



**PHD RESEARCH BUREAU**  
PHD CHAMBER OF COMMERCE AND INDUSTRY

## **Federal reserve lowers the target by 50 bps on fed rate at 4.75% - 5%**

The Federal Open Market Committee (FOMC) has decided to lower the target range for the federal funds rate by 1/2 percentage point to 4.75 percent to 5 percent, given moderate job gains, slight upward movement of unemployment rate up but remains low and solid expansion of economic activity. In the long run, the Committee aims to attain maximum employment and 2% inflation. The Committee determines that there is still a better balance between the risks and the potential to meet its inflation and employment targets. The Committee is aware of the risks associated with carrying out the dual mandate, given the uncertain nature of the economic outlook.

In addition, the Board of Governors of the Federal Reserve System have lower the interest rate paid on reserve balances at 4.9%, effective September 19, 2024; will conduct standing overnight repurchase agreement operations with a minimum bid rate of 5% and with an aggregate operation limit of \$500 billion; will conduct standing overnight reverse repurchase agreement operations at an offering rate of 4.8% and with a per-counterparty limit of \$160 billion per day and approve a 1/2 percentage point decrease in the primary credit rate to 5 percent, effective September 19, 2024.

Please find the link to access the detailed document on the same

<https://www.federalreserve.gov/monetarypolicy/files/monetary20240918a1.pdf>

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Warm Regards,

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