

FOMC Update

. . . as summarized by Smith Shellnut Wilson



Federal Reserve officials raised interest rates by 75 basis points for the second straight month and Chair Jerome Powell said a similar move was possible again, while rejecting speculation that the US economy is in recession. Policy makers, facing the hottest cost pressures in 40 years, lifted the target for the federal funds rate on Wednesday to a range of 2.25% to 2.5%. That takes the cumulative June-July increase to 150 basis points -- the steepest since the price-fighting era of Paul Volcker in the early 1980s.

“While another unusually large increase could be appropriate at our next meeting,” that will depend on the data between now and then, Powell said. The Fed will also slow the pace of increases at some point, Powell said. In addition, he said officials would set policy on a meeting-by-meeting basis rather than offer explicit guidance on the size of their next rate move, as he has done recently. Those comments sparked a rally in US stocks as Powell spoke, with Treasury yields tumbling along with the dollar.

Please click the link for a [side-by-side comparison](#) of the U.S. Federal Open Market Committee statements from July 27, 2022 and June 15, 2022.