

Meeting Date: November 6 to 7, 2024

Federal Open Market Committee (FOMC) Meeting Results

FOMC meeting highlights:

- The Fed reduced its Target Fed Funds range to 4.50% - 4.75%. The previous range was 4.75% - 5.00%. 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.”

- “Since earlier in the year, labor market conditions have generally eased, and the unemployment rate has moved up but remains low.”
- “Inflation has made progress toward the Committee's 2% objective but remains somewhat elevated.”
- “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.”

Announcements:

Fed funds rate reduced by $\frac{1}{4}\%$ and balance sheet reductions continue. A new policy notice is reproduced below.

In support of its goals, the Committee decided to lower the target range for the federal funds rate by $\frac{1}{4}\%$ point to 4- $\frac{1}{2}$ to 4- $\frac{3}{4}\%$.

- In considering 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.

Implementation note:

Decisions Regarding Monetary Policy Implementation

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 November 7, 2024:

The Board of Governors of the Federal Reserve System voted unanimously to lower the interest rate paid on reserve balances to 4.65 percent, effective November 8, 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:

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:

Undertake open market operations as necessary to maintain the federal funds rate in a target range of 4-1/2 to 4-3/4 percent.

Conduct standing overnight repurchase agreement operations with a minimum bid rate of 4.75 percent and with an aggregate operation limit of \$500 billion.

Conduct standing overnight reverse repurchase agreement operations at an offering rate of 4.55 percent 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 a 1/4 percentage point decrease in the primary credit rate to 4.75 percent, effective November 8, 2024.

In taking this action, the Board approved requests to establish that rate submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Dallas, and San Francisco.

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; Beth M. Hammack; Philip N. Jefferson; Adriana D. Kugler; and Christopher J. Waller.

Next meeting:

December 17-18, 2024