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

Existing rate and formulas approved.
January 22, 2024.

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 Boston, Cleveland, and Minneapolis had voted on January 11, 2024, and the directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco had voted on January 18, to establish the primary credit rate at the existing level of 5.5 percent.

Federal Reserve Bank directors generally reported stable economic activity in their Districts, albeit with some variability across sectors. Most directors remarked that the labor market was moving into better balance, with many observing that wage pressures were subsiding; however, some saw shortages in skilled occupations such as healthcare. In addition, many directors reported that companies in their Districts have been increasingly investing in technological solutions to offset labor costs. While some directors expressed optimism over the economic outlook, especially given expectations for lower interest rates, others acknowledged continued risks and 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 5.5 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 Jefferson,
Vice Chair for Supervision Barr,
and Governors Bowman, Cook, and Kugler.
Absent: Governor Waller.

Background: Office of the Secretary memorandum, January 19, 2024.

Implementation: Transmissions from Ms. Misback to the Reserve Banks, January 22, 2024.

MONETARY POLICY IMPLEMENTATION -- Interest on reserve balances rate unchanged; rates on discounts and advances unchanged; renewal of secondary and seasonal credit formulas.

Approved.
January 31, 2024.

In a joint meeting of the Board and the Federal Open Market Committee (FOMC) today, the FOMC decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent, effective February 1, 2024. Consistent with the FOMC's decision to leave the target range for the federal funds rate unchanged, the Board approved maintaining the interest rate paid on reserve balances at 5.4 percent, effective February 1, 2024. 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 (5.5 percent).

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of Boston, Cleveland, Atlanta, Minneapolis, and Dallas had voted on January 25, 2024, to establish the primary credit rate at the existing level of 5.5 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 5.5 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:	Chair Powell, Vice Chair Jefferson, Vice Chair for Supervision Barr, and Governors Bowman, Waller, Cook, and Kugler.
Background:	Office of the Secretary memorandum, January 26, 2024.
Implementation:	FOMC statement (with attached implementation note) and transmissions from Ms. Misback to the Reserve Banks, January 31, 2024.