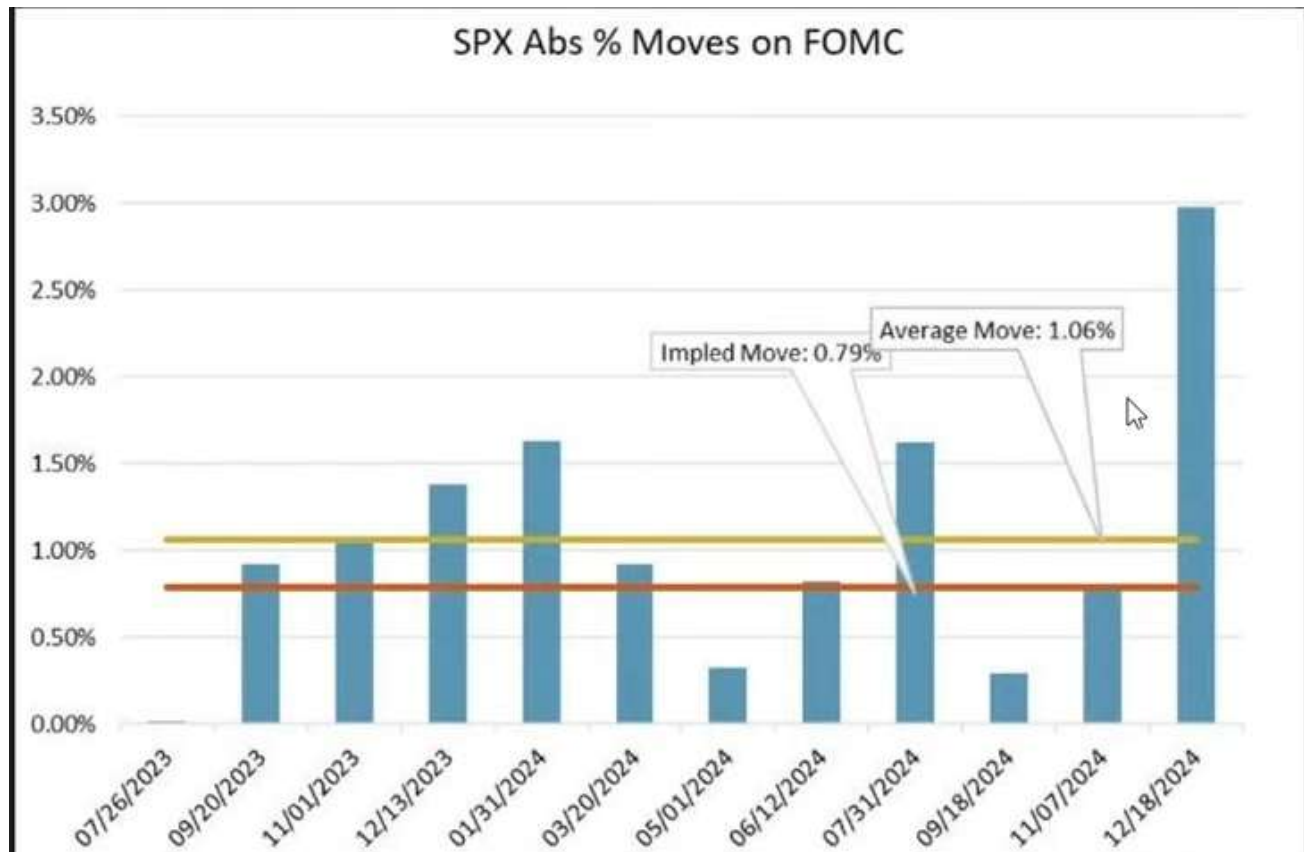


Powell 1/29/25 Notes

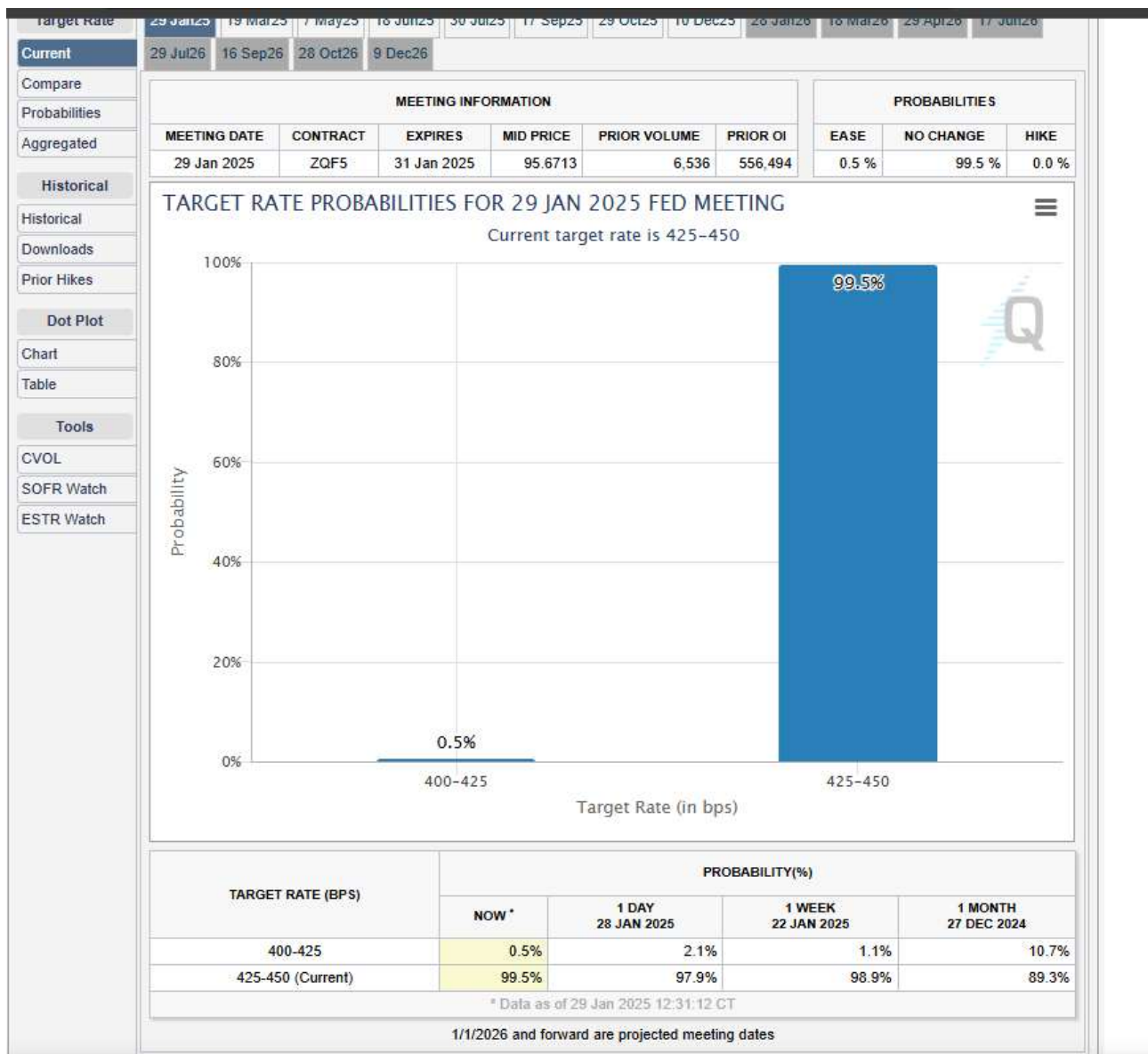
Wednesday, January 29, 2025 1:43 PM

Pre-Event Notes

- Low implied move this afternoon & market just tweaked on a small trump NVDA headline - opportunity can be here today based off the fact wallstreet is heavily positioned on the idea nothing is going to happen - wayyyy below average meeting
- 98% odds of a cut, analysts don't think powell will do anything



1:45 PM



Projected change in statement from MORGAN STANLEY* THIS IS NOT FROM THE FEDS

earlier in the year, labor market conditions have generally eased, **The labor market remains strong. Job gains have been solid, on average, in recent months and the unemployment rate remains low.** has moved up but remains low. Inflation has made progress toward the Committee's 2 percent objective but remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to ~~lower~~ **maintain** the target range for the federal funds rate ~~by 1/4 percentage point to at~~ 4-1/4 to 4-1/2 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee'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.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Thomas I. Barkin; Michael S. Barr; ~~Raphael W. Bostic~~; Michelle W. Bowman; **Susan M. Collins**; Lisa D. Cook; ~~Mary C. Daly~~; **Austan D. Goolsbee**; Philip N. Jefferson; Adriana D. Kugler; **Alberto G.**

JEROME POWELL WILL BE KEY UNLESS THERE IS A MAJOR STATEMENT CHANGE

LIVE @ 2PM

FEDERAL RESERVE press release



For release at 2:00 p.m. EST

January 29, 2025

Recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 4-1/4 to 4-1/2 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

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(more)

-2-

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Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Susan M. Collins; Lisa D. Cook; Austan D. Goolsbee; Philip N. Jefferson; Adriana D. Kugler; Alberto G. Musalem; Jeffrey R. Schmid; and Christopher J. Waller.

-0-

Attachment

For media inquiries, please email media@frb.gov or call 202-452-2955.

Decisions Regarding Monetary Policy Implementation

The Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its [statement](#) on January 29, 2025:

- The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 4.4 percent, effective January 30, 2025.
- As part of its policy decision, the Federal Open Market Committee voted to direct the Open Market Desk at the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:

"Effective January 30, 2025, the Federal Open Market Committee directs the Desk to:

- Undertake open market operations as necessary to maintain the federal funds rate in a target range of 4-1/4 to 4-1/2 percent.
 - Conduct standing overnight repurchase agreement operations with a minimum bid rate of 4.5 percent and with an aggregate operation limit of \$500 billion.
 - Conduct standing overnight reverse repurchase agreement operations at an offering rate of 4.25 percent and with a per-counterparty limit of \$160 billion per day.
 - Roll over at auction the amount of principal payments from the Federal Reserve's holdings of Treasury securities maturing in each calendar month that exceeds a cap of \$25 billion per month. Redeem Treasury coupon securities up to this monthly cap and Treasury bills to the extent that coupon principal payments are less than the monthly cap.
 - Reinvest the amount of principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities (MBS) received in each calendar month that exceeds a cap of \$35 billion per month into Treasury securities to roughly match the maturity composition of Treasury securities outstanding.
 - Allow modest deviations from stated amounts for reinvestments, if needed for operational reasons.
 - Engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions."
- In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 4.5 percent.

(more)

LIVE @ 2:30 Q&A

- PCE rose 2.6% over 12 months ending december
- Core rose 2.8%
- Moving too fast or too much at once can hinder progress but moving too slowly could hinder economic status
- Were not on any preset course & apt. to change policy based on goal progression
- 5 year review of monetary framework taking place this year

1st question about fed independence

- Powell said not appropriate to comment but focus on the task at hand - punted
- Had no contact with trump

2nd question progress on inflation

- Less restrictive than when they started by 100 basis points - dollar dropped off this
- Powell said we don't need to see weak labor data to hit the goal; market came up on this



3rd question powell commented on language change in report & shorten the sentence in the report to come off more dovish - but "not meant to send a signal" - his talking around this made the market go higher yet again

4th question was on Tariffs

- Powell said youll see short end expectations high on inflation not the long end "where it really matters"
- "no different than any other set of policy changes at the beginning of an admin"

5th question about medium to longterm economic forecasts for policy & economic data

- Depends on too much - said a lot to say nothing on this
- Thinks policy may become more restrictive
- Follow up question was are we looking for data to cut or data to hold - OOOOO GOOD QUESTION; POWELL PUNTED AGAIN mans a dog at his job cant lie

Remainder of questions about labor market & broad economic data & how it effects assumptions & actions - binds started to rise & catch up with the market



I think the political hangover is gone powell is trending back to neutral