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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 decrease the rate; requests to renew secondary and seasonal credit formulas.

Existing rate and formulas approved.  
July 22, 2024.

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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 made 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 Boston and Cleveland had voted on July 11, 2024; the directors of the Federal Reserve Bank of Atlanta had voted on July 16; and the directors of the Federal Reserve Banks of Philadelphia, Richmond, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco had voted on July 18 to establish the primary credit rate at the existing level of 5.5 percent. The directors of the Federal Reserve Bank of New York had voted on July 11, 2024, and the directors of the Federal Reserve Bank of Chicago had voted on July 18, to establish a primary credit rate of 5.25 percent (a decrease from 5.5 percent).

Federal Reserve Bank directors generally reported stable economic activity, with many directors noting moderating inflation. Labor market conditions reportedly continued to move into better balance, and wage growth stabilized or slowed in most Districts; however, several directors continued to note high demand and wage pressures for technical and certain other skilled workers. In addition, some directors commented on the potential for automation and other technology improvements to affect staffing levels and costs. Several directors expressed concern about a lack of affordable housing.

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 5.5 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 Jefferson,  
Vice Chair for Supervision Barr,  
and Governors Bowman, Waller,  
Cook, and Kugler.

Background: Office of the Secretary memorandum, July 19, 2024.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, July 22, 2024.

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

Approved.  
July 31, 2024.

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In a joint meeting of the Board and the Federal Open Market Committee (FOMC) today, the FOMC decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent, effective August 1, 2024. 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 5.4 percent, effective August 1, 2024. 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 (5.5 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, and Dallas had voted on July 25, 2024, to establish the primary credit rate at the existing level of 5.5 percent. The directors of the Federal Reserve Bank of Chicago had voted on July 18, 2024, and the directors of the Federal Reserve Bank of New York had voted on July 25, to establish the primary credit at 5.25 percent (a decrease from 5.5 percent). At its meeting on July 22, 2024, the Board had taken no action on requests by the New York and Chicago Reserve Banks to decrease the primary credit rate. 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 5.5 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 Jefferson,  
Vice Chair for Supervision Barr,  
and Governors Bowman, Waller,  
Cook, and Kugler.

Background: Office of the Secretary memorandum, July 26, 2024.

Implementation: FOMC statement (with attached implementation note) and transmissions from Ms. Misback to the Reserve Banks, July 31, 2024.