

## Talking Points

In the latest *Take Five* released Friday, July 28, 2023, Senior Business Economist Kathleen Navin discusses...

The July 26, 2023, Federal Open Market Committee (FOMC) Policy Statement:

- Labor Market and Inflation
  - Economic activity has been expanding at a moderate pace. The pace of job gains is below that seen earlier in the year but is still strong, and the unemployment rate remains low.
  - Inflation remains elevated.
- The Federal Funds Target Range
  - The FOMC decided to raise the target range for the federal funds rate by 25 basis points to 5 ¼ to 5 ½ percent. The committee is seeing the effects of policy tightening on demand in the most interest-rate-sensitive sectors of the economy, particularly housing and investment. It will take time, however, for the full effects of our ongoing monetary restraint to be realized, especially on inflation. In determining the extent to which additional policy firming may be appropriate to return inflation to 2 percent over time, the FOMC will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments.
- Monetary Policy
  - The FOMC will continue to monitor the implications of incoming information for the economic outlook and would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's goals. The FOMC'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.
- Credit Conditions
  - The U.S. banking system is sound and resilient. Tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. The extent of these effects is uncertain.

*Views expressed in a Take Five videos are the views of the presenter and do not represent the official opinions of the Federal Reserve Bank of St. Louis or the Board of Governors of the Federal Reserve System.*

## Resources

- [FOMC Statement](#)
- [FOMC Press Conference](#)
- [Implementation Note](#)