal Reserve Banks of Philadelphia, Richmond, Atlanta, St. Louis, Kansas City, and Dallas had voted on June 18, to establish the primary credit rate at the existing level of 0.25 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 0.25 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,
and Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, June 19, 2020.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,
June 22, 2020.

Transmissions from Ms. Misback to the Reserve Banks,
June 22, 2020.

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.
July 20, 2020.

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, New York, Cleveland, Chicago, St. Louis, and San Francisco had voted on July 9, 2020, and the directors of the Federal Reserve Banks of Philadelphia, Richmond, Atlanta, Minneapolis, Kansas City, and Dallas had voted on July 16, to establish the primary credit rate at the existing level of 0.25 percent.

Overall, Federal Reserve Bank directors noted that the COVID-19 pandemic and response continue to weigh on economic activity, particularly in light of recent surges of the virus in some parts of the country. Some directors reported increases in economic activity, albeit from depressed levels and with substantial variation by sector and geography. Consumer spending improved modestly in some Districts, with directors noting gains in e-commerce as well as shifting consumer spending patterns toward certain retail segments, such as home improvement, cars and recreational vehicles, and outdoor activities. Several directors noted generally positive conditions in residential real estate, especially for mortgage refinancings, and the construction sector. Employment levels increased slightly, but the unemployment rate remained elevated. Directors continued to express considerable uncertainty about the evolution of the pandemic and the potential implications for the economic outlook.

The directors of all twelve Federal Reserve Banks favored maintaining the current primary credit rate at the existing level (0.25 percent). In light of the uncertainties associated with the pandemic, 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 support a return to maximum employment with inflation centered on the FOMC's 2 percent inflation 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 0.25 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
Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, July 17, 2020.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, July 20, 2020.

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

Approved.
July 29, 2020.

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 0 to 1/4 percent, effective July 30, 2020. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the interest rate (0.10 percent) paid on required and excess reserve balances, effective July 30, 2020. 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 (0.25 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on July 23, 2020, to establish the primary credit rate at the existing level of 0.25 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 0.25 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, July 24, 2020.

Implementation: FOMC statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, July 29, 2020.