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

Existing rate and formulas approved.
February 20, 2024.

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 made 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, Cleveland, Atlanta, Minneapolis, and Dallas had voted on February 8, 2024, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Chicago, St. Louis, Kansas City, and San Francisco had voted on February 15, to establish the primary credit rate at the existing level of 5.5 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 5.5 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 Jefferson,
Vice Chair for Supervision Barr,
and Governors Bowman, Waller,
Cook, and Kugler.

Background: Office of the Secretary memorandum, February 16, 2024.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,
February 20, 2024.

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

Approved.
March 20, 2024.

In a joint meeting of the Board and the Federal Open Market Committee (FOMC) today, the FOMC decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent, effective March 21, 2024. 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 5.4 percent, effective March 21, 2024. 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 (5.5 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, and San Francisco had voted on March 7, 2024, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Kansas City, and Dallas had voted on March 14, to establish the primary credit rate at the existing level of 5.5 percent.

Many Federal Reserve Bank directors reported moderate or stable economic activity in their Districts, although some noted variability across sectors. Most directors continued to observe positive trends in labor markets, including lower employee turnover, subsiding wage pressures, and generally improved labor availability. However, labor shortages remained in certain skilled occupations and service jobs. In addition, many directors reported that input cost pressures were easing. Several directors said businesses in their Districts continued to invest in technological solutions to offset labor costs and increase productivity.

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 5.5 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 Jefferson,
Vice Chair for Supervision Barr,
and Governors Bowman, Waller,
Cook, and Kugler.

Background: Office of the Secretary memorandum, March 15, 2024.

Implementation: FOMC statement (with attached implementation note) and transmissions from Ms. Misback to the Reserve Banks, March 20, 2024.