

**Meeting Date: January 28-29, 2025**

# Federal Open Market Committee (FOMC) Meeting Results

## FOMC meeting highlights:

- The Fed left rates unchanged. The current Fed Funds rate range remains at 4.25% to 4.50%. This meeting's vote was unanimous!
- The FOMC, which began to shrink its securities portfolio on June 1, 2022, announced it will continue to reduce its holdings of Treasury securities and agency debt and agency mortgage-backed securities.
- The Committee emphasized that it is strongly committed to returning inflation to its 2% objective.

## Economic highlights:

Economic activity continues to grow at a solid pace and the job market remains strong.

- “Recent indicators suggest that economic activity has continued to expand at a solid pace.”
- “The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid.”

- “Inflation remains somewhat elevated.”
- “The Committee seeks to achieve maximum employment and inflation at the rate of 2% over the longer run.”
- “The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance.”
- “The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.”

## Announcements:

Fed funds rate range was unchanged and remains at 4.25% to 4.50%. The committee decided to continue the balance sheet reduction initiative.

- "In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 4-1/4% to 4-1/2%."
- "In considering the extent and timing of additional 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 will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities."
- “The Committee is strongly committed to supporting maximum employment and 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 Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its statement on January 29, 2025:

The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 4.4%, effective January 30, 2025.

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 January 30, 2025, 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 4-1/4% to 4-1/2%.”

“Conduct standing overnight repurchase agreement operations with a minimum bid rate of 4.5% and with an aggregate operation limit of \$500 billion.”

“Conduct standing overnight reverse repurchase agreement operations at an offering rate of 4.25% 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 4.5%.

## Voting results:

Unlike the December 2024 meeting, there were no dissenting votes.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Susan M. Collins; Lisa D. Cook; Austan D. Goolsbee; Philip N. Jefferson; Adriana D. Kugler; Alberto G. Musalem; Jeffrey R. Schmid; and Christopher J. Waller.

## Next meeting:

March 19-20, 2025