



Basis Points February 8, 2024

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FOMC Held Steady on Federal Funds Rate

As expected, the Federal Open Market Committee maintained the federal funds target rate range at its current 5.25%-5.50%. While economic activity and employment were solid, inflation remained elevated. The Committee appeared to discourage any expectations of an impending interest rate reduction by indicating, “The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%.”

Employment Increased in January

January saw employment increase by 353,000, well above expectations. January’s total, coupled with December’s upwardly revised total of 333,000, clearly shows strength in the labor sector. Last month, job gains occurred in professional and business services, health care, retail trade and

social assistance. Employment declined in the mining, quarrying, and oil and gas extraction industries. In January, the unemployment rate was 3.7% for the third month in a row, and the number of unemployed people declined by 144,000 to 6.1 million. The labor participation rate, at 62.5%, was unchanged from the December estimate.

Eye on the Week Ahead

This week is light on economic data. Most of the attention will remain on the escalating conflict in the Middle East and the presidential primaries. The January survey of purchasing managers in the services sector is out this week. December saw the Purchasing Managers' Index expand modestly.

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