FOMC, June 16, 2021
Press Release – Changes from April 28, 2021

EXPERIENTIAL WEALTH
—FIDUCIA PERPETUA—

Summary – Published June 16, 2021

- Amid progress on vaccinations and strong policy support, indicators of economic activity and employment strengthened. (No Change)
- Inflation has risen, largely reflecting transitory factors. (No Change)
- Financial conditions have improved in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. (No Change)
- The path of the economy will depend significantly on the course of the virus. (No Change)
- Progress on vaccinations will likely to reduce the effects of the public health crisis on the economy, but risks to the economic outlook remain. (Change)
- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation having run persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. (No Change)
- The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved. (No Change)
- The Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. (No Change)
- the Federal Reserve will continue to increase its holdings of Treasury securities by at least $80 billion per month and of agency mortgage-backed securities by at least $40 billion per month until substantial further progress has been made toward the Committee's maximum employment and price stability goals. (No Change)
- In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments. (No Change)
- Voting for the action is unanimous. (No Change)
- Under the implementation note: overnight reverse repurchase agreement operations at an offering rate of 0.00 percent and with a per-counterparty limit of $80 billion per day. (No Change)

Press Release

~~April 28~~ **June 16**, 2021

Federal Reserve issues FOMC statement

For release at 2:00 p.m. EDT

The Federal Reserve is committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals.

The **Progress on vaccinations has reduced the spread of** COVID-19 ~~pandemic is causing tremendous human and economic hardship across~~ **in** the United States and around the world. Amid progress on vaccinations and strong policy support, indicators of economic activity and employment have strengthened. The sectors most adversely affected by the pandemic remain weak but have shown improvement. Inflation has risen, largely reflecting transitory factors. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.

The path of the economy will depend significantly on the course of the virus~~, including progress~~. Progress on vaccinations~~. The ongoing~~ **will likely to reduce the effects of the** public health crisis ~~continues to weigh~~ on the economy, ~~and~~ **but** risks to the economic outlook remain.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation ~~running~~ **having run** persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved. The Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, the Federal Reserve will continue to increase its holdings of Treasury securities by at least $80 billion per month and of agency mortgage-backed securities by at least $40 billion per month until substantial further progress has been made toward the Committee's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Thomas I. Barkin; Raphael W. Bostic; Michelle W. Bowman; Lael Brainard; Richard H. Clarida; Mary C. Daly; Charles L. Evans; Randal K. Quarles; and Christopher J. Waller.

Implementation Note issued June 16, 2021

https://www.federalreserve.gov/newsevents/pressreleases/monetary20210616a.htm

June 16, 2021

Implementation Note issued June 16, 2021

Decisions Regarding Monetary Policy Implementation

The Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its statement on June 16, 2021:

- The Board of Governors of the Federal Reserve System voted unanimously to set the interest rate paid on required and excess reserve balances at 0.15 percent, effective June 17, 2021. Setting the interest rate paid on required and excess reserve balances 15 basis points above the bottom of the target range for the federal funds rate is intended to foster trading in the federal funds market at rates well within the Federal Open Market Committee's target range and to support the smooth functioning of short-term funding markets.
- As part of its policy decision, the Federal Open Market Committee voted to authorize and direct the Open Market Desk at the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:

"Effective June 17, 2021, the Federal Open Market Committee directs the Desk to:

  - Undertake open market operations as necessary to maintain the federal funds rate in a target range of 0 to 1/4 percent.
  - Increase the System Open Market Account holdings of Treasury securities by $80 billion per month and of agency mortgage-backed securities (MBS) by $40 billion per month.
  - Increase holdings of Treasury securities and agency MBS by additional amounts and purchase agency commercial mortgage-backed securities (CMBS) as needed to sustain smooth functioning of markets for these securities.
  - Conduct repurchase agreement operations to support effective policy implementation and the smooth functioning of short-term U.S. dollar funding markets.
  - Conduct overnight reverse repurchase agreement operations at an offering rate of 0.05 percent and with a per-counterparty limit of $80 billion per day; the per-counterparty limit can be temporarily increased at the discretion of the Chair.
  - Roll over at auction all principal payments from the Federal Reserve's holdings of Treasury securities and reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency MBS in agency MBS.
  - Allow modest deviations from stated amounts for purchases and reinvestments, if needed for operational reasons.

    - Engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions."

- In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 0.25 percent.

This information will be updated as appropriate to reflect decisions of the Federal Open Market Committee or the Board of Governors regarding details of the Federal Reserve's operational tools and approach used to implement monetary policy.

More information regarding open market operations and reinvestments may be found on the Federal Reserve Bank of New York's website.