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

Existing rate and formulas approved.
February 14, 2022.

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 Richmond, Atlanta, Chicago, and Dallas had voted on February 3, 2022, and the directors of the Federal Reserve Banks of Boston and San Francisco had voted on February 10, to establish the primary credit rate at the existing level of 0.25 percent. The directors of the Federal Reserve Bank of Philadelphia had voted on February 3, 2022, and the directors of the Federal Reserve Banks of New York, Cleveland, St. Louis, Minneapolis, and Kansas City had voted on February 10, to establish a primary credit rate of 0.5 percent (an increase from 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 this action: Chair Pro Tempore Powell and Governors Brainard, Bowman, and Waller.

Background: Office of the Secretary memorandum, February 11, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,
February 14, 2022.

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

Existing rate and formulas approved.
March 7, 2022.

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 and San Francisco had voted on February 24, 2022, and the directors of the Federal Reserve Banks of Richmond and Atlanta had voted on March 3, to establish the primary credit rate at the existing level of 0.25 percent. The directors of the Federal Reserve Banks of Cleveland and Kansas City had voted on February 24, 2022, and the directors of the Federal Reserve Banks of Philadelphia, Chicago, St. Louis, and Minneapolis had voted on March 3, to establish a rate of 0.5 percent (an increase from 0.25 percent). The directors of the Federal Reserve Banks of New York and Dallas had voted on March 3, 2022, to establish a rate of 0.75 percent. At its meeting on February 14, 2022, the Board had taken no action on requests by the New York, Philadelphia, Cleveland, St. Louis, Minneapolis, and Kansas City Reserve Banks to increase the primary credit rate.

Federal Reserve Bank directors reported ongoing strong demand, tight labor markets, and supply chain disruptions. Several directors noted robust consumer spending, including a rebound in travel, since early 2022, particularly as the economic impact of the Omicron variant and recent surges in COVID-19 cases subsided. Many directors also highlighted ongoing wage pressures and the consequent challenges for employers seeking to hire and retain workers across sectors and job categories. In most Districts, supply chain issues were still disrupting economic activity, though some directors expected gradual improvements over the course of this year. Inflation remained elevated, and some directors noted upside risks, including emerging geopolitical tensions, in connection with the inflation outlook.

The directors of four 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. Other directors supported an increase in the primary credit rate, with some directors noting that it was an appropriate time to begin the process of removing policy accommodation. The directors of six Reserve Banks favored increasing the primary credit rate to 0.5 percent, and the directors of two Reserve Banks favored increasing the primary credit rate to 0.75 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 this action: Chair Pro Tempore Powell and Governors Brainard, Bowman, and Waller.

Background: Office of the Secretary memorandum, March 4, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, March 7, 2022.

MONETARY POLICY IMPLEMENTATION -- Increase in the interest on reserve balances rate and in the primary credit rate; renewal of the secondary and seasonal credit rates.

Approved.
March 16, 2022.

In a joint meeting of the Federal Open Market Committee (FOMC) and the Board today, the FOMC decided to raise the target range for the federal funds rate 25 basis points, to 1/4 to 1/2 percent, effective March 17, 2022. To support the FOMC's decision to raise the target range for the federal funds rate, the Board approved raising the interest rate paid on reserve balances from 0.15 percent to 0.4 percent, also effective March 17, 2022.

Subject to review and determination by the Board of Governors, the directors of twelve Reserve Banks had voted to establish an increase in the rate for discounts and advances under the primary credit program (the primary credit rate). The directors of the Federal Reserve Banks of Philadelphia, Chicago, St. Louis, and Minneapolis had voted on March 3, 2022; the directors of the Federal Reserve Bank of Richmond had voted on March 7; and the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Kansas City, and San Francisco had voted on March 10 to establish a primary credit rate of 0.5 percent (an increase from 0.25 percent). The directors of the Federal Reserve Bank of New York had voted on March 3, 2022, and the directors of the Federal Reserve Bank of Dallas had voted on March 10, to establish a primary credit rate of 0.75 percent. At its meeting on March 7, 2022, the Board had taken no action on requests by the New York, Philadelphia, Cleveland, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas Reserve Banks to increase the primary credit rate.

At today's meeting, there was consensus for a 25-basis-point increase, and the Board approved an increase in the primary credit rate from 0.25 percent to 0.5 percent, effective March 17, 2022, for the ten Reserve Banks that had voted for such an increase. 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.

It was understood that a press release and an accompanying document on monetary policy implementation would be issued to announce the increases in the interest on reserve balances rate and the primary credit rate. In addition, the Secretary was authorized to inform the Federal Reserve Banks of New York and Dallas, on their establishment of a primary credit rate of 0.5 percent, of the Board's approval and determination, effective on the later of March 17, 2022, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the New York and Dallas Reserve Banks of the Board's approval of their establishment of a primary credit rate of 0.5 percent, effective March 17, 2022.)

Voting for these actions: Chair Pro Tempore Powell and Governors Brainard, Bowman, and Waller.

Background: Office of the Secretary memorandum, March 11, 2022.

Implementation: FOMC statement and attached implementation note, March 16; press release, March 17; transmissions from Ms. Misback to the

Reserve Banks, March 16 and 17; and Federal Register documents (Docket Nos. R-1767 and R-1768, RINs 7100-AG27 and 7100-AG28), April 12, 2022.