

FOMC Update

. . . as summarized by Smith Shellnut Wilson

Federal Reserve officials raised the benchmark rate by 75 basis points on Wednesday - the largest increase since 1994 - to a range of 1.50%-1.75%, in line with investors' and economists' expectations that shifted on Monday following media reports that the central bank would likely consider such a move in wake of pickup in inflation data. Kansas City Fed President Esther George dissented in favor of a 50 basis-point hike.

New dot-plot projections show sharp increases from March, with the federal funds target rising to 3.4% by year-end, which would represent another 175 basis points of tightening this year, and 3.8% in 2023, before falling to 3.4% in 2024.

The Fed included new wording in its June statement that states it is "strongly committed to returning inflation to its 2 percent objective," omitting prior language relating to its expectation of the strength of the U.S. labor market.

Please click the link for a [side-by-side comparison](#) of the U.S. Federal Open Market Committee statements from June 15, 2022 and May 4, 2022.

Source: Bloomberg Intelligence

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