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

Existing rate and formulas approved.
November 14, 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 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 Boston, New York, Philadelphia, Cleveland, Chicago, Minneapolis, and San Francisco had voted on November 3, 2022; the directors of the Federal Reserve Bank of Atlanta had voted on November 4; and the directors of the Federal Reserve Banks of Richmond and Dallas had voted on November 10 to establish the primary credit rate at the existing level of 4 percent. The directors of the Federal Reserve Bank of St. Louis had voted on November 3, 2022, to establish a primary credit rate of 4.75 percent (an increase from 4 percent). The directors of the Federal Reserve Bank of Kansas City had voted on November 10, 2022, to establish a primary credit rate of 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 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 for Supervision Barr,
and Governors Bowman and Jefferson.
Absent: Vice Chair Brainard and Governors Waller and Cook.

Background: Office of the Secretary memorandum, November 10, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, November 14, 2022.

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

Existing rate and formulas approved.
December 5, 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 next week.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Richmond and Dallas had voted on November 23, 2022, and the directors of the Federal Reserve Bank of Atlanta had voted on December 1, to establish the primary credit rate at the existing level of 4 percent. The directors of the Federal Reserve Bank of Cleveland had voted on November 23, 2022, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco had voted on December 1, to establish a rate of 4.5 percent (an increase from 4 percent). At its meeting on November 14, 2022, the Board had taken no action on requests by the St. Louis and Kansas City Reserve Banks to increase the primary credit rate.

Overall, Federal Reserve Bank directors reported that economic activity had remained steady or expanded modestly across sectors and Districts. Several directors noted that consumer spending and demand continued to be strong, particularly for travel services. Many directors cited the cost and availability of labor as ongoing concerns, but some directors noted these pressures had started to moderate. However, hiring difficulties persisted in most Districts for certain types of positions, including higher-skilled labor and information technology, healthcare, and service-sector workers, with some directors noting increased investment in onboarding and training to improve the productivity of existing employees. In general, directors expressed caution about the outlook and a potential slowdown in economic activity in 2023.

The directors of three Federal Reserve Banks favored maintaining the current primary credit rate at the existing level of 4 percent. In light of current economic conditions, tight labor markets, and elevated inflation, the directors of nine Federal Reserve Banks favored increasing the primary credit rate to 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 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 for Supervision Barr,
and Governors Bowman, Waller, Cook, and Jefferson.
Absent: Vice Chair Brainard.

Background: Office of the Secretary memorandum, December 2, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, December 5, 2022.

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

Approved.
December 14, 2022.

In a joint meeting of the Federal Open Market Committee (FOMC) and the Board today, the FOMC decided to raise the target range for the federal funds rate 50 basis points, to 4-1/4 to 4-1/2 percent, effective December 15, 2022. To support the FOMC's decision to raise the target range for the federal funds rate, the Board approved raising the interest rate paid on reserve balances from 3.9 percent to 4.4 percent, also effective December 15, 2022.

Subject to review and determination by the Board of Governors, the directors of twelve Federal Reserve Banks had voted to establish an increase in the rate for discounts and advances under the primary credit program (the primary credit rate). The directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, Minneapolis, and San Francisco had voted on December 1, 2022; the directors of the Federal Reserve Bank of Richmond had voted on December 7; and the directors of the Federal Reserve Banks of Cleveland, Atlanta, Kansas City, and Dallas had voted on December 8, to establish a primary credit rate of 4.5 percent (an increase from 4 percent). At its meeting on December 5, 2022, the Board had taken no action on requests by the Boston, New York, Philadelphia, Cleveland, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco Reserve Banks to increase the primary credit rate.

At today's meeting, there was consensus for a 50-basis-point increase, and the Board approved an increase in the primary credit rate from 4 percent to 4.5 percent, effective December 15, 2022, for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. It was understood that a press release and an accompanying document on monetary policy implementation would be issued to announce the increases in the interest on reserve balances rate and the primary credit rate.

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

Background: Office of the Secretary memorandum, December 9, 2022.

Implementation: FOMC statement (with attached implementation note) and transmissions from Ms. Misback to the Reserve Banks, December 14, 2022, and Federal Register documents (Docket Nos. R-1797 and R-1798, RINs 7100-AG50 and 7100-AG51), January 6, 2023.