
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.
August 21, 2023.

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, Cleveland, Chicago, St. Louis, Minneapolis, and San Francisco had voted on August 10, 2023, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Atlanta, Kansas City, and Dallas had voted on August 17, to establish the primary credit rate at the existing level of 5.50 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 5.50 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 and Governors Bowman, Waller, Cook, and Jefferson. Absent: Vice Chair for Supervision Barr.

Background: Office of the Secretary memorandum, August 18, 2023

Implementation: Transmissions from Ms. Misback to the Reserve Banks, August 21, 2023

DISCOUNT AND ADVANCE RATES -- Interest on reserve balances rate unchanged; rates on discounts and advances unchanged; renewal of secondary and seasonal credit formulas.

Approved.
September 20, 2023.

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 September 21, 2023. 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 September 21, 2023. 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 (5.50 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Philadelphia, St. Louis, Minneapolis, and San Francisco had voted on September 7, 2023, and the directors of the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on September 14, to establish the primary credit rate at the existing level of 5.50 percent. The directors of the Federal Reserve Bank of Cleveland had voted on September 14, 2023, to establish a primary credit rate of 5.75 percent (an increase from 5.50 percent).

Federal Reserve Bank directors generally reported moderating or steady economic activity, with many noting resiliency in consumer spending and some improvement in supply chains. Many directors commented on the increased availability of labor and easing wage growth. However, hiring challenges and wage pressures persisted for healthcare and certain other types of workers. Several directors cited continued tightening in credit conditions. Some directors noted signs of household financial stress or concerns about the potential impact of tighter financial conditions on low- and moderate-income consumers.

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 5.50 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 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, September 15, 2023
Implementation: FOMC statement (with attached implementation note) and
transmissions from Ms. Misback to the Reserve Banks,
September 20, 2023