Federal funds rate remains unchanged at 1.00%.
The risk of excessive deflation remains the predominant concern of the Federal Reserve.
Votes: For 12; Against 0.

1) The expansionist stance of monetary policy, coupled with growth in productivity, is providing important support to economic growth.
2) Although the chances for economic growth over the next few quarters are roughly equal, a small risk of an unwelcome fall in inflation exceeds the chances of a sharp climb in prices. Consequently, deflation will be the main concern of the Federal Reserve for the next few months.

According to the FOMC, an accommodating monetary policy can be maintained for a considerable period.

Conclusion: According to a recent Bloomberg survey, 100% of the analysts questioned expected the Federal Reserve to keep its key interest rates unchanged at its meeting today. Consequently, reaction on the money markets should be muted. The surge in bond rates in the past few weeks had a number of analysts worried that the fragile economic recovery would stall. Yet today’s statement from the Federal Reserve focused instead on deflation and clearly indicated that U.S. monetary policy should remain expansionist for a while yet, thus putting an end to any hopes for an increase in the key interest rates in the foreseeable future. If the bond market responds to this message, we could see bond rates fall in the next few days. At its next meeting, scheduled for September 16, the Fed is expected to once again maintain the status quo.