

# FOMC Meeting Update

... as summarized by Smith Shellnut Wilson

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The Federal Reserve left interest rates unchanged today at its last policy meeting of the year and signaled that it would keep the current fed funds range on hold through 2020 amid solid economic data.

“The Committee judges that the current state of monetary policy is appropriate to support sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee’s symmetric 2% objective,” the FOMC said in a statement released this afternoon after a two-day meeting.

Fed funds futures held steady and continue to show a quarter-point cut priced in for 2020, with a 70% probability.

Attached is a side-by side comparison of the U.S. Federal Open Market Committee statements from December 11, 2019 and October 30, 2019.

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Dec. 2019

Information received since the Federal Open Market Committee met in **October** indicates that the labor market remains strong and that economic activity has been rising at a moderate rate. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although household spending has been rising at a strong pace, business fixed investment and exports remain weak. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation remain low; 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. **The Committee decided to maintain the target range for the federal funds rate at 1-1/2 to 1-3/4 percent. The Committee judges that the current stance of monetary policy is appropriate to support** sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective. The Committee will continue to monitor the implications of incoming information for the economic outlook, **including global developments and muted inflation pressures,** as it assesses the appropriate path of the target range for the federal funds rate.

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 monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michelle W. Bowman; Lael Brainard; James Bullard; Richard H. Clarida; Charles L. Evans; **Esther L. George; Randal K. Quarles; and Eric S. Rosengren.**

Oct. 2019

Information received since the Federal Open Market Committee met in **September** indicates that the labor market remains strong and that economic activity has been rising at a moderate rate. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although household spending has been rising at a strong pace, business fixed investment and exports remain weak. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation remain low; 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 light of the implications of global developments for the economic outlook as well as muted inflation pressures, the Committee decided to lower the target range for the federal funds rate to 1-1/2 to 1-3/4 percent. This action supports the Committee's view** that sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective **are the most likely outcomes, but uncertainties about this outlook remain.** The Committee will continue to monitor the implications of incoming information for the economic outlook as it assesses the appropriate path of the target range for the federal funds rate.

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Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michelle W. Bowman; Lael Brainard; James Bullard; Richard H. Clarida; Charles L. Evans; **and Randal K. Quarles. Voting against this action were: Esther L. George and Eric S. Rosengren, who preferred at this meeting to maintain the target range at 1-3/4 percent to 2 percent.**