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

Existing rate and formulas approved.
October 7, 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 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 Cleveland, Richmond, Atlanta, Kansas City, and Dallas had voted on September 26, 2024, and the directors of the Federal Reserve Banks of Boston, Chicago, St. Louis, Minneapolis, and San Francisco had voted on October 3, to establish the primary credit rate at the existing level of 5 percent. The directors of the Federal Reserve Banks of New York and Philadelphia had voted on October 3, 2024, to establish the primary credit rate at 4.75 percent (a decrease 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 Jefferson,
Vice Chair for Supervision Barr,
and Governors Waller and Cook.
Absent: Governors Bowman and Kugler.

Background: Office of the Secretary memorandum, October 4, 2024.

Implementation: Transmissions from Mr. McDonough to the Reserve Banks, October 7, 2024.

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

Existing rate and formulas approved.
October 28, 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 Richmond, Atlanta, St. Louis, Kansas City, and Dallas had voted on October 24, 2024, to establish the primary credit rate at the existing level of 5 percent. The directors of the Federal Reserve Banks of Boston, New York, and Philadelphia had voted on October 17, 2024, and the directors of the Federal Reserve Banks of Cleveland, Chicago, Minneapolis, and San Francisco had voted on October 24, to establish a primary credit rate of 4.75 percent (a decrease from 5 percent). At its meeting on October 7, 2024, the Board had taken no action on requests by the New York and Philadelphia Reserve Banks to decrease the primary credit rate.

Overall, Federal Reserve Bank directors noted steady economic activity. Directors reported generally positive conditions in labor markets, though some cited limited labor availability in certain sectors. Some directors described wage pressures as leveling off or increasing slightly. Reports on consumer spending were mixed, with some directors noting that consumers were becoming more price sensitive. Several directors commented on the ongoing moderation in inflation, and some directors discussed a need for additional sources of funding to finance new affordable housing.

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 Jefferson,
Vice Chair for Supervision Barr, and
Governors Bowman, Waller,
Cook, and Kugler.

Background: Office of the Secretary memorandum, October 25, 2024.

Implementation: Transmissions from Ms. Misback to the Reserve Banks,
October 28, 2024.

MONETARY POLICY IMPLEMENTATION -- Decrease in the interest on reserve balances rate and in the primary credit rate; renewal of secondary and seasonal credit formulas.

Approved.
November 7, 2024.

In a joint meeting of the Federal Open Market Committee (FOMC) and the Board today, the FOMC decided to lower the target range for the federal funds rate 25 basis points, to 4-1/2 to 4-3/4 percent, effective November 8, 2024. To support the FOMC's decision to lower the target range for the federal funds rate, the Board approved lowering the interest rate paid on reserve balances from 4.9 percent to 4.65 percent, effective November 8, 2024. At today's meeting, the Board also approved a 25-basis-point decrease in the interest rate on discounts and advances made under the primary credit program (the primary credit rate) to 4.75 percent.

Subject to review and determination by the Board of Governors, the directors of ten Federal Reserve Banks had voted to establish a decrease in the primary credit rate. The directors of the Federal Reserve Banks of Cleveland, Chicago, Minneapolis, and San Francisco had voted on October 24, 2024, and the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, and Dallas had voted on October 31, to establish the primary credit at 4.75 percent (a decrease from 5 percent). At its meeting on October 28, 2024, the Board had taken no action on requests by the Boston, New York, Philadelphia, Cleveland, Chicago, Minneapolis, and San Francisco Reserve Banks to decrease the primary credit rate.

At today's meeting, there was consensus for a 25-basis-point decrease, and the Board approved a decrease in the primary credit rate from 5 percent to 4.75 percent, effective November 8, 2024, for the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, 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 decreases in the interest on reserve balances rate and the primary credit rate. In addition, the Secretary was authorized to inform the remaining Federal Reserve Banks, on their establishment of a primary credit rate of 4.75 percent, of the Board's approval and determination, effective on the later of November 8, 2024, or the date the Reserve Bank informed the Secretary of its request. (NOTE: Subsequently, the Secretary informed the St. Louis and Kansas City Reserve Banks of the Board's approval of their establishment of a primary credit rate of 4.75 percent, effective November 8, 2024.)

*Subsequent to today's meeting, the Secretary was informed that the directors of the Federal Reserve Bank of Kansas City had voted on November 5, 2024, to establish the primary credit rate at 4.75 percent.

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, November 1, 2024.
Implementation: FOMC statement (with attached implementation note), November 7; transmissions from Ms. Misback to the Reserve Banks, November 7; and Federal Register documents (Docket Nos. R-1846 and R-1847, RINs 7100-AG86 and 7100-AG87), November 13, 2024.