Fed Holds Steady, but September's Still a Toss-up

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By a 9-2 count, Fed officials voted to hold the overnight funds target unchanged in a range of 4.25% to 4.50% for the fifth consecutive FOMC meeting. Two committee members dissented for the first time since 1993, with Fed Governors Chris Waller and Michelle Bowman favoring an immediate quarter point reduction. *Unusual but expected.*

The one-page official statement, a frequent source for monetary policy clues, was nearly identical to the statement from the previous meeting. The only notable change was a downgrade in the Fed's view of the economy. Whereas economic growth in mid-June had continued to "expand at a solid pace," the updated assessment was that growth had "moderated in the first half of the year." The clue in this case might be that the committee now perceives a weakening economy, which could indicate the first rate cut of the year has been teed-up for the September meeting …*or not*. With no change in the rate target and no fresh dot plot or economic projections, all attentions shifted to Chairman Jerome Powell's post-meeting press conference.

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