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Federal funds rate stands at 5.25%–5.5%; maintaining the status quo on the back of expanding economy and easing but elevated inflation

The Federal Open Market Committee (FOMC) has decided to maintain the target range for the federal funds rate at 5.25–5.5 percent, maintaining the status quo. The FOMC reports that economic activity has continued to expand steadily, job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run.

In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. Effective May 2, 2024, the Federal Reserve System's Board of Governors unanimously decided to conduct standing overnight repurchase agreement operations with a minimum bid rate of 5.5 percent and with an aggregate operation limit of \$500 billion and conduct standing overnight reverse repurchase agreement operations at an offering rate of 5.3 percent and with a per-counterparty limit of \$160 billion per day. The Federal Reserve System's Board of Governors unanimously agreed on the establishment of the primary credit rate at the existing level of 5.5 percent.

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

<https://www.federalreserve.gov/monetarypolicy/files/monetary20240501a1.pdf>

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Warm Regards,

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