

The US Federal Reserve maintained status quo on Federal funds rates

The Board of Governors of the Federal Reserve System left unchanged the federal funds rate at 0.25 percent and interest rate paid on required and excess reserve balances at 0.50 percent.

The Federal Open Market Committee in its statement on September 21, 2016 kept interest rates unchanged but strongly signaled it could still tighten monetary policy by the end of this year as the labor market improved further. The Fed said US economic activity had picked up and job gains were robust in recent months. The Fed also said the near-term risks for the economic outlook appear balanced, that signals to policymakers think the economy is likely to outperform forecasts as to underperform them.

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 September 21, 2016:

- The Board of Governors of the Federal Reserve System left unchanged the interest rate paid on required and excess reserve balances at 0.50 percent.
- Effective September 22, 2016, 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 1/4 to 1/2 percent.
- These should include overnight reverse repurchase operations (and reverse repurchase operations with maturities of more than one day when necessary to accommodate weekend, holiday, or similar trading conventions) at an offering rate of 0.25 percent.
- The amounts for this are limited only by the value of Treasury securities held outright in the System Open Market Account that are available for such operations and by a per-counterparty limit of \$30 billion per day.
- The Committee further directed the Desk to continue rolling over maturing Treasury securities at auction and to continue reinvesting principal payments on all agency debt and agency mortgage-backed securities in agency mortgage-backed securities.
- The Committee also directs the Desk to engage in dollar roll and coupon swap transactions as

necessary to facilitate settlement of the Federal Reserve's agency mortgage-backed securities transactions.

- The Board of Governors of the Federal Reserve System took no action to change the discount rate (the primary credit rate), which remains at 1.00 percent.

Warm regards,

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