

Fed stays put

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As was widely expected, the Federal Reserve made no change to policy rates and little change at all in the language of its Federal Open Market Committee statement released today. The Fed continues to see risks as “roughly balanced” and to anticipate “further gradual increases” in the fed funds rate, although it did downgrade business fixed investment. There was some speculation the bank also might note the slowdown in housing, but that did not appear. The Fed did not tweak the rate of interest on excess reserves (IOER), which has been pressuring the fed funds rate toward the upper end of its 2-2.25% range.

With no Statement of Economic Projections and no press conference by Chairman Jerome Powell, the stock and bond markets took the statement in stride. Attention now moves to the G20 meeting later this month for hints of a resolution of the trade conflict between the U.S. and China. The market also will be on the lookout for the Mueller report, rumored to be released in the next few weeks.



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