

Federal Open Market Committee Meeting | July 31, 2024

No Move Today, but Fed Widens the Door for September Rate Cut

The Federal Reserve left the overnight rate unchanged at a range of 5.25 to 5.50% but indicated their focus has broadened outside of simply fighting inflation. The committee stated: “The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.”

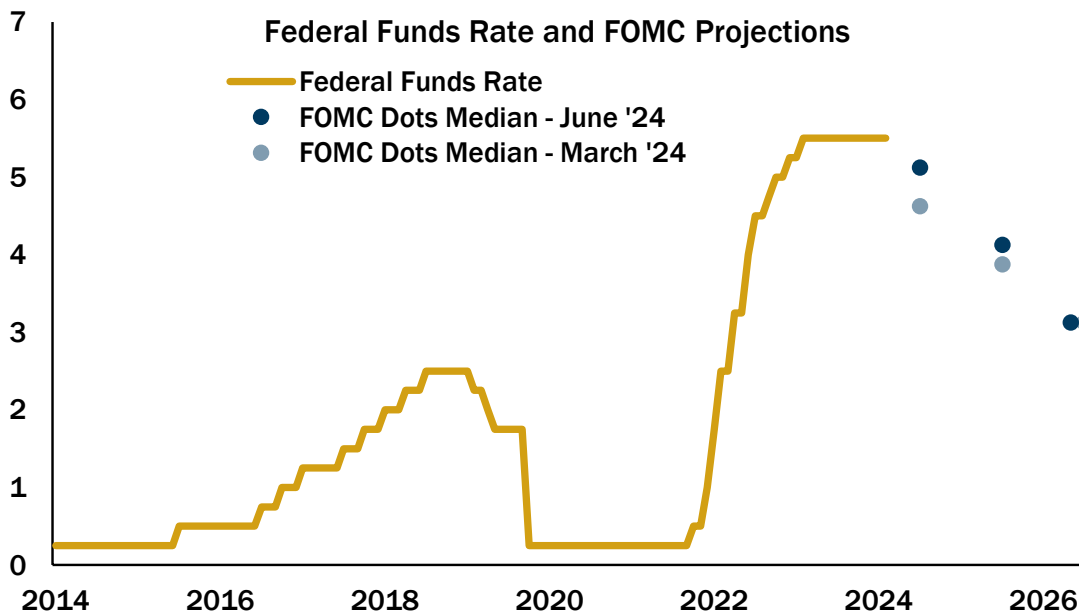
Ahead of today’s meeting, policy makers had the benefit of digesting several economic reports. Second quarter GDP surprised to the upside at 2.4% growth, and consumer price inflation reports showed continued improvement. With this data, we’re confident the Fed is near fulfilling the price stability prong of its dual mandate. Yet, the maximum employment element of their mandate has become a challenge. The unemployment rate has risen 0.7% from its cycle low to 4.1% in June’s employment report. **The FOMC is finally acknowledging the risk of keeping rates elevated for too long, and we believe it is appropriate for the Fed to cut the overnight rate at the September meeting.**

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Source: Federal Reserve, Bloomberg



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