FOMC, March 16, 2022, Press Release – Changes from January 26, 2021

EXPERIENTIAL WEALTH
FIDUCIA PERPETUA

Summary:

- References to COVID-19 and vaccine removed. (Change)
- Job gains have been strong. (Change)
- Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures. (New)
- The invasion of Ukraine by Russia is causing tremendous human and economic hardship. The implications for the U.S. economy are highly uncertain, but in the near term, the invasion and related events are likely to create additional upward pressure on inflation and weigh on economic activity. (New)
- Financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. (Removed)
- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. (No Change)
- With appropriate firming in the stance of monetary policy, the Committee expects inflation to return to its 2 percent objective and the labor market to remain strong. (New)
- Raise the target range for the federal funds rate to 1/4 to 1/2 percent and anticipate that ongoing increases in the target range will be appropriate. (Change)
- With inflation well above 2 percent and a strong labor market, the Committee expects it will soon be appropriate to raise the target range for the federal funds rate. (Change)
- Expects to begin reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities at an upcoming meeting. (New)
- 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. (No Change)
- Voting against this action was James Bullard, who preferred at this meeting to raise the target range for the federal funds rate by 0.5 percentage point to 1/2 to 3/4 percent. (Change)
- Conduct overnight repurchase agreement operations with a minimum bid rate of 0.5 percent. (Change)
- Conduct overnight reverse repurchase agreement operations at an offering rate of 0.3 percent. (Change)

Press Release

March 16 ~~January 26~~, 2022

Federal Reserve issues FOMC statement

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

Indicators of economic activity and employment have continued to strengthen. ~~The sectors most adversely affected by the pandemic have improved in recent months but are being affected by the recent sharp rise in COVID-19 cases.~~ Job gains have been **strong** ~~solid~~ in recent months, and the unemployment rate has declined substantially. **Inflation remains elevated reflecting supply** ~~Supply~~ and demand imbalances related to the pandemic, **higher energy prices**, and **broader price pressures**.

The invasion ~~the reopening~~ **of Ukraine and Russia is causing tremendous human and economic hardship. The implications for the U.S.** ~~the~~ economy are **highly uncertain, but in the near term the invasion and related events are likely** ~~have continued~~ **to create additional upward pressure on** ~~contribute to elevated levels of~~ inflation **and weigh on economic activity.** ~~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. **With appropriate firming in the stance of monetary policy, the Committee expects inflation to return to its 2 percent objective and the labor market to remain strong.** In support of these goals, the Committee decided to ~~keep the target range for the federal funds rate at 0 to 1/4 percent. With inflation well above 2 percent and a strong labor market, the Committee expects it will soon be appropriate to~~ raise the target range for the federal funds rate to 1/4 to 1/2 percent and anticipates that ongoing increases in the target range will be appropriate. In addition, the~~. The~~ Committee **expects to begin reducing** ~~decided to continue to reduce the monthly pace of its net asset purchases, bringing them to an end in early March. Beginning in February, the Committee will increase~~ its holdings of Treasury securities ~~by at least $20 billion per month~~ and **agency debt and** ~~of~~ agency mortgage-backed securities **at a coming meeting.** ~~by at least $10 billion per month. 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; Michelle W. Bowman; Lael Brainard; ~~James Bullard;~~ Esther L. George; Patrick Harker; Loretta J. Mester; and Christopher J. Waller**. Voting against this action was James Bullard, who preferred at this meeting to raise the target range for the federal funds rate by 0.5 percentage point to 1/2 to 3/4 percent.** Patrick Harker voted as an alternate member at this meeting.

https://www.federalreserve.gov/newsevents/pressreleases/monetary20220316a.htm

Press Release

March 16, 2022

Implementation Note issued March 16, 2022

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 March 16, 2022:

- The Board of Governors of the Federal Reserve System voted unanimously to raise the interest rate paid on reserve balances to 0.4 percent, effective March 17, 2022.
- 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 March 17, 2022, 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 1/4 to 1/2 percent.
  - Conduct overnight repurchase agreement operations with a minimum bid rate of 0.5 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 0.3 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 mortgage-backed securities (MBS) in agency MBS.
  - Allow modest deviations from stated amounts for 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 a 1/4 percentage point increase in the primary credit rate to 0.5 percent, effective March 17, 2022. In taking this action, the Board approved requests to establish that rate submitted by the Boards of Directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco.

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

https://www.federalreserve.gov/newsevents/pressreleases/monetary20220316a1.htm