

Talking Points

In the latest *Take Five* released Friday, June 15, 2018, Economist Bill Emmons discusses...

FOMC Policy Statement

- Labor Market
 - The labor market has continued to strengthen and economic activity has been rising at a solid rate. Job gains have been strong, on average, in recent months, and the unemployment rate has declined.

- Inflation
 - Overall inflation and inflation for items other than food and energy have moved close to 2 percent.

- The Federal Funds Target Range
 - The Federal Open Market Committee voted to maintain the target range for the federal funds rate at 1.75% to 2%.

- Payments on Reserve Balances
 - The Board of Governors of the Federal Reserve System voted unanimously to raise the interest rate paid on required and excess reserve balances to 1.95 percent, effective June 14, 2018. Setting the interest rate paid on required and excess reserve balances 5 basis points below the top of the target range for the federal funds rate is intended to foster trading in the federal funds market at rates well within the FOMC's target range.

- The Fed's Balance Sheet
 - The balance sheet normalization program, which began in October 2017, will continue at a gradually increasing pace.