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

Existing rate and formulas approved.
July 21, 2025.

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 New York, Philadelphia, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on July 10, 2025, and the directors of the Federal Reserve Banks of Boston, Cleveland, St. Louis, Minneapolis, and San Francisco had voted on July 17, to establish the primary credit rate at the existing level of 4.5 percent.

Overall, Federal Reserve Bank directors noted stable economic conditions, but most also cited concerns about the economic impact of tariffs and about the potential effects of recent legislative changes, especially on the healthcare sector. Some directors observed that despite continuing uncertainty, customers and businesses were cautiously proceeding with investments or other projects. Several directors noted increased pass-through of tariff-related import costs. Comments on labor market conditions were mixed, with some directors noting signs of softening in hiring and others reporting steady activity and resilience.

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 4.5 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 Bowman,
and Governors Waller, Cook,
Barr, and Kugler.

Background: Office of the Secretary memorandum, July 18, 2025.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,
July 21, 2025.

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

Approved.
July 30, 2025.

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 4-1/4 to 4-1/2 percent, effective July 31, 2025. Consistent with the FOMC's decision to leave the federal funds rate unchanged, the Board approved maintaining the interest rate paid on reserve balances at 4.4 percent, effective July 31, 2025. 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 (4.5 percent). (Note: Though Vice Chair for Supervision Bowman and Governor Waller voted against the FOMC's action, preferring to lower the federal funds rate by 25 basis points at this time, they voted in favor of establishing the primary credit rate at 4.5 percent, preferring to maintain the existing alignment between the two rates.)

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on July 24, 2025, to establish the primary credit rate at 4.5 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 4.5 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 Bowman,
and Governors Waller, Cook, and Barr.
Absent: Governor Kugler.

Background: Office of the Secretary memorandum, July 25, 2025.

Implementation: FOMC statement (with attached implementation note) and transmissions from Mr. McDonough to the Reserve Banks, July 30, 2025.