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

Existing rate and formulas approved.
October 10, 2017.

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 (FOMC).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, New York, Cleveland, Atlanta, Dallas, and San Francisco had voted on September 28, 2017, and the directors of the Federal Reserve Banks of Philadelphia, Richmond, Chicago, St. Louis, and Minneapolis had voted on October 5, to establish the primary credit rate at the existing level (1-3/4 percent). The directors of the Federal Reserve Bank of Kansas City had voted on September 28 to establish a rate of 2 percent (an increase from 1-3/4 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 1-3/4 percent. (NOTE: At the joint Board-FOMC meeting on September 20, 2017, the Board had approved the establishment of the primary credit rate at the existing level of 1-3/4 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 for all twelve Reserve Banks. The directors of each Reserve Bank had requested renewal of these formulas on the dates previously noted for their votes on the primary credit rate. 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 Yellen, Vice Chairman Fischer, and Governors Powell and Brainard.

Background: Office of the Secretary memorandum, October 6, 2017.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, October 10, 2017.

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.
October 23, 2017.

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 Boston, Philadelphia, Atlanta, Dallas, and San Francisco had voted on October 12, 2017, and the directors of the Federal Reserve Banks of New York, Chicago, St. Louis, and Minneapolis had voted on October 19, to establish the primary credit rate at the existing level (1-3/4 percent). The directors of the Federal Reserve Banks of Cleveland and Kansas City had voted on October 12, and the directors of the Federal Reserve Bank of Richmond had voted on October 19, to establish a rate of 2 percent (an increase from 1-3/4 percent).

Overall, Federal Reserve Bank directors noted that economic activity continued to expand at a solid pace. Several directors reported continued strength in residential real estate activity and growth in spending on commercial construction projects. Many directors had also observed continued expansion in the manufacturing sector and noted planned production increases. While disruptions continued for residents of areas affected by recent hurricanes, directors generally did not expect these disruptions to have a lasting impact on economic growth at the national level. Most directors reported continued labor-market tightening, and several directors noted that hiring remained difficult for certain higher-skill occupations. Some directors reported wage increases in certain sectors, but wage pressures varied across sectors and Districts. While readings of core inflation had softened recently, these declines were viewed as transitory by some directors.

The directors of nine Reserve Banks favored establishing the primary credit rate at the current level of 1-3/4 percent. Against the backdrop of soft readings on inflation this year, these directors judged that it would be appropriate to maintain the current level of interest rates for now and assess whether incoming data support the outlook for continued moderate economic growth, further strengthening in labor markets, and a gradual return of inflation to 2 percent over the medium term. The directors of three Reserve Banks favored increasing the primary credit rate to 2 percent. These directors judged that an increase in rates is warranted in light of solid economic growth, already tight labor markets, and an expected rise in inflation toward 2 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 1-3/4 percent. (NOTE: At its meeting on October 10, 2017, the Board had taken no action on a request by the Federal Reserve Bank of Kansas City to increase 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 for all twelve Reserve Banks. The directors of each Reserve Bank had requested renewal of these formulas on the dates previously noted for their votes on the primary credit rate. 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 Yellen, Vice Chairman for Supervision Quarles, and Governors Powell and Brainard.

Background: Office of the Secretary memorandum, October 20, 2017.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, October 23, 2017.

MONETARY POLICY IMPLEMENTATION -- Rates on reserve balances and on discounts and advances unchanged.

Approved.
November 1, 2017.

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 1 to 1-1/4 percent. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the existing interest rates (1-1/4 percent) paid on required and excess reserve balances. 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 (1-3/4 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Philadelphia, Atlanta, Dallas, and San Francisco had voted on October 26, 2017, to establish the primary credit rate at the existing level (1-3/4 percent). The directors of the Federal Reserve Bank of Richmond had voted on October 19, and the directors of the Federal Reserve Banks of Cleveland and Kansas City had voted on October 26, to establish a rate of 2 percent (an increase from 1-3/4 percent). (NOTE: At its meeting on October 23, the Board had taken no action on requests by the Cleveland, Richmond, and Kansas City Reserve Banks to increase 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 this action: Chair Yellen, Vice Chairman for Supervision Quarles, and Governors Powell and Brainard.

Background: Office of the Secretary memorandum, October 27, 2017.

Implementation: FOMC statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, November 1, 2017.