



CHAO & COMPANY
FIDUCIA PERPETUA

FOMC May 2, 2018

Press Release - Changes from March 21, 2018?

Summary

- Labor market continues to strengthen with strong job gains. (**no change**)
- Economic activity rising at a moderate rate (**no change**) but removed language regarding the economic outlook strengthening in recent months.
- Unemployment rate is low. (**no change**)
- Gains in jobs are strong. (**upward change**)
- Household spending has moderated. (**downward change**)
- Business fixed investment continued to grow strongly. (**upward change**)
- Inflation (core and nominal) moves closer to 2% (**upward change**) and expects to run near the “symmetric” 2% objective in the medium term. (Symmetry means allowing inflation to run hot for a while to compensate for the extended low inflation environment since the Financial Crisis without increasing the pace of monetary tightening.)
- Market based measures of inflation compensation remain low. (**no change**)
- Risks to the economic outlook appear roughly balanced. (**no change**)
- The federal funds rate remains unchanged at 1.5% to 1.75%. (**no change**)
- Warrant further gradual increases in the federal funds rate (**no change**)

Press Release

May 2 ~~March 21~~, 2018

Federal Reserve issues FOMC statement
For release at 2:00 p.m. EDT

Information received since the Federal Open Market Committee met in ~~March~~ **January** indicates that the labor market has continued to strengthen and that economic activity has been rising at a moderate rate. Job gains have been strong, **on average**, in recent months, and the unemployment rate has stayed low. Recent data suggest that growth rates of household spending ~~and business fixed investment have~~ moderated from ~~its~~ **their** strong fourth-quarter ~~readings~~ **space, while business fixed investment continued to grow strongly**. On a 12-month basis, both overall inflation and inflation for items other

than food and energy have ~~continued~~ **move close** to ~~run below~~ 2 percent. Market-based measures of inflation compensation ~~have increased in recent months but~~ 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 economic outlook has strengthened in recent months.~~ The Committee expects that, with further gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace in the medium term and labor market conditions will remain strong. Inflation on a 12-month basis is expected to ~~move up in coming months and to stabilize around~~ **run near** the Committee's **symmetric** 2 percent objective over the medium term. ~~Near-term risks~~ **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 1-1/2 to 1-3/4 percent. The stance of monetary policy remains accommodative, thereby supporting strong 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 further 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.

Voting for the FOMC monetary policy action were Jerome H. Powell, Chairman; William C. Dudley, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Lael Brainard; Loretta J. Mester; Randal K. Quarles; and John C. Williams.

Source: The Federal Reserve

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20180321a.htm>