

Talking Points

In the latest *Take Five* released Friday, December 17, 2021, Economist Bill Emmons discusses...

The December 15, 2021, Federal Open Market Committee (FOMC) Policy Statement:

- Labor Market and Inflation
 - Amid progress on vaccinations and strong policy support, indicators of economic activity and employment have continued to strengthen. The sectors most adversely affected by the pandemic have improved in recent months but continue to be affected by COVID-19. Job gains have been solid in recent months, and the unemployment rate has declined substantially.
 - Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.
- The Federal Funds Target Range
 - The FOMC decided to keep the target range for the federal funds rate at 0 to 1/4 percent. With inflation having exceeded 2 percent for some time, the Committee expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment.
- Monetary Policy
 - In light of the "substantial further progress" the economy has made toward the Committee's goals, the Committee decided to reduce the monthly pace of its net asset purchases by \$20 billion for Treasury securities per month and \$10 billion in agency mortgage-backed securities. Beginning in January, the Committee will increase its holdings of Treasury securities by at least \$40 billion per month and of agency mortgage-backed securities by at least \$20 billion per month. The FOMC judges that similar reductions in the pace of net asset purchases will likely be appropriate each month, but it is prepared to adjust the pace of purchases if warranted by changes in the economic outlook.

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Resources

- [FOMC Statement](#)
- [FOMC Press Conference](#)
- [FOMC Economic Projections](#)