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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.  
March 27, 2017.

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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 (FOMC).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of St. Louis had voted on March 15, 2017; the directors of the Federal Reserve Banks of Boston, Philadelphia, Richmond, and Minneapolis had voted on March 16; and the directors of the Federal Reserve Banks of New York, Cleveland, Atlanta, Chicago, Kansas City, Dallas, and San Francisco had voted on March 23 to establish the primary credit rate at the existing level (1-1/2 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 1-1/2 percent. (NOTE: At the joint Board-FOMC meeting on March 15, 2017, the Board had approved the establishment of the primary credit rate at 1-1/2 percent, an increase from 1-1/4 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 for all twelve Reserve Banks. The directors of each Reserve Bank had requested renewal of these formulas on the dates previously noted for their votes on the primary credit rate. 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 Yellen, Vice Chairman Fischer and Governor Powell.  
Abstaining: Governor Tarullo.

Background: Office of the Secretary memorandum, March 24, 2017.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks,  
March 27, 2017.

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

Existing rate and formulas approved.  
April 24, 2017.

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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 next week.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Cleveland, Dallas, and San Francisco had voted on April 13, 2017, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Atlanta, Chicago, St. Louis, and Minneapolis had voted on April 20, to establish the primary credit rate at the existing level (1-1/2 percent). The directors of the Federal Reserve Banks of Richmond and Kansas City had voted on April 13 to establish a rate of 1-3/4 percent (an increase from 1-1/2 percent).

Overall, Federal Reserve Bank directors judged that the economy seemed to be continuing to expand at a solid pace. Directors generally noted steady or improved economic activity across various sectors, as well as greater optimism among households and businesses about the prospects for continued growth. Several directors reported that consumer spending had held steady or increased, and some directors noted a rebound in vehicle sales. Some directors observed continued strength in residential real estate markets and a pickup in residential mortgage activity. Some directors also reported mixed conditions in commercial real estate markets and in the manufacturing, energy, and agricultural sectors. Many directors cited stronger labor markets, signs of increased wage pressures, and ongoing difficulties finding and retaining workers for skilled and unskilled positions in certain industries and regions.

Some directors continued to express uncertainty about the likely economic impact of potential fiscal, health care, and other government policies. A number of directors noted that measures of core inflation continued to run below 2 percent, although a few directors mentioned that recent readings for headline inflation (which includes food and energy prices) had moved above the Federal Reserve's 2 percent objective.

The directors of ten Reserve Banks favored establishing the primary credit rate at its current level of 1-1/2 percent. These directors concluded it would be appropriate to maintain the current stance of monetary policy for the time being and continue to assess incoming data bearing on the economic outlook. The directors of two Reserve Banks favored increasing the primary credit rate to 1-3/4 percent based on their assessment that the current stance of monetary policy was quite accommodative, while labor market conditions were tight and inflation had moved up close to the Federal Reserve's 2 percent objective.

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 1-1/2 percent. (NOTE: At its meeting on March 27, 2017, the Board had approved the establishment of the primary credit rate by all twelve Reserve Banks at the existing level of 1-1/2 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 for all twelve Reserve Banks. The directors of each Reserve Bank had requested renewal of these formulas on the dates previously noted for their votes on the primary credit rate. 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 Yellen, Vice Chairman Fischer, and  
Governors Powell and Brainard.

Background: Office of the Secretary memorandum, April 21, 2017.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,  
April 24, 2017.

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MONETARY POLICY IMPLEMENTATION -- Rates on reserve balances and on discounts and advances unchanged.

In a joint meeting of the Federal Open Market Committee (FOMC) and the Board today, the FOMC decided to maintain the target range for the federal funds rate at 3/4 to 1 percent. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the existing interest rates (1 percent) paid on required and excess reserve balances. At today's meeting, the Board also approved the establishment of interest rates on discounts and advances made under the primary credit program (the primary credit rate) at the existing level (1-1/2 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Cleveland, Atlanta, Dallas, and San Francisco had voted on April 27, 2017, to establish the primary credit rate at the existing level (1-1/2 percent). The directors of the Federal Reserve Banks of Richmond and Kansas City had voted on April 27 to establish a rate of 1-3/4 percent (an increase from 1-1/2 percent). (NOTE: At its meeting on April 24, the Board had taken no action on requests to increase the primary credit rate by the Richmond and Kansas City Reserve Banks.)

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 requested by the directors of those six Reserve Banks on April 27, 2017. 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 Yellen, Vice Chairman Fischer, and  
Governors Powell and Brainard.

Background: Office of the Secretary memorandum, April 28, 2017.

Implementation: FOMC statement with attached Decisions Regarding Monetary Policy Implementation, May 3, and transmissions from Ms. Misback to the Reserve Banks, May 3, 2017.