

Federal Open Market Committee (FOMC) Meeting Results:

No rate hike at the May 2-3, 2017 Meeting

Date: May 2-3, 2017

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

Economic Highlights: *Weak first quarter 2017 GDP growth declared to be “Transitory”*

- “Information received since the Federal Open Market Committee met in March indicates that the labor market has continued to strengthen even as growth in economic activity slowed.
- The Committee views the slowing in growth during the first quarter as likely to be transitory.
- Job gains were solid, on average, in recent months, and the unemployment rate declined.
- Household spending rose only modestly, but the fundamentals underpinning the continued growth of consumption remained solid.
- Inflation measured on a 12-month basis recently has been running close to the Committee's 2 percent longer-run objective. Excluding energy and food, consumer prices declined in March and inflation continued to run somewhat below 2 percent. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed, on balance.

Policy Announcements: *Rates are unchanged*

- In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate at 3/4 to 1 percent.
- The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation.

Fed's Security Holdings: *No change from March 2017 FOMC meeting- Fed balance sheet unchanged.*

- “The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities.
- Continue with policy of rolling over maturing Treasury securities at auction, and doing so until normalization of the level of the federal funds rate is well under way.
- This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.”

Forward Guidance: *Rates to rise slowly and gradually going forward!*

- “The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate.

- The federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run.
- However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.”

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

- *Voting for the FOMC monetary policy action were: Janet L. Yellen, Chair; William C. Dudley, Vice Chairman; Lael Brainard; Charles L. Evans; Stanley Fischer; Patrick Harker; Robert S. Kaplan; Neel Kashkari; and Jerome H. Powell.*

Next Meeting: *May 2-3, 2017*