



Press Release

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For immediate release

The Federal Open Market Committee at its meeting today decided to maintain the existing stance of monetary policy, keeping its target for the federal funds rate at 6-1/2 percent.

The utilization of the pool of available workers remains at an unusually high level, and the increase in energy prices, though having limited effect on core measures of prices to date, still harbors the possibility of raising inflation expectations. The Committee, accordingly, continues to see a risk of heightened inflation pressures. However, softening in business and household demand and tightening conditions in financial markets over recent months suggest that the economy could expand for a time at a pace below the productivity-enhanced rate of growth of its potential to produce.

Nonetheless, to date the easing of demand pressures has not been sufficient to warrant a change in the Committee's judgment that against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks continue to be weighted mainly toward conditions that may generate heightened inflation pressures in the foreseeable future.

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