
Fed leaves rates unchanged at 1% to 1.25%

By Editorial Staff Thu, Aug 17, 2017

The Open Market Committee said it will keep reinvesting principal payments from holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and rolling over maturing Treasury securities at auction.

The Federal Open Market Committee released the minutes of its July 25-26 meeting this week, and issued a press release. Highlights of the release included:

- With gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further.
- In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate at 1 to 1-1/4 percent.
- The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation.
- Inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term but to stabilize around the Committee's 2 percent objective over the medium term.
- For the time being, the Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction.
- The Committee directs the Open Market Desk at the Federal Reserve Bank of New York to continue rolling over maturing Treasury securities at auction and to continue reinvesting principal payments on all agency debt and agency mortgage-backed securities in agency mortgage-backed securities.