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 23, 2021.

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, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco had voted on August 12, 2021, and the directors of the Federal Reserve Banks of Philadelphia, Cleveland, Richmond, Atlanta, and Dallas had voted on August 19, 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 this action: Chair Powell, Vice Chair Clarida,
Vice Chair for Supervision Quarles, and
Governors Brainard, Bowman, and Waller.

Background: Office of the Secretary memorandum, August 20, 2021.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, August 23, 2021.

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 13, 2021.

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 Philadelphia, Richmond, Atlanta, and Dallas had voted on September 2, 2021, and the directors of the Federal Reserve Banks of Boston, New York, Cleveland, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco had voted on September 9, to establish the primary credit rate at the existing level of 0.25 percent.

Overall, Federal Reserve Bank directors described solid economic activity across sectors and Districts. Though some economic indicators had softened recently, most directors were positive about the prospects for continued economic growth. While consumer spending generally remained strong, several directors noted a slowdown in spending or decreased spending on services, travel, and tourism-related activities. Many directors commented on rising COVID cases and the potential economic and other effects, including uncertainty about companies' return-to-office plans and employees' need for prolonged flexibility in work arrangements. Several directors reported on the challenges that businesses continued to face in hiring and retaining workers of all skill levels. Most directors highlighted wage and price pressures stemming from still-tight labor markets and ongoing supply chain disruptions. While some directors noted that inflation was elevated, others commented that recent price increases were largely concentrated in a small group of pandemic-affected and other industries.

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 economic outlook, the directors judged that it would be appropriate for the FOMC to maintain the current stance of policy to continue to support economic recovery and foster progress toward the FOMC's long-run goals of maximum employment and stable prices.

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 this action: Chair Powell, Vice Chair Clarida,
Vice Chair for Supervision Quarles, and
Governors Brainard, Bowman, and Waller.

Background: Office of the Secretary memorandum, September 10, 2021.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,
September 13, 2021.

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

Approved.
September 22, 2021.

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 0-1/4 percent, effective September 23, 2021. 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 0.15 percent, effective September 23, 2021. 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 Bank of Richmond had voted on September 15, 2021, and the directors of the Federal Reserve Banks of Philadelphia, Atlanta, Chicago, Kansas City, and Dallas had voted on September 16, 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, Bowman, and Waller.

Background: Office of the Secretary memorandum, September 17, 2021.

Implementation: FOMC Statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, September 22, 2021.