

Federal Open Market Committee (FOMC) Meeting Results:

Date: June 12=13, 2018

Fed increased rates

Fed funds range now at 1.75%-2.00%

Meeting Location: Marriner S. Eccles Federal Reserve Board Building, Washington DC

Economic Highlights: *Labor markets strong and unemployment rate has fallen since March meeting. Economic activity picking up, household spending and business fixed investment growing.*

- Information received since the Federal Open Market Committee met in May indicates that the labor market has continued to strengthen and that economic activity has been rising at a solid rate.
- Job gains have been strong, on average, in recent months, and the unemployment rate has declined.
- Recent data suggest that growth of household spending has picked up, while business fixed investment has continued to grow strongly.
- On a 12-month basis, both overall inflation and inflation for items other than food and energy have moved close to 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.

Announcements: *Fed funds rate increased by 0.25%.*

- In view of realized and expected labor market conditions and inflation, the Committee decided to raise the target range for the federal funds rate to 1-3/4 to 2 percent Committee.
- The Committee declared that the economy is currently balanced. The risk of higher unemployment or higher inflation is roughly equal.
- The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective over the medium term.

Forward Guidance: *Fed removed statement that warned of lower than normal rates in the longer run.*

- The following statement, which had been included in all of the FOMC releases over the past few years, was not included in the June 12-13 release: “the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run.”
- In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

Voting Results: *No dissenting vote at this meeting.*

Voting for the FOMC monetary policy action were Jerome H. Powell, Chairman; William C. Dudley, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Lael Brainard; Loretta J. Mester; Randal K. Quarles; and John C. Williams.

Next Meeting: **July 31- August 1, 2018**