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

Existing rate and formulas approved.
January 18, 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 Banks of Philadelphia, Richmond, Atlanta, Chicago, and Dallas had voted on January 6, 2022; the directors of the Federal Reserve Banks of Boston, New York, and Minneapolis had voted on January 13; and the directors of the Federal Reserve Bank of San Francisco had voted on January 14 to establish the primary credit rate at the existing level of 0.25 percent. The directors of the Federal Reserve Banks of Cleveland, St. Louis, and Kansas City had voted on January 13 to establish a rate of 0.50 percent (an increase from 0.25 percent).

Overall, Federal Reserve Bank directors expected continued strong economic growth in 2022. Directors noted solid to robust demand and activity in various sectors, including consumer spending and commercial and residential real estate. Most directors commented on tight labor markets, continuing wage pressures, and the consequent challenges for employers seeking to hire and retain workers across sectors and job categories. Several directors noted reports of heightened staffing difficulties, particularly in the health care sector, as a result of the emergence of the Omicron variant and recent surges in COVID-19 cases. In most Districts, ongoing supply chain constraints were disrupting economic activity, and some directors expressed concern about a potentially slow resolution of supply chain issues. Inflation remained elevated, and some directors noted uncertainty and upside risks in connection with the inflation outlook.

The directors of nine Federal Reserve Banks favored maintaining the current primary credit rate at the existing level (0.25 percent). In light of the uncertainties associated with the economic outlook, these directors judged that it would be appropriate for the FOMC to maintain the current stance of policy to continue to support

economic recovery and foster progress toward the FOMC's long-run goals of maximum employment and stable prices. However, given ongoing inflation pressures and strong labor market conditions, a number of directors noted that it might soon become appropriate to begin a process of removing policy accommodation. The directors of three Reserve Banks favored increasing the primary credit rate to 0.50 percent, in response to elevated inflation or to help manage economic and financial stability risks over the longer term.

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 0.25 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 Brainard, Bowman, and Waller.

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

Implementation: Transmissions from Ms. Misback to the Reserve Banks, January 18, 2022.

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

Approved.
January 26, 2022.

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 0-1/4 percent, effective January 27, 2022. 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 0.15 percent, effective January 27, 2022. 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 (0.25 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Philadelphia, Richmond, Atlanta, Chicago, and Dallas had voted on January 20, 2022, to establish the primary credit rate at the existing level of 0.25 percent. The directors of the Federal Reserve Banks of Cleveland, St. Louis, and Kansas City had voted on January 13, 2022, to establish a rate of 0.50 percent (an increase from 0.25 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 0.25 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 and Governors Brainard, Bowman, and Waller.

Background: Office of the Secretary memorandum, January 21, 2022.

Implementation: FOMC Statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, January 26, 2022.