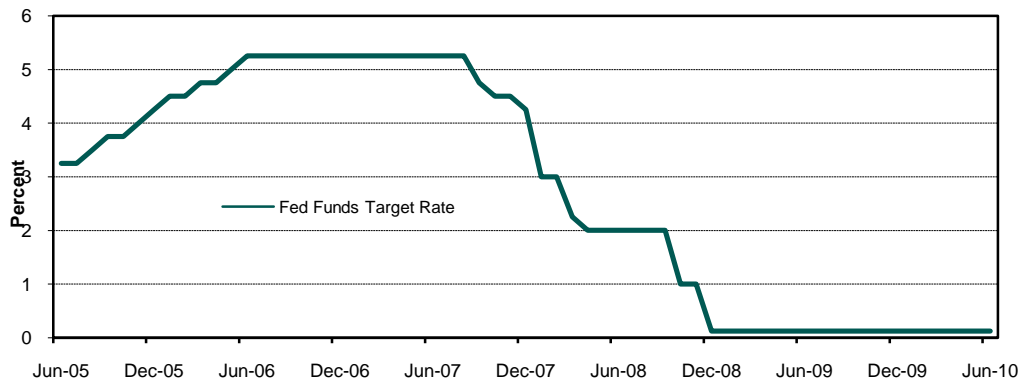


### LOW RATES TO BE MAINTAINED AS RECOVERY PROCEEDS

FOMC Policy Meeting – Wednesday June 23, 2010



Fed Funds Target	
Forecast:	0% to 0.25%
Consensus:	0% to 0.25%
Actual:	0% to 0.25%

The Federal Open Market Committee decided to maintain the target for the federal funds rate at an exceptionally low level of 0% to 0.25% at the conclusion of their two-day policy setting session today. Given current economic conditions of slow improvement combined with declining inflationary pressures, policymakers believe they will keep the target low for an extended period of time. The Committee did note tighter financial conditions domestically largely related to the European debt crisis. The policy statement language was little changed from April, including the wording of the one dissenting vote from the President of the Kansas City Federal Reserve Bank, Thomas Hoenig, who expressed his concern of possible imbalances and loss of flexibility. The FOMC would like to see some staying power in the economic recovery, further job growth and lower unemployment before removing accommodative monetary policy. Consequently, rates could remain this low for the remainder of this year.

### Federal Open Market Committee Policy Statement

(*Italics/highlight* indicate material changes in wording from last statement)

Release Date: **June 23, 2010**

#### For immediate release

Information received since the Federal Open Market Committee met in **April** suggests that **the economic recovery is proceeding** and that the labor market is improving **gradually**. Household spending **is increasing** but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit. Business spending on equipment and software has risen significantly; however, investment in nonresidential structures **continues to be weak**, and employers remain reluctant to add to payrolls. Housing starts remain at a depressed level. **Financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad**. Bank lending **has continued to contract in recent months**. **Nonetheless**, the Committee anticipates a gradual return to higher levels of resource utilization in a context of price stability, although the pace of economic recovery is likely to be moderate for a time.

**Prices of energy and other commodities have declined somewhat in recent months and underlying inflation has trended lower**. With substantial resource slack continuing to restrain cost pressures and with longer-term inflation expectations stable, inflation is likely to be subdued for some time.

The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to promote economic recovery and price stability.

Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; William C. Dudley, Vice Chairman; James Bullard; Elizabeth A. Duke; Donald L. Kohn; Sandra Pianalto; Eric S. Rosengren; Daniel K. Tarullo; Kevin M. Warsh. Voting against the policy action was Thomas M. Hoenig, who believed that continuing to express the expectation of exceptionally low levels of the federal funds rate for an extended period was no longer warranted because it could lead to the buildup of financial imbalances and increase risks to longer-run macroeconomic and financial stability, while limiting the Committee's flexibility to begin raising rates modestly.