DISCOUNT AND ADVANCE RATES -- Requests by four Reserve Banks to maintain the existing rate and requests by eight Reserve Banks to increase the primary credit rate.

Existing rate maintained.
July 25, 2016.

Subject to review and determination by the Board of Governors, the directors of the Federal Reserve Banks of New York and Minneapolis had voted on July 14, 2016, and the directors of the Federal Reserve Banks of Atlanta and Chicago had voted on July 21, to reestablish the existing rate for discounts and advances (1 percent) under the primary credit program (primary credit rate). The directors of the Federal Reserve Banks of Boston, Cleveland, Richmond, and San Francisco had voted on July 14, and the directors of the Federal Reserve Banks of Philadelphia, St. Louis, Kansas City, and Dallas had voted on July 21, to establish a rate of 1-1/4 percent (an increase from 1 percent). At its meeting on June 13, the Board had taken no action on requests by the Boston, Cleveland, Richmond, St. Louis, Kansas City, and San Francisco Reserve Banks to increase the primary credit rate.

Federal Reserve Bank directors generally indicated that economic activity had continued to expand at a moderate pace, though their reports varied somewhat across different sectors and Districts. Several directors cited improvements in the housing sector, as well as steady or increasing levels of consumer spending. Many directors stated that the initial impact of the recent U.K. referendum and the associated global financial developments on U.S. economic conditions had been limited. However, some directors noted increased uncertainty about the U.S. economic outlook stemming from these developments. Several directors also noted ongoing weakness in export-related industries. Labor market indicators were improving overall, but some directors pointed to variability in recent job gains. Many directors reported increasing tightness in the labor market for certain skilled positions, particularly in the construction sector. Inflation remained below the Federal Reserve's 2 percent objective.

Against this backdrop, some Federal Reserve Bank directors recommended that the primary credit rate be maintained at its current level of 1 percent. In general, they judged that the economic outlook and below-target inflation supported maintaining the current accommodative stance of monetary policy. Other Federal Reserve Bank directors recommended increasing the primary credit rate to 1-1/4 percent, in light of actual and expected strengthening in economic activity and their expectations for inflation to gradually move toward the 2 percent objective.

Today, Board members considered 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 meeting of the Federal Open Market Committee this week. No sentiment was expressed for changing the primary credit rate before the Committee's meeting, and the existing rate was maintained. Thereafter, a discussion of economic and financial developments and issues related to possible policy actions took place.

Participating in this determination: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, July 22, 2016.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, July 25, 2016.

DISCOUNT AND ADVANCE RATES -- Renewal by twelve Reserve Banks of the formulas for calculating the secondary and seasonal credit rates.

Formulas renewed.
July 25, 2016.

The formulas for calculating the rates applicable to discounts and advances under the secondary and seasonal credit programs were renewed by the Board for the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, Minneapolis, and San Francisco on July 14, 2016, and for the Federal Reserve Banks of Philadelphia, Atlanta, Chicago, St. Louis, Kansas City, and Dallas on July 21.

Participating in this determination: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Background: Office of the Secretary memorandum, July 22, 2016.

Implementation: Transmissions from Mr. Frierson to the Reserve Banks, July 25, 2016.