

## INVESTMENT COUNSEL AND MANAGEMENT

# FOMC Meeting Update

... as summarized by **Smith Shellnut Wilson**

---

---

SMITH  
SHELLNUT  
WILSON

---

---

Federal Reserve officials left the target fed funds range unchanged while reiterating their plan to gradually lift borrowing costs to keep the economy expanding at a healthy pace.

The Committee said it expects that “further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee’s symmetric 2% objective,” repeating language from its June statement.

Fed Chairman Jerome Powell is trying to nurture the second longest U.S. expansion on record by slowly reducing the amount of support that monetary policy provides to growth. The economy is riding a tailwind from tax cuts and higher federal spending, although a trade war threatens to dent growth.

The Committee described risks to the outlook as “roughly balanced,” and restated that “monetary policy remains accommodative” while leaving the target range for its benchmark policy rate at 1.75% to 2%.

Attached is a side-by-side comparison of the U.S. Federal Open Market Committee statements from August 1, 2018 and June 13, 2018.

---

SSW Research Department  
Office: (601) 605-1776  
Contact: Ray Thompson  
Email: [rayt@ssw1776.com](mailto:rayt@ssw1776.com)

---

*Source for the information in this update is Bloomberg News*

---

Smith Shellnut Wilson, LLC  
150 Fountains Blvd., Ste A  
Madison, MS 39110-6377  
Office: (601) 605-1776  
Fax: (601) 605-1710  
Website: [www.ssw1776.com](http://www.ssw1776.com)

---

## FOMC STATEMENTS: SIDE-BY-SIDE

Aug 1, 2018

Information received since the Federal Open Market Committee met in **June** indicates that the labor market has continued to strengthen and that economic activity has been rising at a **strong** rate. Job gains have been strong, on average, in recent months, and the unemployment rate has **stayed low**. Household spending **and** business fixed investment **have grown** strongly. On a 12-month basis, both overall inflation and inflation for items other than food and energy **remain near** 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the **Committee's** symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced.

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** 1-3/4 to 2 percent. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

Voting for the FOMC monetary policy action were: Jerome H. Powell, Chairman; **John C. Williams**, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Lael Brainard; **Esther L. George**; Loretta J. Mester; **and** Randal K. Quarles.

June 13, 2018

Information received since the Federal Open Market Committee met in **May** indicates that the labor market has continued to strengthen and that economic activity has been rising at a **solid** rate. Job gains have been strong, on average, in recent months, and the unemployment rate has **declined**. **Recent data suggest that growth of** household spending **has picked up, while** business fixed investment **has continued to grow** strongly. On a 12-month basis, both overall inflation and inflation for items other than food and energy **have moved close to** 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the **Committee's** symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced.

In view of realized and expected labor market conditions and inflation, the Committee decided to **raise** the target range for the federal funds rate **to** 1-3/4 to 2 percent. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

Voting for the FOMC monetary policy action were Jerome H. Powell, Chairman; **William C. Dudley**, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Lael Brainard; Loretta J. Mester; Randal K. Quarles; **and** **John C. Williams**.