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

Existing rate and formulas approved.  
February 10, 2020.

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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.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Richmond, Chicago, St. Louis, Minneapolis, and Kansas City had voted on January 30, 2020, and the directors of the Federal Reserve Banks of Philadelphia, Cleveland, Atlanta, Dallas, and San Francisco had voted on February 6, to establish the primary credit rate at the existing level of 2.25 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 2.25 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. 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 Clarida,  
Vice Chair for Supervision Quarles,  
and Governor Brainard.

Background: Office of the Secretary memorandum, February 7, 2020.  
Implementation: Transmissions from Ms. Misback to the Reserve Banks,  
February 10, 2020.

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MONETARY POLICY IMPLEMENTATION -- Decrease in the interest rate on required and excess reserve balances and in the primary credit rate; renewal of secondary and seasonal credit formulas.

Approved.  
March 3, 2020.

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The Board met jointly with the Federal Open Market Committee (FOMC) on March 2, 2020, to discuss economic and financial developments and issues related to possible policy actions. (NOTE: All matters discussed at the meeting are summarized in the FOMC minutes for March 2, 2020.) On March 3, 2020, the FOMC approved lowering the target range for the federal funds rate to 1 to 1-1/4 percent, effective March 4, 2020. Consistent with the FOMC's decision to lower the target range for the federal funds rate, the Board approved decreasing the interest rate paid on required and excess reserve balances from 1.60 percent to 1.10 percent, effective March 4, 2020.

Subject to review and determination by the Board of Governors, the Federal Reserve Banks of New York and Minneapolis had voted on March 2, 2020, to establish the rate for discounts and advances under the primary credit program (the primary credit rate) at 1.75 percent (a decrease from 2.25 percent). At today's meeting, there was consensus for a 50-basis-point decrease in the primary credit rate, from 2.25 percent to 1.75 percent, effective March 4, 2020, for the two Reserve Banks that had voted for such a decrease.

The Board's action today on the primary credit rate also included renewal of the existing formulas for calculating the rates applicable 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 formula 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 decreases in the interest rate on required and excess reserve balances and the primary credit rate. In

addition, the Secretary of the Board was authorized to inform the remaining ten Reserve Banks, on their establishment of a primary credit rate of 1.75 percent, of the Board's approval and determination, effective on the later of March 4, 2020, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco Reserve Banks of the Board's approval of their establishment of a primary credit rate of 1.75 percent, effective March 4, 2020.)

Voting for these actions: Chair Powell, Vice Chair Clarida,  
Vice Chair for Supervision Quarles,  
and Governors Brainard and Bowman.

Background: None.

Implementation: FOMC statement with attached implementation note, March 3; press releases, March 3 and 4; transmissions from Ms. Shanks to the Reserve Banks, March 3 and 4; and two Federal Register documents (Docket Nos. R-1697 and R-1698, RINs 7100-AF72 and 7100-AF73), March 4, 2020.

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MONETARY POLICY IMPLEMENTATION -- Decrease in the interest rate on required and excess reserve balances and in the primary credit rate; renewal of secondary and seasonal credit formulas; term primary credit for periods up to 90 days; reduction in reserve requirement ratios applicable to net transaction deposits above the exemption threshold.

Approved.  
March 15, 2020.

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In a joint meeting of the Board and the Federal Open Market Committee (FOMC) today, the FOMC decided to lower the target range for the federal funds rate to 0 to 1/4 percent, effective March 16, 2020. (NOTE: All matters discussed and actions taken at the meeting are summarized in the FOMC minutes for March 15, 2020.) Consistent with the FOMC's decision to lower the target range for the federal funds rate, the Board approved decreasing the interest rate paid on required and excess reserve balances to 0.10 percent, effective March 16, 2020.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Bank of Minneapolis had voted on March 14, 2020, and the

directors of the Federal Reserve Bank of New York had voted on March 15, to establish the rate for discounts and advances under the primary credit program (the primary credit rate) at 0.25 percent (a decrease from 1.75 percent). Federal Reserve Bank directors supporting a 150-basis-point decrease in the primary credit rate noted the impact of the coronavirus pandemic on the global and national economy, including significant declines in economic activity and associated financial challenges for households and businesses. At today's meeting, there was consensus for a 150-basis-point decrease, and the Board approved a decrease in the primary credit rate from 1.75 percent to 0.25 percent, effective March 16, 2020, for the two Reserve Banks that had voted for such a decrease.

The Board also approved changes to allow Reserve Banks to extend primary credit loans for as long as 90 days and that could be prepaid or renewed on request. In addition, the Board approved a reduction in reserve requirement ratios applicable to net transaction deposits above the exemption threshold to 0 percent, effective with the reserve maintenance period beginning on March 26, 2020.

The Board's action today on the primary credit rate also included renewal of the existing formulas for calculating the rates applicable 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 formula 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 decreases in the interest rate on required and excess reserve balances and the primary credit rate. In addition, the Secretary of the Board was authorized to inform the remaining ten Reserve Banks, on their establishment of a primary credit rate of 0.25 percent, of the Board's approval and determination, effective on the later of March 16, 2020, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco Reserve Banks of the Board's approval of their establishment of a primary credit rate of 0.25 percent, effective March 16, 2020.)

Voting for these actions: Chair Powell, Vice Chair Clarida,  
Vice Chair for Supervision Quarles,  
and Governors Brainard and Bowman.

Background: None.

Implementation: FOMC statement with attached implementation note, March 15;  
press releases, March 15 and 16; transmissions from Ms. Misback

to the Reserve Banks, March 15 and 16; and three Federal Register documents (Docket Nos. R-1700, R-1701, and R-1702; RINs 7100-AF74, 7100-AF75, and 7100-AF76), March 16, 2020.