

INVESTMENT COUNSEL AND MANAGEMENT

FOMC Meeting Update

... as summarized by Smith Shellnut Wilson

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Information received since the Federal Open Market Committee met in December 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 remained low. Household spending has continued to grow strongly, while growth of business fixed investment has moderated from its rapid pace earlier last year. On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent. Although market-based measures of inflation compensation have moved lower in recent months, survey-based measures of longer-term inflation expectations are little changed.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. In support of these goals, the Committee decided to maintain the target range for the federal funds rate at 2-1/4 to 2-1/2%. The Committee continues to view sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2% objective as the most likely outcomes. In light of global economic and financial developments and muted inflation pressures, the Committee will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support these outcomes.

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% 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

Attached is a side-by-side comparison of the U.S. Federal Open Market Committee statements from January 30, 2019 and December 19, 2018.

Source for the information in this update is Bloomberg News

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FOMC STATEMENTS: SIDE-BY-SIDE

Jan. 30, 2019

Information received since the Federal Open Market Committee met in **December** 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 remained low. Household spending has continued to grow strongly, while growth of business fixed investment has moderated from its rapid pace earlier **last** year. On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent. **Although market-based measures of inflation compensation have moved lower in recent months, survey-based measures** of longer-term inflation expectations are little changed.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. **In support of these goals, the Committee decided to maintain the target range for the federal funds rate at 2-1/4 to 2-1/2 percent. The Committee continues to view** sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective **as the most likely outcomes. In light of** global economic and financial developments and **muted inflation pressures, the Committee will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support these outcomes.**

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; Michelle W. Bowman; Lael Brainard; **James Bullard; Richard H. Clarida; Charles L. Evans; Esther L. George; Randal K. Quarles; and Eric S. Rosengren.**

Dec. 19, 2018

Information received since the Federal Open Market Committee met in **November** 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 remained low. Household spending has continued to grow strongly, while growth of business fixed investment has moderated from its rapid pace earlier **in the** year. 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 **judges that some 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. The Committee judges that risks to the economic outlook are roughly balanced, but will continue to monitor** global economic and financial developments and **assess their implications for the economic outlook.**

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 2-1/4 to 2-1/2 percent.

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; Michelle W. Bowman; Lael Brainard; Richard H. Clarida; Mary C. Daly; Loretta J. Mester; and Randal K. Quarles.**