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.
October 3, 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, Cleveland, Minneapolis, and San Francisco had voted on September 22, 2022, and the directors of the Federal Reserve Banks of Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on September 29, to establish the primary credit rate at the existing level of 3.25 percent. The directors of the Federal Reserve Bank of St. Louis had voted on September 22, 2022, to establish a primary credit rate of 4 percent (an increase from 3.25 percent). The directors of the Federal Reserve Bank of Philadelphia had voted on September 29, 2022, to establish a primary credit rate of 3.75 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 3.25 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, Vice Chair Brainard,
Vice Chair for Supervision Barr, and
Governors Bowman, Waller, Cook, and Jefferson.

Background: Office of the Secretary memorandum, September 30, 2022.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, October 3, 2022.

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

Existing rate and formulas approved.
October 24, 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 Richmond, Atlanta, Chicago, and Dallas had voted on October 13, 2022, to establish the primary credit rate at the existing level of 3.25 percent. The directors of the Federal Reserve Bank of Kansas City had voted on October 13, 2022, and the directors of the Federal Reserve Banks of New York and Philadelphia had voted on October 20, to establish a rate of 3.75 percent (an increase from 3.25 percent). The directors of the Federal Reserve Bank of Cleveland had voted on October 13, 2022, and the directors of the Federal Reserve Banks of Boston, St. Louis, Minneapolis, and San Francisco had voted on October 20, to establish a rate of 4 percent. At its meeting on October 3, 2022, the Board had taken no action on requests by the Philadelphia and St. Louis Reserve Banks to increase the primary credit rate.

Overall, Federal Reserve Bank directors reported healthy economic activity, while noting that inflation remained elevated. Labor-availability challenges persisted in many Districts, and several directors cited staff shortages in the healthcare sector as a particular concern. Some directors noted growth in both manufacturing demand and output, while a few directors reported that supply chain issues continued to disrupt economic activity. Most directors were cautious about the outlook, and some expected a slowdown in economic activity in the coming months.

The directors of four Federal Reserve Banks favored maintaining the current primary credit rate at the existing level (3.25 percent). In light of strong aggregate demand, tight labor markets, and elevated inflation, other Federal Reserve Bank directors favored increasing the primary credit rate to either 3.75 percent (three Reserve Banks) or 4 percent (five Reserve Banks).

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

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

Implementation: Transmissions from Ms. Misback to the Reserve Banks, October 24, 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.
November 2, 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 75 basis points, to 3-3/4 to 4 percent, effective November 3, 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 3.15 percent to 3.9 percent, also effective November 3, 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 Bank of New York had voted on October 20, 2022, and the directors of the Federal Reserve Banks of Philadelphia and Kansas City had voted on October 27, to establish a primary credit rate of 3.75 percent (an increase from 3.25 percent). The directors of the Federal Reserve Banks of Boston, St. Louis, Minneapolis, and San Francisco had voted on October 20, 2022, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, and Dallas had voted on October 27, to establish a primary credit rate of 4 percent. At its meeting on October 24, 2022, the Board had taken no action on requests by the Boston, New York, Philadelphia, Cleveland, 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 75-basis-point increase, and the Board approved an increase in the primary credit rate from 3.25 percent to 4 percent, effective November 3, 2022, for the nine Reserve Banks that had voted for such an increase. 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 New York, Philadelphia, and Kansas City Reserve Banks, on their establishment of a primary credit rate of 4 percent, of the Board's approval and determination, effective on the later of November 3, 2022, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the New York, Philadelphia, and Kansas City Reserve Banks of the Board's approval of their establishment of a primary credit rate of 4 percent, effective November 3, 2022.)

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, October 28, 2022.

Implementation: FOMC statement and attached implementation note, November 2; press release, November 3; transmissions from Ms. Misback to the Reserve Banks, November 2 and 3; and Federal Register documents (Docket Nos. R-1789 and R-1790; RINs 7100-AG45 and 7100-AG46), November 14, 2022.