

Statement on Longer-Run Goals and Monetary Policy Strategy - Amendment to the January 24, 2012, Framework August 22, 2025



Prepared Remarks Summary

https://www.federalreserve.gov/monetarypolicy/files/FOMC_LongerRunGoals.pdf

DUAL MANDATES AFFIRMATION

The Federal Open Market Committee (FOMC) is firmly committed to fulfilling its statutory mandate from Congress of promoting maximum employment, stable prices, and moderate long-term interest rates.

MONETARY POLICY STRATEGIES

Employment, inflation, and long-term interest rates fluctuate over time in response to economic and financial disturbances. Monetary policy plays an important role in stabilizing the economy in response to these disturbances. The FOMC is prepared to use its full range of tools to achieve its dual mandates, particularly if the federal funds rate is constrained by its effective lower bound.

FULL EMPLOYMENT MANDATE

FOMC views maximum employment as the “highest level of employment that can be achieved on a sustained basis in a context of price stability” The maximum level of employment is not directly measurable and changes over time owing largely to non-monetary factors that affect the structure and dynamics of the labor market. Consequently, it would not be appropriate to specify a fixed goal for employment; rather, the FOMC’s policy decisions must be informed by assessments of the maximum level of employment, recognizing that such assessments are necessarily uncertain and subject to revision.

PRICE STABILITY MANDATE

The Committee reaffirms its judgment that “inflation at the rate of 2 percent”, as measured by the annual change in the price index for personal consumption expenditures, is most consistent over the longer run with the Federal Reserve’s dual mandates. The Committee is prepared to act forcefully to ensure that longer term inflation expectations remain well anchored.

FINANCIAL SYSTEM STABILITY

Sustainably achieving dual mandates depends on a stable financial system. Therefore, the Committee’s policy decisions reflect its longer-run goals, its medium-term outlook, and its assessments of the balance of risks, including risks to the financial system that could impede the attainment of the Committee’s goals.

UPDATING THE FRAMEWORK

The FOMC's employment and inflation objectives are generally complementary. However, if the Committee judges that the objectives are not complementary, it follows a balanced approach in promoting them, taking into account the extent of departures from their goals and the potentially different time horizons over which employment and inflation are projected to return to levels judged consistent with its mandate. The Committee recognizes that employment may at times run above real-time assessments of maximum employment without necessarily creating risks to price stability.