The Fed's Short Yawner

- **This statement is just a placeholder** on the calendar until the release of the minutes on August 22nd, the Fed's Jackson Hole Symposium on August 23–25th and then the September 25–26 meeting. **Wording changes were factual and trivial in nature while offering zero new information on the Fed's bias. I wouldn't take the changes as incrementally hawkish or dovish versus simply reaffirming the obvious that we can all see in the recent data for ourselves while avoiding reference to any alteration of forward looking views.**

- The only wording changes were to the first paragraph. No one would fault the FOMC for upgrading the reference to growth at a "strong rate" and acknowledging that the unemployment rate has stopped declining recently (and ticked up in June).

- The way the Fed upgraded the inflation reference was pretty innocuous. Instead of saying that headline and core inflation "have moved close to" 2 percent they now say "remain near" 2 percent. With PCE inflation at 2.2% y/y and core PCE stuck at about 1.9% y/y for the past four months, "remain near" is a fair and factual characterization.

- What's not in the statement that might have been is more interesting. As expected, there was no effort to signal pause language or Chair Powell's "for now" rate guidance. There is no hint at a deeper balance sheet dialogue. There is no reference to trade and tariff tensions. There is no hint at a discussion on the durability of "strong" growth or inflation goals. There is no stronger reference to a hike in September with wording like 'soon'. Some or all of these matters may be discussed more openly in the FOMC minutes three weeks from now. With no further communication available today in terms of a press conference or forecasts, it would have been highly unusual to signal a dialogue on any of these matters at this point only to go dead quiet on the Fed's calendar for a time until the minutes and Jackson Hole.

- There were no dissenters.

- Please see the attached statement comparison.

CONTACTS

Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

RELEASE DATE: AUGUST 1, 2018

Information received since the Federal Open Market Committee met in June indicates that the labor market has continued to strengthen and that economic activity has been rising at a ***strong*** rate. Job gains have been strong, on average, in recent months, and the unemployment rate has ***stayed low***. ***Household spending and business fixed investment have grown strongly.*** On a 12-month basis, both overall inflation and inflation for items other than food and energy ***remain near*** 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced.

In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate at 1-3/4 to 2 percent. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

Voting for the FOMC monetary policy action were: Jerome H. Powell, Chairman; John C. Williams, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Lael Brainard; Esther L. George; Loretta J. Mester; and Randal K. Quarles.

RELEASE DATE: JUNE 13, 2018

Information received since the Federal Open Market Committee met in May indicates that the labor market has continued to strengthen and that 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**. Recent data suggest that growth of household spending **has picked up**, while business fixed investment **has** continued to grow strongly**.** On a 12-month basis, both overall inflation and inflation for items other than food and energy have moved close to 2 percent. **Indicators of longer-term inflation expectations are little changed, on balance.**

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that further gradual increases in the target range for the federal funds rate **will be consistent with sustained expansion** of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced.

In view of realized and expected labor market conditions and inflation, the Committee decided to raise the target range for the federal funds rate to 1-3/4 to 2 percent. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

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