



## **The Federal Reserve has decided to retain the target range of 5.25%–5.50% for the federal funds rate for the third time**

For the third time in a row, the Federal Open Market Committee (FOMC) has decided to keep the federal funds rate target range at 5.25%– 5.50%. The FOMC reports that there is slowing of the expansion of economic activity. The unemployment rate continues to be low. The rate of inflation has softened as compared to the beginning of the year. The US banking system is stable and strong. The Committee continues to pay close attention to inflationary threats. The Committee seeks to achieve maximum employment and inflation at the rate of 2% over the longer run.

Furthermore, as previously stated, the Committee will continue to reduce its holdings of Treasury securities, agency debt, and agency mortgage-backed securities. The Committee will continue to evaluate the implications of new information for the economic outlook in determining the appropriate stance of monetary policy. If risks that may hamper the Committee's aims materialize, the Committee would be willing to change its monetary policy stance as needed. The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 5.4%, effective December 14, 2023. The Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 5.5%.

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

<https://www.federalreserve.gov/monetarypolicy/files/monetary20231213a1.pdf>

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Warm Regards,

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