

# Federal Open Market Committee (FOMC) Meeting Results:

Date: September 19-20, 2017

## *Fed leaves rates unchanged, but begins unwinding of Asset Purchase Program*

*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 moderately, and inflation remains below goal.*

- Information received since the Federal Open Market Committee met in July indicates that the labor market has continued to strengthen and that economic activity has been rising moderately so far this year.
- Job gains have remained solid in recent months, and the unemployment rate has stayed low.
- Household spending has been expanding at a moderate rate, and growth in business fixed investment has picked up in recent quarters.
- On a 12-month basis, overall inflation and the measure excluding food and energy prices have declined this year and are running 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: *Rate unchanged*

- 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.

## Fed's Security Holdings: *Fed to begin shrinking its massive bond portfolio.*

Beginning in October 2017, the Committee will initiate the balance sheet normalization program described in the June 2017 Addendum to the Committee's Policy Normalization Principles and Plans.

## Forward Guidance: *Fed expresses concern of the impact of recent hurricanes*

- Hurricanes Harvey, Irma, and Maria have devastated many communities, inflicting severe hardship. Storm-related disruptions and rebuilding will affect economic activity in the near term, but past 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.
- Higher prices for gasoline and some other items in the aftermath of the hurricanes will likely boost inflation temporarily; apart from that effect, 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.*

- *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:** *October 31 - November 1 , 2017*