The Federal Reserve has decided to maintain the target range for the federal funds rate at 5.25%-5.50%

The Federal Open Market Committee (FOMC) has decided to maintain the target range for the federal funds rate to 5.25%-5.50%. According to the FOMC, The most recent signs indicate that economic activity is increasing at a steady rate. Job growth has dropped in recent months but has remained robust, and the unemployment rate has stayed low. Inflation stays high. The financial system in the United States is stable and resilient. Tighter lending conditions for individuals and enterprises are anticipated to have an impact on economic activity, hiring, and inflation. The Federal Reserve System's Board of Governors unanimously agreed to keep the interest rate paid on reserve assets at 5.4 percent through September 21, 2023.

Over the long run, the Committee aims to attain maximum employment and inflation of 2%. As a result, the Committee agreed to keep the federal funds rate target range at 5.25 to 5.50 percent. The Committee plans to continue to evaluate new data and its implications for monetary policy. The Committee will consider the cumulative tightening of monetary policy, the time delays between monetary policy and economic activity and inflation, as well as economic and financial events. Furthermore, as previously disclosed, the Committee will continue to reduce its holdings of Treasury securities, agency debt, and agency mortgage-backed securities. In determining the optimal monetary policy stance, the Committee will continue to monitor the implications of incoming information for the economic outlook.

Please find the link to access the detailed document on the same.

https://www.federalreserve.gov/monetarypolicy/files/monetary20230920a1.pdf

Please contact for any query related to this mail to Dr. Mansi Vinaik, Deputy Secretary at mansi.vinaik@phdcci.in, with a cc to Dr S P Sharma, Chief Economist| DSG at spsharma@phdcci.in, PHD Chamber of Commerce & Industry.

Warm Regards,

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