USA: FOMC Leaves Fed Funds Rate Unchanged; Cook and Hammack Dissent Preferring a 25bp Hike

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BOTTOM LINE: The FOMC left the target range for the fed funds rate unchanged at 3.75-4.00% at its October meeting. Governor Cook and President Hammack dissented from the Committee's decision, preferring a 25bp increase in the target range for the fed funds rate. The post-meeting statement noted that "the accumulation of more information will help the Committee determine the policy stance appropriate to ensure a timely return of inflation to the Committee's 2 percent goal," reiterated that inflation "remains elevated," and upgraded its characterization of economic activity to say it is expanding at a "strong" pace (vs. "solid" previously).

MAIN POINTS:

1. The FOMC left the target range for the fed funds rate unchanged at 3.75-4.00% at its October meeting, following a 25bp hike at the September meeting. Governor Lisa Cook and Cleveland Fed President Beth Hammack, who had also dissented in favor of a 25bp hike at the July meeting, dissented from the Committee's decision, preferring a 25bp increase in the target range for the fed funds rate.

2. The post-meeting statement reiterated that inflation "remains elevated" and noted that "the accumulation of more information will help the Committee determine the policy stance appropriate to ensure a timely return of inflation to the Committee's 2 percent goal." The FOMC also upgraded its characterization of economic activity to say it is "expanding at a strong pace" (vs. "solid" previously). The rest of the statement was unchanged relative to the September meeting.

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