# July 26, 2017, FOMC Press Release – What has changed from June 14, 2017, Press Release?

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Summary

- Economic activity expanded moderately (no change)
- Labor market continues to strengthen with solid job gains (no change)
- Household spending continues to expand (no change)
- Business fixed investment continues to expand (no change)
- Inflation and core inflation have declined (no change)
- Near term risks to the economic outlook appear balanced (no change)
- Maintain federal fund rate target range (change)
- Begin balance sheet normalization from "this year" to "relatively soon" (change)
- Bottom Line: The economy is steady-as-it-goes even though inflation continues to be below expectation. Without a rate hike, the FOMC is in a wait-and-see mode for more incoming data before the September meeting. At the same time, the FOMC is guiding expectations on balance sheet normalization to be even sooner. Expect an update on global central bank policies during the August Economic Symposium sponsored by the Federal Reserve Bank of Kansas City. This year's theme is Fostering a Dynamic Global Economy.


For release at 2:00 p.m. EDT
June 14, 2017

Information received since the Federal Open Market Committee met in ~~May~~ June indicates that the labor market has continued to strengthen and that economic activity has been rising moderately so far this year. Job gains have ~~moderated but have~~ been solid, on average, since the beginning of the year, and the unemployment rate has declined. Household spending ~~has picked up in recent months,~~ and business fixed investment ~~has~~ have continued to expand. On a 12-month basis, overall inflation ~~has declined recently~~ and~~, like~~ the measure excluding food and energy prices~~, is~~ have declined and are running somewhat below 2 percent. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further. Inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term but to stabilize around the Committee's 2 percent objective over the medium term. Near-term risks to the economic outlook appear roughly balanced, but the Committee is monitoring inflation developments closely.

In view of realized and expected labor market conditions and inflation, the Committee decided to ~~raise~~ maintain the target range for the federal funds rate ~~to~~ at 1 to 1-1/4 percent. The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Committee will carefully monitor actual and expected inflation developments relative to its symmetric inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

~~The~~ For the time being, the Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee ~~currently~~ expects to begin implementing ~~a~~ its balance sheet normalization program ~~this year~~ relatively soon, provided that the economy evolves broadly as anticipated~~. This~~; this program~~, which would gradually reduce the Federal Reserve's securities holdings by decreasing reinvestment of principal payments from those securities,~~ is described in the ~~accompanying addendum~~ June 2017 Addendum to the Committee's Policy Normalization Principles and Plans.



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Voting for the FOMC monetary policy action were: Janet L. Yellen, Chair; William C. Dudley, Vice Chairman; Lael Brainard; Charles L. Evans; Stanley Fischer; Patrick Harker; Robert S. Kaplan; Neel Kashkari; and Jerome H. Powell. ~~Voting against the action was Neel Kashkari, who preferred at this meeting to maintain the existing target range for the federal funds rate.~~

Source: The Federal Reserve
https://www.federalreserve.gov/monetarypolicy/files/monetary20170726a1.pdf



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