

## Fed Rates lowered to 2-2.25%: Federal Open Market Committee

Federal Open Market Committee has lowered the target range for the federal funds rate to 2 to 2.25%, in light of the implications of global developments for the economic outlook as well as muted inflation pressures.

According to the committee, the labor market remains strong and that economic activity has been rising at a moderate rate. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although growth of household spending has picked up from earlier in the year, growth of business fixed investment has been soft. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2%. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability.

The committee's decision to cut the rate supports the view that sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2% objective are the most likely outcomes, but uncertainties about this outlook remain. As the Committee contemplates the future path of the target range for the federal funds rate, it will continue to monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion, with a strong labor market and inflation near its symmetric 2% objective.

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Regards,

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