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

Existing rate maintained.
November 14, 2016.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Chicago, and Minneapolis had voted on November 3, 2016, to reestablish the existing rate for discounts and advances (1 percent) under the primary credit program (primary credit rate). The directors of the Federal Reserve Banks of Philadelphia, Richmond, and St. Louis had voted on November 3, and the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Kansas City, Dallas, and San Francisco had voted on November 10, to establish a rate of 1-1/4 percent (an increase from 1 percent). At its meeting on October 31, the Board had taken no action on similar requests by the Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco Reserve Banks to increase the primary credit rate.

At today's meeting, no sentiment was expressed for changing the primary credit rate, and the existing rate was maintained.

Participating in this determination: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, November 10, 2016.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, November 14, 2016.

DISCOUNT AND ADVANCE RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.

Formulas renewed.
November 14, 2016.

The formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs were renewed by the Board for the Federal Reserve Banks of New York, Philadelphia, Richmond, Chicago, St. Louis, and Minneapolis on November 3, 2016, and for the Federal Reserve Banks of Boston, Cleveland, Atlanta, Kansas City, Dallas, and San Francisco on November 10.

Participating in this determination: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, November 10, 2016.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, November 14, 2016.

DISCOUNT AND ADVANCE RATES -- Request by one Reserve Bank to maintain the existing rate and requests by eleven Reserve Banks to increase the primary credit rate.

Existing rate maintained.
December 12, 2016.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Minneapolis had voted on December 1, 2016, to reestablish the existing rate for discounts and advances (1 percent) under the primary credit program (primary credit rate). The directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, and St. Louis had voted on December 1, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Kansas City, Dallas, and San Francisco had voted on December 8, to establish a rate of 1-1/4 percent (an increase from 1 percent). At its meeting on November 14, the Board had taken no action on requests by the Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco Reserve Banks to increase the primary credit rate.

Overall, Federal Reserve Bank directors noted further improvements in economic activity and labor market conditions, consistent with an economy growing at a moderate pace. Although reports varied somewhat across Districts, many directors commented on strong consumer spending at the start of the holiday season, particularly for online shopping. Several directors said manufacturing activity had picked up in certain industries. Some directors reported steady growth in residential real estate markets but also noted that residential construction had been constrained by recent shortages in materials and labor. Most directors continued to observe positive developments in labor markets. Although many directors noted additional labor-market tightening in their Districts, especially for skilled positions and in certain locations, overall wage growth remained relatively subdued. A number of directors noted the potential for significant changes in government policies, including the possibility of expansionary fiscal measures. Inflation remained below the Federal Reserve's 2 percent objective.

Against this backdrop, the directors of eleven Federal Reserve Banks recommended increasing the primary credit rate to 1-1/4 percent, in light of actual and expected strengthening in economic activity and labor markets and signs that these conditions are fostering a gradual return of inflation to 2 percent over the medium term. The directors of one Reserve Bank recommended that the primary credit rate be maintained at its current level of 1 percent. These directors concluded that it would be appropriate to maintain an accommodative stance of monetary policy to support continued strengthening of the labor market and the return of inflation to the Federal Reserve's 2 percent objective.

Today, Board members considered 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 meeting of the Federal Open Market Committee this week. No sentiment was expressed for changing the primary credit rate before the Committee's meeting, and the existing rate was maintained. Thereafter, a discussion of economic and financial developments and issues related to possible policy actions took place.

Participating in this determination: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, December 9, 2016.

Implementation: Transmissions from Ms. Shanks to the Reserve Banks, December 12, 2016.

DISCOUNT AND ADVANCE RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.

Formulas renewed.
December 12, 2016.

The formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs were renewed by the Board for the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, and Minneapolis on December 1, 2016, and for the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Kansas City, Dallas, and San Francisco on December 8.

Participating in this determination: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, December 9, 2016.

Implementation: Transmissions from Ms. Shanks to the Reserve Banks, December 12, 2016.

MONETARY POLICY IMPLEMENTATION -- Increase in the interest rate on reserve balances; increase in discount and advance rates.

Approved.
December 14, 2016.

In a joint meeting of the Federal Open Market Committee and the Board today, the Committee decided to raise the target range for the federal funds rate by 25 basis points, to 1/2 percent to 3/4 percent, effective December 15, 2016. To support the Committee's decision to raise the target range for the federal funds rate, the Board approved raising the interest rates paid on required and excess reserve balances from 1/2 percent to 3/4 percent, effective December 15, 2016.

The Board also acted on requests by eleven Reserve Banks to increase the rate for discounts and advances under the primary credit program (primary credit rate). Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, and St. Louis had voted on December 1, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Kansas City, Dallas, and San Francisco had voted on December 8, 2016, to establish a primary credit rate of 1-1/4 percent (an increase from 1 percent). At its meeting on December 12, the Board had considered, but had taken no action on, the requests 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 1 percent to 1-1/4 percent, effective December 15, 2016, for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco. This vote of the Board also encompassed approval of the renewal by all 12 Reserve Banks 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, the secondary credit rate would be set 50 basis points above the primary credit rate. And as specified by the formula for the seasonal credit rate, the seasonal credit rate would continue to 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 rate on reserve balances and the primary credit rate. In addition, the Secretary was authorized to inform the remaining Reserve Bank, on its establishment of a primary credit rate of 1-1/4 percent, of the Board's approval and determination, effective on the later of December 15, 2016, and the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the Federal Reserve Bank of Minneapolis of the Board's approval of its establishment of a primary credit rate of 1-1/4 percent, effective December 15, 2016.)

Voting for these actions: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, December 9, 2016.

Implementation: Press release with attached Decisions Regarding Monetary Policy Implementation, December 14; press release, December 15; and transmissions from Mr. Frierson to the Reserve Banks, December 14 and 15, 2016. (NOTE: On January 3, 2017, the Board approved implementing amendments to Regulations A and D.)