The Federal Reserve holds firm
Its key interest rates remain unchanged

- The target overnight rate remains the same, at 1.00%.
- The chance of an unwelcome fall in inflation is still among the prime concerns of the Federal Reserve.

Votes: For = 12; Against = 0.

1) The expansionary nature of the monetary policy, combined with a boost in productivity, provides major support to economic growth.
2) Whereas the risks concerning the economic growth of the next few quarters are balanced, the likelihood of an incongruous decline in inflation exceeds that of an overly strong hike in prices. The issue of disinflation will remain at the heart of the Fed's concerns over the months ahead.
3) According to the Federal Open Market Committee (FOMC), US monetary policy ought to remain at an accommodative level for a considerable period of time.

Federal Reserve Release

Press Release

Release Date:

[...] The Committee continues to believe that an accommodative stance of monetary policy, coupled with robust underlying growth in productivity, is providing important ongoing support to economic activity. The evidence accumulated over the intermeeting period confirms that spending is firming, although the labor market has been weakening. Business pricing power and increases in core consumer prices remain muted.

The Committee perceives that the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal. In contrast, the probability, though minor, of an unwelcome fall in inflation exceeds that of a rise in inflation from its already low level. The Committee judges that, on balance, the risk of inflation becoming undesirably low remains the predominant concern for the foreseeable future. In these circumstances, the Committee believes that policy accommodation can be maintained for a considerable period. [...]