Chairman Powell Press Conference
September 20, 2023,

EXPERIENTIAL WEALTH
—FIDUCIA PERPETUA—

Summary:

- Squarely focused on dual mandate to promote maximum employment and stable prices.
- Highly attentive to the risks that high inflation poses to both sides of the dual mandate, and thus strongly committed to returning inflation to the 2 percent objective.
- The full effects of our tightened stance on monetary policy have yet to be felt. (*long and variable lag*)
- Leave policy interest rate unchanged at 5-1/4 to 5-1/2 percent and continue to reduce securities holdings. According to the Summary of Economic Projections (SEP), it is more likely than not that it will be appropriate to raise rates one more time in the two remaining meetings this year due to the broadly stronger economic activity. (*More hikes may be needed.*)
- Want to see convincing evidence that the appropriate level of policy rate has been reached and progress made in order to determine if the policy is sufficiently restrictive. (*sufficiently restrictive policy*)
- Policy to remain restrictive so that inflation gets down to target. This is needed to remain the case for some time. Carefully determining the extent of additional policy firming that may be appropriate based on ongoing assessments of the incoming data and the evolving outlook and risks is also needed. (*data dependent*)
- Economic activity has been expanding at a solid pace, and growth in real GDP has come in above expectations with robust consumer spending and the SEP revising GDP up to 2.1% this year. (*a solid economy*)
- The labor market remains tight with labor demand still exceeding the supply of available workers, but supply and demand conditions continue to come into better balance with the participation rate moving up. (*strong labor market still*)
- Inflation remains well above the longer-run goal of 2 percent (as of August, PCE at 3.4% and core PCE at 3.9%), but longer-term inflation expectations appear to remain well anchored. (*high inflation still*)
- The process of getting inflation sustainably down to 2 percent has a long way to go. The median projection in the SEP for total PCE inflation is 3.3 percent this year, falls to 2.5 percent next year, and reaches 2 percent in 2026.

- Policy rate has risen 5-1/4 percentage points and considers the current stance of monetary policy as restrictive, putting downward pressure on economic activity, hiring, and inflation. In addition, the economy is facing headwinds from tighter credit conditions for households and businesses.
- If the economy evolves as projected, the median participant projects that the appropriate level of the federal funds rate will be 5.6 percent at the end of this year, 5.1 percent at the end of 2024, and 3.9 percent at the end of 2025. Compared with our June SEP, the median projection is unrevised for the end of this year but has moved up by 1/2 percentage point at the end of the next two years. (*higher rates for longer*)
- SEP is not a plan that is negotiated or discussed. SEP is an accumulation and often focuses only at the medians. SEP is an accumulation of individual forecasts from 19 people. (*SEP is not a plan.*)

https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20230920.pdf