Commentary
The statement that accompanied today’s decision by the Federal Reserve (Fed) might be disappointing to more than one as many observers expected that the US monetary authorities would toughen their tone somewhat. The minutes of the December 14 meeting clearly showed that some members of the FOMC were concerned by the slow pace of monetary tightening in a context where price increases could eventually threaten economic growth. That said, today’s press release presented nothing new in that direction. In fact, it was word for word identical to the December 14 release. Many investors believed, nonetheless, that the Fed would take one more step in that direction by changing the qualifier to the tightening of monetary policy already under way: “policy accommodation can be removed at a pace that is likely to be measured”.

It must be noted that the new practice of the Federal Reserve in releasing FOMC minutes only three weeks after its meeting is perhaps beginning to exert some changes on the communication method of the American monetary authorities. In the context where press releases resemble each other so much that they can be interchanged from one meeting to another, the Fed may instead be planning to use the occasion of the publication of the minutes to add some nuances. If that is the case, it will certainly require a few months more to break in the new procedure across the Federal Reserve.

To conclude, we must note that the monetary authorities are giving no indications that would allow us to believe that they will put an end to their federal funds rate increases in the near future. In all likelihood, further increases will be announced over the coming months.
Excerpts from the Fed Press Release:

[...] The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output appears to be growing at a moderate pace despite the rise in energy prices, and labor market conditions continue to improve gradually. Inflation and longer-term inflation expectations remain well contained.

The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters to be roughly equal. With underlying inflation expected to be relatively low, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability. [...]