

Meeting Date: July 30 to 31, 2024

Federal Open Market Committee (FOMC) Meeting Results

FOMC meeting highlights:

- The Fed maintained its Target Fed Funds rate at the current rate of 5.25% to 5.50%. This meeting's vote was unanimous!
- The FOMC, which began to shrink its securities portfolio on June 1, 2022, announced it will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, but at a reduced rate as described in the Plans for Reducing the Size of the Federal Reserve's Balance Sheet that it announced at the June 2024 FOMC meeting.
- The Committee emphasized that it is strongly committed to returning inflation to its 2% objective.

Economic highlights:

Economic activity continues to grow, unemployment up but still low, and inflation has retreated, but remains too high.

- “Recent indicators suggest that economic activity has continued to expand at a solid pace.”

- “Job gains have moderated, and the unemployment rate has moved up but remains low.”
- “Inflation has eased over the past year but remains somewhat elevated.”
- “In recent months, there has been some further progress toward the Committee's 2% inflation objective.”

Announcements:

Fed funds rate remains unchanged at a range of 5.25% to 5.50%, and balance sheet reductions continue.

- “The Committee decided to maintain the target range for the federal funds rate at 5-¼% to 5-½%.”
- “In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks.”
- “The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%.”
- “In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans.”
- “The Committee is strongly committed to returning inflation to its 2% objective.”
- “In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook.”
- “The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals.”
- “The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.”

Implementation note:

- The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 5.4%, effective August 1, 2024.
- As part of its policy decision, the Federal Open Market Committee voted to direct the Open Market Desk at the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:

Effective August 1, 2024, the Federal Open Market Committee directs the Desk to:

- “Undertake open market operations as necessary to maintain the federal funds rate in a target range of 5- $\frac{1}{4}$ % to 5- $\frac{1}{2}$ %.”
- “Conduct standing overnight repurchase agreement operations with a minimum bid rate of 5.5% and with an aggregate operation limit of \$500 billion.”
- “Conduct standing overnight reverse repurchase agreement operations at an offering rate of 5.3% and with a per counterparty limit of \$160 billion per day.”
- “Roll over at auction the amount of principal payments from the Federal Reserve's holdings of Treasury securities maturing in each calendar month that exceeds a cap of \$25 billion per month. Redeem Treasury coupon securities up to this monthly cap and Treasury bills to the extent that coupon principal payments are less than the monthly cap.”
- “Reinvest the amount of principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities (MBS) received in each calendar month that exceeds a cap of \$35 billion per month into Treasury securities to roughly match the maturity composition of Treasury securities outstanding.”
- “Allow modest deviations from stated amounts for reinvestments, if needed for operational reasons.”
- “Engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions.”

- In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 5.5%.

Voting results:

No dissenting votes

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Thomas I. Barkin; Michael S. Barr; Raphael W. Bostic; Michelle W. Bowman; Lisa D. Cook; Mary C. Daly; Austan D. Goolsbee; Philip N. Jefferson; Adriana D. Kugler; and Christopher J. Waller. Austan D. Goolsbee voted as an alternate member at this meeting.

Next meeting:

September 17-18, 2024