
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.
June 3, 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 made 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 Cleveland, Richmond, Atlanta, Kansas City, and Dallas had voted on May 23, 2024; the directors of the Federal Reserve Bank of New York had voted on May 24; the directors of the Federal Reserve Banks of Philadelphia, Chicago, St. Louis, and Minneapolis had voted on May 30; and the directors of the Federal Reserve Banks of Boston and San Francisco had voted on May 31 to establish the primary credit rate at the existing level of 5.5 percent.

Federal Reserve Bank directors generally reported some moderation in economic activity, with variability across sectors. Most directors continued to observe positive labor market conditions, including fewer challenges with hiring and retaining workers. Wage pressures remained elevated in most Districts, particularly for certain types of positions, though some directors noted that overall wage growth was slowing. Some directors also commented on the adoption of artificial intelligence and other technology improvements.

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, Waller,
Cook, and Kugler.

Background: Office of the Secretary memorandum, May 31, 2024.

Implementation: Transmissions from Mr. McDonough to the Reserve Banks, June 3, 2024.

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

Approved.
June 12, 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 June 13, 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 June 13, 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 Philadelphia, Richmond, Atlanta, Kansas City, and Dallas had voted on June 6, 2024, and the directors of the Federal Reserve Bank of New York had voted on June 7, 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, June 7, 2024.

Implementation: FOMC statement (with attached implementation note) and transmissions from Mr. McDonough to the Reserve Banks, June 12, 2024.