



CHAO & COMPANY  
FIDUCIA PERPETUA

# FOMC June 13, 2018

## Press Release - Changes from May 2, 2018?

### Summary

- ) Labor market continues to strengthen with strong job gains. (**no change**)
- ) Economic activity rising at a solid rate. (**upward change**)
- ) Unemployment rate has declined. (**downward change**)
- ) Gains in jobs are strong. (**upward change**)
- ) Household spending has picked up. (**upward change**)
- ) Business fixed investment continued to grow strongly. (**no change**)
- ) Inflation (core and nominal) moves closer to 2% (**no change**)
- ) Expects further gradual increase in the target rate range based on sustained economic activity, strong labor market and the “symmetric” 2% objective in the medium term.
- ) Symmetry to the 2% inflation objective (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) was again emphasized suggesting that the pace of monetary tightening will not be affected above the 2% inflation objective. (**no change**)
- ) Long-term inflation expectation remains unchanged. (**no change**)
- ) Risks to the economic outlook appear roughly balanced. (**no change**)
- ) The federal funds rate target range increased from 1.75% to 2%. (**upward change**)
- ) Removal of “funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run”. This may be significant since the deletion could infer, for the first time, that rates are not likely to be lower for longer and signaling a slightly more aggressive monetary policy stance. (**change**)

Press Release

June 13 ~~May 2~~, 2018

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

Information received since the Federal Open Market Committee met in ~~May~~ ~~March~~ indicates that the labor market has continued to strengthen and that economic activity has been rising at a ~~solid~~ ~~moderate~~ rate. Job gains have been strong, on average, in recent months, and the unemployment rate has declined ~~stayed~~ ~~low~~. Recent data suggest that growth of household spending ~~has picked up~~ ~~moderated from its strong fourth-quarter pace~~, 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 moved close to 2 percent. ~~Indicators~~ ~~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 expects that, ~~with~~ further gradual ~~increases~~ ~~adjustments~~ in the ~~target range for the federal funds rate will be consistent with sustained expectation~~ ~~stance~~ of ~~monetary policy~~, economic activity, ~~will expand at a moderate pace in the medium term and strong~~ labor market conditions, ~~and inflation will remain strong. Inflation on a 12-month basis is expected to run near~~ the Committee's symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced.

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 at ~~1-1/2 to 1-3/4~~ ~~to~~ 2 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 ~~objective~~ and ~~its~~ ~~symmetric~~ 2 percent inflation ~~objective~~. 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/monetary20180613a.htm>