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 secondary and seasonal credit formulas.

Existing rate and formulas approved.
August 22, 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 Boston, Chicago, Kansas City, and San Francisco had voted on August 11, 2022, and the directors of the Federal Reserve Banks of Richmond and Atlanta had voted on August 18, to establish the primary credit rate at the existing level of 2.50 percent. The directors of the Federal Reserve Banks of New York, Cleveland, and St. Louis had voted on August 11, 2022, and the directors of the Federal Reserve Banks of Philadelphia and Dallas had voted on August 18, to establish a primary credit rate of 3.00 percent (an increase from 2.50 percent). The directors of the Federal Reserve Bank of Minneapolis had voted on August 11, 2022, to establish a primary credit rate of 3.25 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 2.50 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, Vice Chair Brainard,
Vice Chair for Supervision Barr,
and Governors Cook and Jefferson.
Absent: Governors Bowman and Waller.

Background: Office of the Secretary memorandum, August 19, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, August 22, 2022.

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

Existing rate and formulas approved.
September 12, 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 Richmond and Atlanta had voted on September 1, 2022, and the directors of the Federal Reserve Bank of Kansas City had voted on September 8, to establish the primary credit rate at the existing level of 2.50 percent. The directors of the Federal Reserve Banks of Philadelphia and Dallas had voted on September 1, 2022, and the directors of the Federal Reserve Banks of New York, Chicago, and San Francisco had voted on September 8, to establish a rate of 3.00 percent (an increase from 2.50 percent). The directors of the Federal Reserve Banks of Boston, Cleveland, and St. Louis had voted on September 8, 2022, to establish a rate of 3.25. The directors of the Federal Reserve Bank of Minneapolis had voted on September 8, 2022, to establish a rate of 3.50 percent. At its meeting on August 22, 2022, the Board had taken no action on requests by the New York, Philadelphia, Cleveland, St. Louis, Minneapolis, and Dallas Reserve Banks to increase the primary credit rate.

Overall, Federal Reserve Bank directors continued to report elevated inflation and tight labor markets. In several Districts, economic activity was steady or had expanded modestly. Consumer spending was generally solid, though some directors also saw indicators of weakening demand. In addition, some directors noted easing in overall real estate activity, although continuing strength in some housing sectors was noted. Many directors reported that supply chain disruptions had eased somewhat. Directors cited the availability and cost of labor as ongoing concerns, prompting firms in some Districts to focus on employee retention or adopt different recruiting strategies.

The directors of three Federal Reserve Banks favored maintaining the current primary credit rate at the existing level (2.50 percent). In light of strong aggregate demand, tight labor markets, and elevated inflation, the directors of nine Federal Reserve Banks favored increasing the primary credit rate to 3.00 percent (five Reserve Banks), 3.25 percent (three Reserve Banks), or 3.50 percent (one Reserve Bank).

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 2.50 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: Vice Chair for Supervision Barr
and Governors Bowman, Waller, Cook, and Jefferson.
Absent: Chair Powell and Vice Chair Brainard.

Background: Office of the Secretary memorandum, September 9, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, September 12, 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 formulas.

Approved.
September 21, 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 75 basis points, to 3 to 3-1/4 percent, effective September 22, 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 2.4 percent to 3.15 percent, also effective September 22, 2022.

Subject to review and determination by the Board of Governors, the directors of twelve Federal 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 New York and San Francisco had voted on September 8, 2022, to establish a primary credit rate of 3.00 percent (an increase from 2.50 percent). The directors of the Federal Reserve Banks of Boston, Cleveland, and St. Louis had voted on September 8, 2022, and the directors of the Federal Reserve Banks of Philadelphia, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on September 15, to establish a rate of 3.25 percent. The directors of the Federal Reserve Bank of Minneapolis had voted on September 8, 2022, to establish a rate of 3.50 percent. At its meeting on September 12, 2022, the Board had taken no action on requests by the Boston, New York, Philadelphia, Cleveland, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco Reserve Banks to increase the primary credit rate.

At today's meeting, there was consensus for a 75-basis-point increase, and the Board approved an increase in the primary credit rate from 2.50 percent to 3.25 percent, effective September 22, 2022, for the nine 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 New York, Minneapolis, and San Francisco Reserve Banks, on their establishment of a primary credit rate of 3.25 percent, of the Board's approval and determination, effective on the later of September 22, 2022, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the New York, Minneapolis, and San Francisco Reserve Banks of the Board's approval of their establishment of a primary credit rate of 3.25 percent, effective September 22, 2022.)

Voting for these actions: Chair Powell, Vice Chair Brainard,
Vice Chair for Supervision Barr,
and Governors Bowman, Waller, Cook, and Jefferson.

Background: Office of the Secretary memorandum, September 16, 2022.
Implementation: FOMC statement and attached implementation note,

Implementation: FOMC statement and attached implementation note, September 21; press release, September 22; transmissions from Ms. Misback to the Reserve Banks, September 21 and 22; and Federal Register documents (Docket Nos. R-1780 and R-1781, RINs 7100-AG38 and 7100-AG39), October 3, 2022.