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.
August 24, 2020.

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 New York, Richmond, Minneapolis, and Kansas City had voted on August 13, 2020, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Dallas, and San Francisco had voted on August 20, to establish the primary credit rate at the existing level of 0.25 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 0.25 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,
and Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, August 21, 2020.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, August 24, 2020.

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.
September 8, 2020.

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 (FOMC) next week.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Richmond, and Kansas City had voted on August 27, 2020, and the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco had voted on September 3, to establish the primary credit rate at the existing level of 0.25 percent.

Federal Reserve Bank directors reported that the COVID-19 pandemic and response continued to weigh on the overall economy, although the severity of the impact varied by sector. Several directors observed generally positive conditions in residential real estate construction and the housing market but also increasing delays or cancellations for commercial construction projects. Directors noted solid consumer spending in certain areas, including durable goods, outdoor-related tourism activities, and essentials such as groceries. However, most directors noted that household spending in general remained well below pre-pandemic levels, and some directors observed that the pandemic had accelerated the decline of brick-and-mortar retailers. Manufacturers had seen solid demand, although some directors cited concerns about a pending slowdown in the economic recovery as the pandemic continues. Some directors indicated that hiring had picked up in a few sectors but that employment levels remained sharply down from the start of the year, with especially severe job losses in the retail and hospitality sectors. Overall, directors continued to express uncertainty about the implications of the pandemic for the economic outlook.

The directors of all twelve Federal Reserve Banks favored maintaining the current primary credit rate at the existing level (0.25 percent). In light of the uncertainties associated with the pandemic, the directors judged that it would be appropriate for the FOMC to closely monitor the implications of incoming information for the economic outlook and act as appropriate to support a return to maximum employment and inflation averaging 2 percent over time.

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 0.25 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 Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, September 4, 2020.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, September 8, 2020.

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

Approved.
September 16, 2020.

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 0 to 1/4 percent, effective September 17, 2020. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the interest rate (0.10 percent) paid on required and excess reserve balances, effective September 17, 2020. 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 (0.25 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on September 10, 2020, to establish the primary credit rate at the existing level of 0.25 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 0.25 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. 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 Clarida,
Vice Chair for Supervision Quarles,
and Governors Brainard and Bowman.

Background: Office of the Secretary memorandum, September 11, 2020.

Implementation: FOMC statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, September 16, 2020.