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

Existing rate and formulas approved.
July 9, 2018.

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, Richmond, Minneapolis, and San Francisco had voted on June 28, 2018, and the directors of the Federal Reserve Banks of Philadelphia, Atlanta, Chicago, St. Louis, Kansas City, and Dallas had voted on July 5, to establish the primary credit rate at the existing level (2-1/2 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 2-1/2 percent. (NOTE: At the joint Board-FOMC meeting on June 13, 2018, the Board had approved the establishment of the primary credit rate at 2-1/2 percent, an increase from 2-1/4 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. 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: Chairman Powell, Vice Chairman for Supervision Quarles, and Governor Brainard.

Background: Office of the Secretary memorandum, July 6, 2018.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, July 9, 2018.

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 the secondary and seasonal credit formulas.

Existing rate and formulas approved.
July 23, 2018.

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, St. Louis, Dallas, and San Francisco had voted on July 12, 2018, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Atlanta, Chicago, and Minneapolis had voted on July 19, to establish the primary credit rate at the existing level (2-1/2 percent). The directors of the Federal Reserve Bank of Cleveland had voted on July 12, and the directors of the Federal Reserve Bank of Kansas City had voted on July 19, to establish a rate of 2-3/4 percent (an increase from 2-1/2 percent).

Overall, Federal Reserve Bank directors were positive about the economic outlook and had mostly favorable reports on economic conditions across sectors and Districts. In some Districts, directors noted low housing inventories and rising house prices. Many directors commented on still-tight labor markets and the challenges for employers trying to attract and retain both skilled and unskilled workers. Directors continued to observe moderate wage pressures, although wages in certain industries, notably information technology and transportation, had increased more rapidly. Directors also remained attentive to potential risks, both industry-specific and more broadly, related to uncertainties regarding trade policy. Inflation was at or near the FOMC's 2 percent objective.

The directors of ten Reserve Banks judged that establishing the primary credit rate at the current level of 2-1/2 percent was appropriate for now. In light of the outlook for continued solid economic growth, tight labor markets, and inflation remaining near

the FOMC's target of 2 percent, the directors of two Reserve Banks judged that it would be appropriate to raise the primary credit rate to 2-3/4 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 2-1/2 percent. (NOTE: At its meeting on July 9, 2018, the Board had approved the establishment of the primary credit rate at its existing level of 2-1/2 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: Chairman Powell, Vice Chairman for Supervision Quarles, and Governor Brainard.

Background: Office of the Secretary memorandum, July 20, 2018.

Implementation: Transmissions from Ms. Shanks to the Reserve Banks, July 23, 2018.

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

Approved.
August 1, 2018.

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 1-3/4 to 2 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 (1.95 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 (2.5 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Atlanta, St. Louis, Dallas, and San Francisco had voted on July 26, 2018, to establish the primary credit rate at the existing level of 2.5 percent. The directors of the Federal Reserve Bank of Cleveland had voted on July 26, and the directors of the Federal Reserve Bank of Kansas City had voted on July 19, to establish a rate of 2.75 percent (an increase from 2.5 percent). (NOTE: At its meeting on July 23, 2018, the Board had approved the establishment of the primary credit rate at its existing level of 2.5 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 these actions: Chairman Powell, Vice Chairman
for Supervision Quarles, and Governor Brainard.

Background: Office of the Secretary memorandum, July 27, 2018.

Implementation: FOMC Statement (with attached Implementation Note) and transmissions from Ms. Misback to the Reserve Banks, August 1, 2018.