

# Federal Open Market Committee (FOMC) Meeting Results:

Date: October 31-November 1, 2017

*Fed leaves rates unchanged, but continues unwinding of Asset Purchase Programs*

*Current range for the federal funds rate remains at 1 to 1-1/4 percent*

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

**Economic Highlights:** *Labor markets seen as improving, economic activity rising, hurricanes will not have a lasting impact on the economy, and even with a spike in gasoline prices due to the hurricanes, inflation remains soft.*

- Information received since the Federal Open Market Committee met in September indicates that the labor market has continued to strengthen, and that economic activity has been rising at a solid rate despite hurricane-related disruptions.
- Although the hurricanes caused a drop in payroll employment in September, the unemployment rate declined further.
- Household spending has been expanding at a moderate rate, and growth in business fixed investment has picked up in recent quarters.
- Gasoline prices rose in the aftermath of the hurricanes, boosting overall inflation in September; however, inflation for items other than food and energy remained soft. On a 12-month basis, both inflation measures have declined this year and are running below 2 percent.

## Policy Announcements: *Rate unchanged, but September “dot plot” indicates one more rate hike in 2017*

- The Committee decided to maintain the target range for the federal funds rate at 1 to 1-1/4 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.
- The rate forecast presented at the September meeting indicated the FOMC expected one more rate hike in 2017. The lack of any movement in rates at this meeting suggest that rates will be increased in December, assuming of course, there is no economic emergency between now and then.

## Fed’s Security Holdings: *Fed continues to reduce the size of its massive bond portfolio.*

“The balance sheet normalization program initiated in October 2017 is proceeding.”

## Forward Guidance: *Fed determines that hurricanes will have only a short-term impact on the economy*

- Hurricane-related disruptions and rebuilding will continue to affect economic activity, employment, and inflation in the near term, but experience suggests that the storms are unlikely to materially alter the course of the national economy over the medium term.

- The Committee continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further.
- Inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term but to stabilize around the Committee's 2 percent objective over the medium term.
- Near-term risks to the economic outlook appear roughly balanced, but the Committee is monitoring inflation developments closely.

**Voting Results:** *No dissenting vote at this meeting. New member Randal K. Quarles voted with the entire committee*

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

**Next Meeting:** *December 12-13, 2017*