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

Existing rate and formulas approved.
February 21, 2023.

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, Atlanta, and San Francisco had voted on February 9, 2023, and the directors of the Federal Reserve Banks of Richmond, Chicago, and Dallas had voted on February 16, to establish the primary credit rate at the existing level of 4.75 percent. The directors of the Federal Reserve Banks of New York and Cleveland had voted on February 9, 2023, and the directors of the Federal Reserve Banks of Philadelphia, St. Louis, Minneapolis, and Kansas City had voted on February 16, to establish a primary credit rate of 5 percent (an increase from 4.75 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 4.75 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.

Background: Office of the Secretary memorandum, February 17, 2023.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, February 21, 2023.

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.
March 13, 2023.

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 March 2, 2023, and the directors of the Federal Reserve Bank of Atlanta had voted on March 9, to establish the primary credit rate at the existing level of 4.75 percent. The directors of the Federal Reserve Banks of Philadelphia, Chicago, and Kansas City had voted on March 2, 2023, and the directors of the Federal Reserve Banks of Boston, New York, and San Francisco had voted on March 9, to establish a rate of 5 percent (an increase from 4.75 percent). The directors of the Federal Reserve Banks of Cleveland, St. Louis, and Minneapolis had voted on March 9, 2023, to establish a rate of 5.25 percent. At its meeting on February 21, 2023, the Board had taken no action on requests by the New York, Philadelphia, Cleveland, St. Louis, Minneapolis, 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 strong retail activity and solid demand for air travel and other services. Most directors commented that labor availability had improved somewhat, though hiring difficulties persisted in healthcare and certain other specialized positions. Wage pressures were reported to be still elevated but were starting to moderate in some Districts. Many directors discussed banking conditions and the potential for tighter lending standards prompted by uncertainty over the economic environment. Directors generally remained cautious about the outlook, in light of elevated inflation and considerable economic uncertainty.

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 4.75 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 Jefferson.
Absent: Vice Chair for Supervision Barr and Governor Bowman.

Background: Office of the Secretary memorandum, March 10, 2023.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, March 13, 2023.

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.
March 22, 2023.

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 25 basis points, to 4-3/4 to 5 percent, effective March 23, 2023. 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 4.65 percent to 4.9 percent, also effective March 23, 2023.

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, and San Francisco had voted on March 9, 2023, and the directors of the Federal Reserve Banks of Philadelphia, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on

March 16, to establish a primary credit rate of 5 percent (an increase from 4.75 percent). The directors of the Federal Reserve Banks of Cleveland, St. Louis, and Minneapolis had voted on March 9, 2023, to establish a primary credit rate of 5.25 percent. At its meeting on March 13, 2023, 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 25-basis-point increase, and the Board approved an increase in the primary credit rate from 4.75 percent to 5 percent, effective March 23, 2023, for the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, 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 increases in the interest on reserve balances rate and the primary credit rate. In addition, the Secretary was authorized to inform the remaining Reserve Banks, on their establishment of a primary credit rate of 5 percent, of the Board's approval and determination, effective on the later of March 23, 2023, or the date the Reserve Bank informed the Secretary of its request. (Note: Subsequently, the Secretary informed the Cleveland, Chicago, St. Louis, and Minneapolis Reserve Banks of the Board's approval of their establishment of a primary credit rate of 5 percent, effective March 23, 2023.)

*Subsequent to this vote, the Secretary was informed that the directors of the Chicago Reserve Bank had voted on March 16, 2023, to establish a primary credit rate of 5 percent.

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

Background: Office of the Secretary memorandum, March 17, 2023.

Implementation: FOMC statement (with attached implementation note), March 22, transmissions from Ms. Misback to the Reserve Banks, March 22 and 23; and Federal Register documents (Docket Nos. R-1803 and R-1804, RINs 7100-AG56 and 7100-AG57), March 23, 2023.