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

Existing rate and formulas approved.
September 9, 2024.

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 Richmond and Kansas City had voted on August 29, 2024, and the directors of the Federal Reserve Banks of Cleveland, Atlanta, and Dallas had voted on September 5, to establish the primary credit rate at the existing level of 5.5 percent. The directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, and San Francisco had voted on September 5, 2024, to establish a rate of 5.25 percent (a decrease from 5.5 percent).

Federal Reserve Bank directors commented on labor market conditions, with most noting improved labor availability overall, lower employee turnover, and moderate wage growth. Many directors said employers in their Districts were taking a more cautious approach to hiring, but there were few reports of widespread layoffs. Some directors commented on the potential for automation and other technology improvements to affect staffing levels and costs. Consumer spending was generally steady, though some directors also observed that customers were becoming more price sensitive. Several directors noted continued moderation in 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 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: Vice Chair Jefferson, Vice Chair for Supervision Barr, and Governors Bowman, Cook, and Kugler.
Absent: Chair Powell and Governor Waller.

Background: Office of the Secretary memorandum, September 6, 2024.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, September 9, 2024.

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

Approved.
September 18, 2024.

In a joint meeting of the Federal Open Market Committee (FOMC) and the Board today, the FOMC decided to lower the target range for the federal funds rate 50 basis points, to 4-3/4 to 5 percent, effective September 19, 2024. To support the FOMC's decision to lower the target range for the federal funds rate, the Board approved lowering the interest rate paid on reserve balances from 5.4 percent to 4.9 percent, also effective September 19, 2024. At today's meeting, the Board also approved a 50-basis-point decrease in the interest rate on discounts and advances made under the primary credit program (the primary credit rate) to 5 percent. (Note: Though Governor Bowman voted against the FOMC's action, preferring to lower the federal funds rate by 25 basis points at this time, she voted in favor of lowering the primary credit rate by 50 basis points, preferring to maintain the existing alignment between the two rates.)

Subject to review and determination by the Board of Governors, the directors of twelve Federal Reserve Banks had voted to establish a decrease in the primary credit rate. The directors of the Federal Reserve Bank of Atlanta had voted on September 12, 2024, to establish the primary credit at 5 percent (a decrease from 5.5 percent). The directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, and San Francisco had voted on September 5, 2024, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Kansas City, and Dallas had voted on September 12, to establish the primary credit rate at 5.25 percent. At its meeting on September 9, 2024, the Board had taken no action on requests by the

Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, and San Francisco Reserve Banks to decrease the primary credit rate.

At today's meeting, there was consensus for a 50-basis-point decrease, and the Board approved a decrease in the primary credit rate from 5.5 percent to 5 percent, effective September 19, 2024, for the Federal Reserve Bank of Atlanta. 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 decreases 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, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco, on their establishment of a primary credit rate of 5 percent, of the Board's approval and determination, effective on the later of September 19, 2024, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the Boston, New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco Reserve Banks of the Board's approval of their establishment of a primary credit rate of 5 percent, effective September 19, 2024.)

Voting 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, September 13, 2024.

Implementation: FOMC statement (with attached implementation note),
September 18; transmissions from Ms. Misback to the Reserve
Banks, September 18 and 19; and Federal Register documents
(Docket Nos. R-1839 and R-1840, RINs 7100-AG80 and 7100-
AG81), September 19, 2024.