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

Existing rate and formulas approved.
May 16, 2022.

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, Richmond, and San Francisco had voted on May 5, 2022, and the directors of the Federal Reserve Banks of New York, Atlanta, and Chicago had voted on May 12, to establish the primary credit rate at the existing level of 1 percent. The directors of the Federal Reserve Banks of Philadelphia and Minneapolis had voted on May 5, 2022, and the directors of the Federal Reserve Banks of Cleveland, St. Louis, Kansas City, and Dallas had voted on May 12, to establish a rate of 1.5 percent (an increase from 1 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 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 Pro Tempore Powell and Governors Brainard, Bowman, and Waller.

Background: Office of the Secretary memorandum, May 13, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, May 16, 2022.

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

Existing rate and formulas approved.
June 6, 2022.

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 Bank of Atlanta had voted on May 26, 2022, and the directors of the Federal Reserve Bank of Richmond had voted on June 2, to establish the primary credit rate at the existing level of 1 percent. The directors of the Federal Reserve Banks of Cleveland, Kansas City, and Dallas had voted on May 26, 2022, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, and San Francisco had voted on June 2, to establish a rate of 1.5 percent (an increase from 1 percent). At its meeting on May 16, 2022, the Board had taken no action on requests by the Federal Reserve Banks of Philadelphia, Cleveland, St. Louis, Minneapolis, Kansas City, and Dallas to increase the primary credit rate.

Overall, Federal Reserve Bank directors continued to report strong demand and elevated inflation. In most Districts, consumer spending, particularly on services, was solid, but several directors noted that increases in food, energy, and other prices were starting to constrain spending by lower-income households. Some directors commented that the effect of increasing prices falls disproportionately on those at the lower end of the income distribution. Many directors cited supply chain disruptions and the availability and cost of labor as ongoing concerns, though hiring challenges had eased recently in some Districts. Several Directors noted persistent inflationary pressures across sectors, and some directors expressed uncertainty about the outlook.

The directors of two Federal Reserve Banks favored maintaining the current primary credit rate at the existing level (1 percent). The directors of ten Federal

Reserve Banks favored increasing the primary credit rate by 50 basis points, to 1.5 percent, in light of strong aggregate demand, tight labor markets, and elevated inflation.

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 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 Brainard,
and Governors Bowman, Waller, Cook,
and Jefferson.

Background: Office of the Secretary memorandum, June 3, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,
June 6, 2022.

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

Approved.
June 15, 2022.

In a joint meeting of the Federal Open Market Committee (FOMC) and the Board today, the FOMC decided to raise the target range for the federal funds rate 75 basis points, to 1-1/2 to 1-3/4 percent, effective June 16, 2022. To support the FOMC's decision to raise the target range for the federal funds rate, the Board approved raising the interest rate paid on reserve balances from 0.9 percent to 1.65 percent, also effective June 16, 2022.

Subject to review and determination by the Board of Governors, the directors of twelve Reserve Banks had voted to establish an increase in the rate for discounts and advances under the primary credit program (the primary credit rate). The directors of the Federal Reserve Bank of Minneapolis had voted on June 14, 2022, to establish a primary credit rate of 1.75 percent (an increase from 1 percent). The directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, and San Francisco had voted on June 2, 2022; the directors of the Federal Reserve Bank of Richmond had voted on June 6; and the directors of the Federal Reserve Banks of Cleveland, Atlanta, Kansas City, and Dallas had voted on June 9 to establish a primary credit rate of 1.5 percent. At its meeting on June 6, 2022, the Board had taken no action on requests by the Boston, New York, Philadelphia, Cleveland, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco Reserve Banks to increase the primary credit rate.

At today's meeting, there was consensus for a 75-basis-point increase, and the Board approved an increase in the primary credit rate from 1 percent to 1.75 percent, effective June 16, 2022, for the Reserve Bank that had voted for such an increase. 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.

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 on reserve balances rate and the primary credit rate. In addition, the Secretary was authorized to inform the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco, on their establishment of a primary credit rate of 1.75 percent, of the Board's approval and determination, effective on the later of June 16, 2022, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the remaining Reserve Banks established that rate and were informed of the Board's approval, effective June 16, 2022, for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Kansas City, and Dallas, and effective June 17, 2022, for the Federal Reserve Banks of Atlanta and San Francisco.)

Voting for these actions: Chair Powell, Vice Chair Brainard,
and Governors Bowman, Waller, Cook,
and Jefferson.

Background: Office of the Secretary memorandum, June 14, 2022.

Implementation: FOMC statement and attached implementation note, June 15; press releases, June 16 and 17; transmissions from Ms. Misback and Ms. Fennell to the Reserve Banks, June 15, 16, and 17; and

Federal Register documents (Docket Nos. R-1773 and R-1774, RINs 7100-AG32 and 7100-AG33), June 23, 2022.