

FOMC, December 15, 2021

Press Release – Changes from November 3, 2021



- With progress on vaccinations and strong policy support, indicators of economic activity and employment have continued to strengthen. The sectors most adversely affected by the pandemic have improved in recent months, but continue to be affected by COVID-19. (Change)
- ~~Inflation is elevated, largely reflecting transitory factors.~~ (REMOVED)
- Supply and demand imbalances related to the pandemic and the reopening of the economy have contributed to contribute to elevated levels of inflation. (Change)
- Financial conditions remain accommodative, 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 continues to depend 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. (No 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.~~ (REMOVED)
- ~~The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved.~~ (REMOVED)
- Keep the target range for the federal funds rate at 0 to 1/4 percent (No Change)
- The Committee decided to begin reducing the monthly pace of its net asset purchases by \$20 billion for Treasury securities and \$10 billion for agency mortgage-backed securities. Beginning January, the Committee will increase its holdings of Treasury securities by at least \$40 billion per month and of agency mortgage backed securities by at least \$35 billion per month. (Change)
- ~~Beginning in December, the Committee will increase its holdings of Treasury securities by at least \$60 billion per month and of agency mortgage-backed securities by at least \$30 billion per month.~~ (REMOVED)
- The Committee judges that similar reductions in the pace of net asset purchases will likely be appropriate each month, but it is prepared to adjust the pace of purchases if warranted by changes in the economic outlook. The Federal Reserve's ongoing purchases and holdings of securities will continue to foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses. (New)
- Voting for the action is unanimous. (No Change)

Press Release

December 15 ~~November 03~~, 2021

Federal Reserve issues FOMC statement

For release at 2:00 p.m. **EST** ~~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.

With progress on vaccinations and strong policy support, indicators of economic activity and employment have continued to strengthen. The sectors most adversely affected by the pandemic have improved in recent months, but **continue to be affected by** ~~the summer's rise in~~ COVID-19. **Job gains have been solid in recent months, and the unemployment rate** ~~cases has~~ **declined substantially** ~~slowed their recovery. Inflation is elevated, largely reflecting factors that are expected to be transitory.~~ Supply and demand imbalances related to the pandemic and the reopening of the economy have **continued** ~~contributed to~~ **contribute to elevated levels of inflation** ~~sizable price increases in some sectors.~~ 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 continues to depend on the course of the virus. Progress on vaccinations and an easing of supply constraints are expected to support continued gains in economic activity and employment as well as a reduction in inflation. Risks to the economic outlook remain, **including from new variants of the virus.**

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. In support of these goals ~~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. 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. **With inflation having exceeded 2 percent for some time, the Committee** ~~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 light of **inflation developments and** the ~~substantial~~ further improvement in ~~progress~~ the **labor market** ~~economy has made toward the Committee's goals since last December,~~ the Committee decided to begin reducing the monthly pace of its net asset purchases by \$~~20~~ **10**-billion for Treasury securities and \$~~10~~ **5**-billion for agency mortgage-backed securities. Beginning in **January** ~~later this month,~~ the Committee will increase its holdings of Treasury securities by at least \$~~40~~ **70**-billion per month and of agency mortgage-backed securities by at least \$~~20~~ **35**-billion per month. ~~Beginning in December, the Committee will increase its holdings of Treasury securities by at least \$60 billion per month and of agency mortgage-backed securities by at least \$30 billion per month.~~ The Committee judges that similar reductions in the pace of net asset purchases will likely be

appropriate each month, but it is prepared to adjust the pace of purchases if warranted by changes in the economic outlook. The Federal Reserve's ongoing purchases and holdings of securities will continue to 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 December 15, 2021

~~Implementation Note issued November 3, 2021~~

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20211215a.htm>

Press Release

December 15, 2021

Implementation Note issued December 15, 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 December 15, 2021:

- The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 0.15 percent, effective December 16, 2021.
- 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 December 16, 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.
- Complete the increase in System Open Market Account (SOMA) holdings of Treasury securities by \$60 billion and of agency mortgage-backed securities (MBS) by \$30 billion, as indicated in the monthly purchase plans released in mid- December.
- Increase the SOMA holdings of Treasury securities by \$40 billion and of agency MBS by \$20 billion, during the monthly purchase period beginning in mid-January.
- Increase holdings of Treasury securities and agency MBS by additional amounts as needed to sustain smooth functioning of markets for these securities.
- Conduct overnight repurchase agreement operations with a minimum bid rate of 0.25 percent and with an aggregate operation limit of \$500 billion; the aggregate operation limit can be temporarily increased at the discretion of the Chair.
- Conduct overnight reverse repurchase agreement operations at an offering rate of 0.05 percent and with a per-counterparty limit of \$160 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](#).