

FOMC Update

. . . as summarized by Smith Shellnut Wilson

The Federal Reserve signaled it will start raising interest rates "soon" and shrink its bond holdings after liftoff has begun, moving toward ending ultra-easy pandemic support to fight the hottest inflation in a generation.

"With inflation well above 2% and a strong labor market, the committee expects it will soon be appropriate to raise the target range for the federal funds rate," the Federal Open Market Committee said in a statement Wednesday following a two-day policy meeting. In a separate statement, the Fed said it expects the process of balance-sheet reduction "will commence after the process of increasing the target range for the federal funds rate has begun."

A rate hike would be the central bank's first since 2018, with many analysts forecasting a quarter-point increase in March to be followed by three more this year and additional moves beyond.

Please click the link for a [side-by-side comparison](#) of the U.S. Federal Open Market Committee statements from January 26, 2022 and December 15, 2021.

Source: *Bloomberg News*

Jan. 26, 2022

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