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.
April 10, 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 Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on March 30, 2023, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, and San Francisco had voted on April 6, to establish the primary credit rate at the existing level of 5 percent. The directors of the Federal Reserve Banks of St. Louis and Minneapolis had voted on April 6, 2023, to establish a primary credit rate of 5.25 percent (an increase from 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 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, Vice Chair for Supervision Barr, and Governors Bowman, Waller, Cook, and Jefferson.

Background: Office of the Secretary memorandum, April 7, 2023.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, April 10, 2023.

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

Existing rate and formulas approved.
April 24, 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 New York, Richmond, Atlanta, Chicago, and Dallas had voted on April 13, 2023, to establish the primary credit rate at the existing level of 5 percent. The directors of the Federal Reserve Banks of Cleveland and Kansas City had voted on April 13, 2023, and the directors of the Federal Reserve Banks of Boston, Philadelphia, St. Louis, Minneapolis, and San Francisco had voted on April 20, to establish a rate of 5.25 percent (an increase from 5 percent). At its meeting on April 10, 2023, the Board had taken no action on requests by the St. Louis and Minneapolis Reserve Banks to increase the primary credit rate.

Overall, Federal Reserve Bank directors reported stable to solid economic activity across sectors and Districts but expressed some caution about the outlook going forward. Most directors described improvements in labor market conditions, including increased labor availability, higher employee retention, and moderating wage pressures; however, hiring challenges persisted in certain sectors. In general, directors commented that the overall economic impact of recent bank failures had been limited but also noted that credit conditions had tightened amid heightened 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 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, Vice Chair for Supervision Barr, and Governors Bowman, Waller, Cook, and Jefferson.

Background: Office of the Secretary memorandum, April 21, 2023.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, April 24, 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.
May 3, 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 5 to 5-1/4 percent, effective May 4, 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 4.9 percent to 5.15 percent, also effective May 4, 2023.

Subject to review and determination by the Board of Governors, the directors of eleven 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, Philadelphia, St. Louis, Minneapolis, and San Francisco had voted on April 20, 2023, and the directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, Kansas City, and Dallas had voted on April 27, to establish a primary credit rate of 5.25 percent (an increase from

5 percent). The directors of the Federal Reserve Bank of New York had voted on April 27, 2023, to establish the primary credit rate at the existing level of 5 percent. At its meeting on April 24, 2023, the Board had taken no action on requests by the Boston, 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 25-basis-point increase, and the Board approved an increase in the primary credit rate from 5 percent to 5.25 percent, effective May 4, 2023, for the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, 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 increases in the interest on reserve balances rate and the primary credit rate. In addition, the Secretary was authorized to inform the remaining Reserve Bank, on its establishment of a primary credit rate of 5.25 percent, of the Board's approval and determination, effective on the later of May 4, 2023, or the date the Reserve Bank informed the Secretary of its request. (Note: Subsequently, the Secretary informed the New York Reserve Bank of the Board's approval of its establishment of a primary credit rate of 5.25 percent, effective May 4, 2023.)

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

Background: Office of the Secretary memorandum, April 28, 2023.

Implementation: FOMC statement (with attached implementation note), May 3; transmissions from Ms. Misback to the Reserve Banks, May 3; and Federal Register documents (Docket Nos. R-1805 and R-1806, RINs 7100-AG58 and 7100-AG59), May 5, 2023.