

# FEDERAL OPEN MARKET COMMITTEE MEETING MINUTES

November 6-7, 2024

Federal Reserve System Board of Governors Washington, D.C.

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## MEETING SUMMARY

The Federal Open Market Committee (FOMC) held its regularly scheduled meeting on November 6-7, 2024, in Washington, D.C. The Committee reviewed economic and financial developments and decided to lower the target range for the federal funds rate by 25 basis points to 4.50 to 4.75 percent.

**Attendees:** - Jerome H. Powell, Chair - John C. Williams, Vice Chair  
- Thomas I. Barkin, Michelle W. Bowman, Lisa D. Cook, Mary C. Daly, Philip N. Jefferson, Adriana D. Kugler, Loretta J. Mester, Christopher J. Waller, and other Federal Reserve officials

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## ECONOMIC OUTLOOK DISCUSSION

### Labor Market Conditions

Participants observed that labor market conditions remained generally solid, though showing signs of gradual cooling from the very tight conditions observed in 2022 and early 2023.

**Key Labor Market Observations:** - Unemployment rate remains near historical lows at approximately 4.1% - Job openings have declined but remain above pre-pandemic levels - Wage growth showing signs of moderation, consistent with sustainable price stability - Labor force participation rates stable with continued strength in prime-age participation

**Participant Views:** Several participants noted that while the labor market remained resilient, the pace of job creation had moderated to levels more consistent with longer-term demographic trends. A few participants emphasized the importance of monitoring labor market momentum for signs of either excessive cooling or unexpected strengthening.

### Price Developments and Inflation

Participants discussed recent inflation data and the progress toward the Committee's 2 percent longer-run goal.

**Inflation Assessment:** - Core PCE inflation has shown continued progress toward the 2% target, though remains somewhat elevated - Services inflation,

excluding housing, continued to show persistence above target levels  
- Housing services inflation showed signs of gradual moderation but remained elevated - Energy and food price volatility continued to influence headline inflation measures

**Committee Discussion:** Most participants expressed confidence that inflation was moving sustainably toward the 2 percent target, though several emphasized the need for continued monitoring of underlying inflation pressures. Some participants noted that while progress had been meaningful, the pace of disinflation had slowed in recent months, warranting a measured approach to policy adjustments.

### Economic Growth and Financial Conditions

**Growth Assessment:** Economic activity expanded at a solid pace in the third quarter, supported by resilient consumer spending and business investment. Participants noted: - Consumer spending remained supported by solid labor market conditions and accumulated savings - Business investment showed continued strength in equipment and structures - Housing market activity remained subdued due to elevated mortgage rates - International growth appeared to be stabilizing after periods of weakness

**Financial Market Conditions:** - Equity markets remained near historical highs with continued investor optimism - Credit spreads remained tight, indicating investor confidence in corporate fundamentals - Banking sector lending standards showed modest tightening but remained generally accommodative - Long-term interest rates reflected market expectations for continued Fed policy normalization

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## MONETARY POLICY DELIBERATIONS

### Policy Rate Decision Rationale

The Committee decided to lower the target range for the federal funds rate by 25 basis points, bringing the range to 4.50 to 4.75 percent. This decision reflected:

**Supporting Factors for Rate Reduction:** - Continued progress toward the 2% inflation target - Signs of moderation in labor market tightness without deterioration in employment conditions - Desire to avoid excessive restraint that could undermine economic expansion - Recognition that policy rates remained well above neutral levels

**Considerations for Cautious Approach:** - Persistence of some inflation pressures, particularly in services sectors - Strong consumer demand and business confidence suggesting economic resilience - Need to maintain credibility of commitment to price stability - Uncertainty regarding the neutral rate of interest in current economic environment

## **Future Policy Path Discussion**

Participants discussed the appropriate future path for monetary policy, with most emphasizing the importance of maintaining flexibility based on incoming economic data.

**Key Themes in Discussion:** - **Data Dependence:** Policy decisions should continue to be guided by incoming data on employment, inflation, and economic activity - **Gradual Approach:** Most participants favored a measured pace of policy adjustments to assess cumulative effects - **Balanced Risks:** Risks to employment and inflation goals appeared roughly balanced - **Communication Strategy:** Importance of clear communication regarding Committee's dual mandate objectives

**Range of Views:** While there was broad agreement on the current decision, participants expressed a range of views on the appropriate pace of future adjustments. Some participants preferred a more gradual approach to rate reductions, while others saw scope for more significant adjustments if economic data supported such moves.

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## **RISK ASSESSMENT AND CONTINGENCY PLANNING**

### **Upside Risks to Inflation**

Participants identified several factors that could lead to higher-than-expected inflation: - Persistent services sector inflation driven by wage-price dynamics - Potential supply chain disruptions from geopolitical developments - Stronger-than-expected consumer demand supporting pricing power - Currency depreciation effects on imported goods prices

### **Downside Risks to Economic Growth**

Key downside risks to economic activity included: - Potential for sharper-than-expected labor market cooling - Commercial real estate sector stress affecting regional banking - International economic weakness spilling over to U.S. exports - Tightening of financial conditions beyond Committee expectations

### **Financial Stability Considerations**

**Banking Sector Assessment:** - Community and regional banks facing continued pressure from commercial real estate exposures - Large banks remained well-capitalized with strong liquidity positions - Credit quality metrics remained generally stable across loan categories - Interest rate risk management receiving increased supervisory attention

**Market-Based Finance:** - Corporate debt markets showing signs of increased risk appetite - Leveraged lending markets exhibiting some relaxation of underwriting standards - Money market funds and other cash management vehicles operating smoothly - Treasury market functioning remained generally orderly despite increased issuance

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## TECHNICAL DISCUSSIONS AND OPERATIONAL MATTERS

### Balance Sheet Considerations

The Committee discussed the ongoing reduction in the size of the Federal Reserve's balance sheet, with participants noting: - Quantitative tightening proceeding smoothly at announced pace - Treasury and mortgage-backed securities holdings declining as planned - Money market conditions remaining stable despite balance sheet reduction - Plans to continue assessing appropriate longer-run balance sheet size

### International Coordination

Staff briefed the Committee on international economic developments and central bank policy actions: - European Central Bank maintaining restrictive policy stance with gradual easing bias - Bank of Japan continuing normalization process from ultra-accommodative policy - Emerging market central banks showing diverse policy approaches based on domestic conditions - Currency market volatility remaining within normal ranges

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## COMMITTEE COMMUNICATIONS AND NEXT STEPS

### Public Communications Strategy

The Committee emphasized the importance of clear and consistent communication about: - Data-dependent approach to future policy decisions - Commitment to achieving dual mandate objectives of maximum employment and price stability - Recognition of the time lags between policy actions and economic effects - Willingness to adjust policy stance as conditions warrant

### Upcoming Economic Data and Events

Key data releases and events between meetings include: - Monthly employment reports and Consumer Price Index data - Quarterly GDP and productivity statistics - Regional Federal Reserve economic surveys and reports - Congressional testimony and public speaking engagements by Committee members

## **Next Meeting Preview**

The Committee's next regularly scheduled meeting is planned for December 17-18, 2024. Participants noted that decisions at that meeting would depend on:

- Evolution of inflation data and labor market indicators
- Assessment of financial conditions and their transmission to economic activity
- International economic developments and their potential U.S. implications
- Any significant changes in longer-term economic outlook

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**Note:** These minutes reflect the general tenor of Committee discussions but should not be interpreted as indicating the precise views of any individual participant. The complete and official minutes are available on the Federal Reserve Board's website at [federalreserve.gov](http://federalreserve.gov).

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*Federal Open Market Committee Minutes are released approximately three weeks after each meeting and provide detailed insights into the Committee's economic assessments and policy deliberations.*