Chair Powell Press Conference Summary – May 1, 2024

- Inflation is still too high, ongoing progress in bringing it down is not assured, and the path forward is uncertain. We are fully committed to returning inflation to our 2 percent goal (*commitment and credibility*).
- Our restrictive stance of monetary policy has been putting downward pressure on economic activity and inflation, and the risks to achieving our employment and inflation goals have moved toward better balance over the past year (*higher interest rates have been working*).
- In recent months inflation has shown a lack of further progress toward our 2 percent objective, and we remain highly attentive to inflation risks (*the last mile is hard*).
- We do not expect it will be appropriate to reduce the target range for the federal funds rate until we have gained greater confidence that inflation is moving sustainably toward 2 percent. It is likely that gaining such greater confidence will take longer than previously expected. We are prepared to maintain the current target range for the federal funds rate for as long as appropriate. (*higher rate for longer*)
- We are also prepared to respond to an unexpected weakening in the labor market. Labor market weakening would have to be meaningful and get our attention and lead us to think that the labor market was really significantly weakening for us to want to react to it. A couple of tenths in the unemployment rate would be, would probably not do that, but a broader, it would be a broader thing that would suggest that it would be appropriate to consider cutting. I think whether you decide to cut will depend on all the facts and circumstances, not just that one. (*paying increasing attention to the labor economy*)
- In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. Policy is well positioned to deal with the risks and uncertainties that we face in pursuing both sides of our dual mandate. We will continue to make decisions meeting by meeting. (*data dependent*)
- Slow the pace of decline in our securities holdings. The cap on Treasury redemptions will be lowered from the current $60 billion per month to $25

billion per month as of June 1. Consistent with the Committee's intention to hold primarily Treasury securities in the longer run, we are leaving the cap on agency securities unchanged per month and will reinvest any proceeds in excess of this cap in Treasury securities. With principal payments on agency securities currently running at about $15 billion per month, total portfolio runoff will amount to roughly $40 billion per month, r allows us to approach its ultimate level more gradually. (*slowing QT rate*)

- We remain committed to bringing inflation back down to our 2 percent goal and to keeping longer-term inflation expectations well anchored.
- evidence shows pretty clearly that policy is restrictive and is weighing on demand. We believe over time it will be sufficiently restrictive and we're committed to retaining our current restrictive stance of policy for as long as is appropriate (*restrictive policy stance*)
- We'd need to see persuasive evidence that our policy stance is not sufficiently restrictive to bring inflation sustainably down to 2 percent over time. We'd look at the totality of the data to include inflation, inflation expectations, and all the other data too before hiking rates (*not likely to hike rate next*)
- There's the unwinding of the pandemic related supply side distortions and demand side distortions, and there's also monetary policy, restrictive monetary policy. So I don't like to say that either growth or a strong labor market in and of itself would automatically create problems on inflation. (*extraordinary conditions*)

https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20240501.pdf