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.
October 25, 2021.

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 Cleveland, Richmond, Atlanta, Kansas City, and Dallas had voted on October 14, 2021, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, and San Francisco had voted on October 21, to establish the primary credit rate at the existing level of 0.25 percent.

Overall, Federal Reserve Bank directors reported that the economy continued to recover across sectors and Districts, although the pace of the recovery had slowed in recent months reflecting the effects of the surge in COVID-19 cases over the summer. Directors continued to highlight tight labor markets and supply chain disruptions, as well as associated wage and price pressures. Many directors reported that businesses still faced challenges hiring and retaining workers for both skilled and unskilled jobs. Directors noted various factors contributing to the labor shortage, including the absence of childcare, increasing retirements and high turnover among employees, and workers' concerns about vaccine requirements. Some directors said supply shortages and disruptions were negatively affecting productivity in certain sectors but also noted that supply-side constraints, while significant, were not worsening. Directors commented that inflation had been elevated for longer than expected but was generally expected to subside over time.

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 economic outlook, the directors judged that it would be appropriate for the FOMC to maintain the current stance of policy to continue to support economic recovery and foster progress toward the FOMC's long-run goals of maximum employment and stable prices.

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 this action: Chair Powell and Governors Quarles,
Brainard, Bowman, and Waller.
Absent: Vice Chair Clarida.

Background: Office of the Secretary memorandum, October 22, 2021.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, October 25, 2021.

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

Approved.
November 3, 2021.

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 0-1/4 percent, effective November 4, 2021. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the interest rate paid on reserve balances at 0.15 percent, effective November 4, 2021. 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 Cleveland, Atlanta, Kansas City, and Dallas had voted on October 28, 2021, and the directors of the Federal Reserve Bank of Richmond had voted on October 29, 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,
and Governors Quarles, Brainard, Bowman,
and Waller.

Background: Office of the Secretary memorandum, October 29, 2021.

Implementation: FOMC Statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, November 3, 2021.