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

Existing rate and formulas approved.
August 18, 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 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 Philadelphia, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on August 7, 2025, and the directors of the Federal Reserve Banks of Boston, Cleveland, St. Louis, Minneapolis, and San Francisco had voted on August 14, to establish the primary credit rate at the existing level of 4.5 percent. The directors of the Federal Reserve Bank of New York had voted on August 7, 2025, to establish the primary credit rate at 4.25 percent (a decrease from 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 this action: Chair Powell and Governors Waller, Cook, and Barr.
Absent: Vice Chair Jefferson
and Vice Chair for Supervision Bowman.

Background: Office of the Secretary memorandum, August 15, 2025.

Implementation: Transmissions from Mr. McDonough to the Reserve Banks, August 18, 2025.

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 17, 2025.

In a joint meeting of the Board and the Federal Open Market Committee (FOMC) today, the FOMC decided to lower the target range for the federal funds rate 25 basis points, to 4 to 4-1/4 percent, effective September 18, 2025. 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 4.4 percent to 4.15 percent, effective September 18, 2025. At today's meeting, the Board also approved a 25-basis-point reduction in the interest rate on discounts and advances made under the primary credit program (the primary credit rate) to 4.25 percent.

Subject to review and determination by the Board of Governors, the directors of ten Federal Reserve Banks had voted to establish a decrease in the primary credit rate. The directors of the Federal Reserve Banks of Boston, New York, Richmond, Chicago, Minneapolis, and San Francisco had voted on September 4, 2025, and the directors of the Federal Reserve Banks of Philadelphia, Atlanta, Kansas City, and Dallas had voted on September 11, to establish the primary credit rate at 4.25 percent (a decrease from 4.5 percent). The directors of the Federal Reserve Banks of Cleveland and St. Louis had voted on September 4, 2025, to establish the primary credit rate at the existing level of 4.5 percent. At its meeting on August 18, 2025, the Board had taken no action on a request by the directors of the Federal Reserve Bank of New York to decrease the primary credit rate.

Federal Reserve Bank directors generally reported stable economic conditions, but most also noted softening labor markets, weaker consumer demand, and continued uncertainty related to tariffs. In labor markets, many directors observed that businesses were being cautious about hiring, and several noted improved availability of job applicants. In addition, many directors commented on the potential for artificial intelligence to enhance productivity and put downward pressure on labor demand. Several directors commented that consumers were becoming more price sensitive, and some expressed concern over the potential effects of changes to Medicaid on healthcare services.

At today's meeting, there was consensus for a 25-basis-point decrease, and the Board approved a decrease in the primary credit rate from 4.5 percent to 4.25 percent, effective September 18, 2025, for the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco. 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 Cleveland and St. Louis, on their establishment of a primary credit of 4.25 percent, effective on the later of September 18, 2025, or the date the Reserve Bank informed the Secretary of its request. (Note: Subsequently, the Secretary informed the Cleveland and St. Louis Reserve Banks of the Board's approval of their establishment of a primary credit rate of 4.25 percent, effective September 18, 2025.)

Voting for these actions: Chair Powell, Vice Chair Jefferson,
Vice Chair for Supervision Bowman,
and Governors Waller, Cook, and Barr.
Abstaining: Governor Miran.

Background: Office of the Secretary memorandum, September 12, 2025.

Implementation: FOMC statement (with attached implementation note), September 17; transmissions from Mr. McDonough to the Reserve Banks, September 17 and 18; and Federal Register documents (Docket Nos. R-1872 and R-1871, RINs 7100-AG98 and 7100-AG97), September 29, 2025.