The Fed opts for a second consecutive hike in federal funds rates

- The target for the overnight rate increases to 1.50%
- The risks to price stability and economic growth are balanced
- Monetary easing can be reduced at a pace that remains to be determined

Votes: For = 12; Against = 0.

1) Growth in production and employment has slowed over the last few months due to a substantial increase in energy prices.
2) However, the economy seems to be heading for a more rapid rate of growth.
3) Inflation has been a little higher this year, although a portion of the increase is attributable to transitory factors.

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. In recent months, output growth has moderated and the pace of improvement in labor market conditions has slowed. This softness likely owes importantly to the substantial rise in energy prices. The economy nevertheless appears poised to resume a stronger pace of expansion going forward. Inflation has been somewhat elevated this year, though a portion of the rise in prices seems to reflect transitory factors.

The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters are roughly equal. With underlying inflation still 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. [...]