



Press Release

Release Date: June 19, 2019

For release at 2:00 p.m. EDT

Information received since the Federal Open Market Committee met in May indicates that the **labor market remains strong** and that **economic activity is rising at a moderate rate**. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. **Although growth of household spending appears to have picked up from earlier in the year, indicators of business fixed investment have been soft.** On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation have declined; survey-based measures of longer-term inflation expectations are little changed.

...Committee decided to **maintain** the target range for the federal funds rate at 2-1/4 to 2-1/2 percent. ...

In light of these uncertainties and muted inflation pressures, the **Committee will closely monitor the implications of incoming information for the economic outlook** and will act as appropriate to sustain the expansion, with a strong labor market and inflation near its symmetric 2 percent objective.

***Note:** James Bullard preferred to lower the target range by 25 basis points.

Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, June 2019

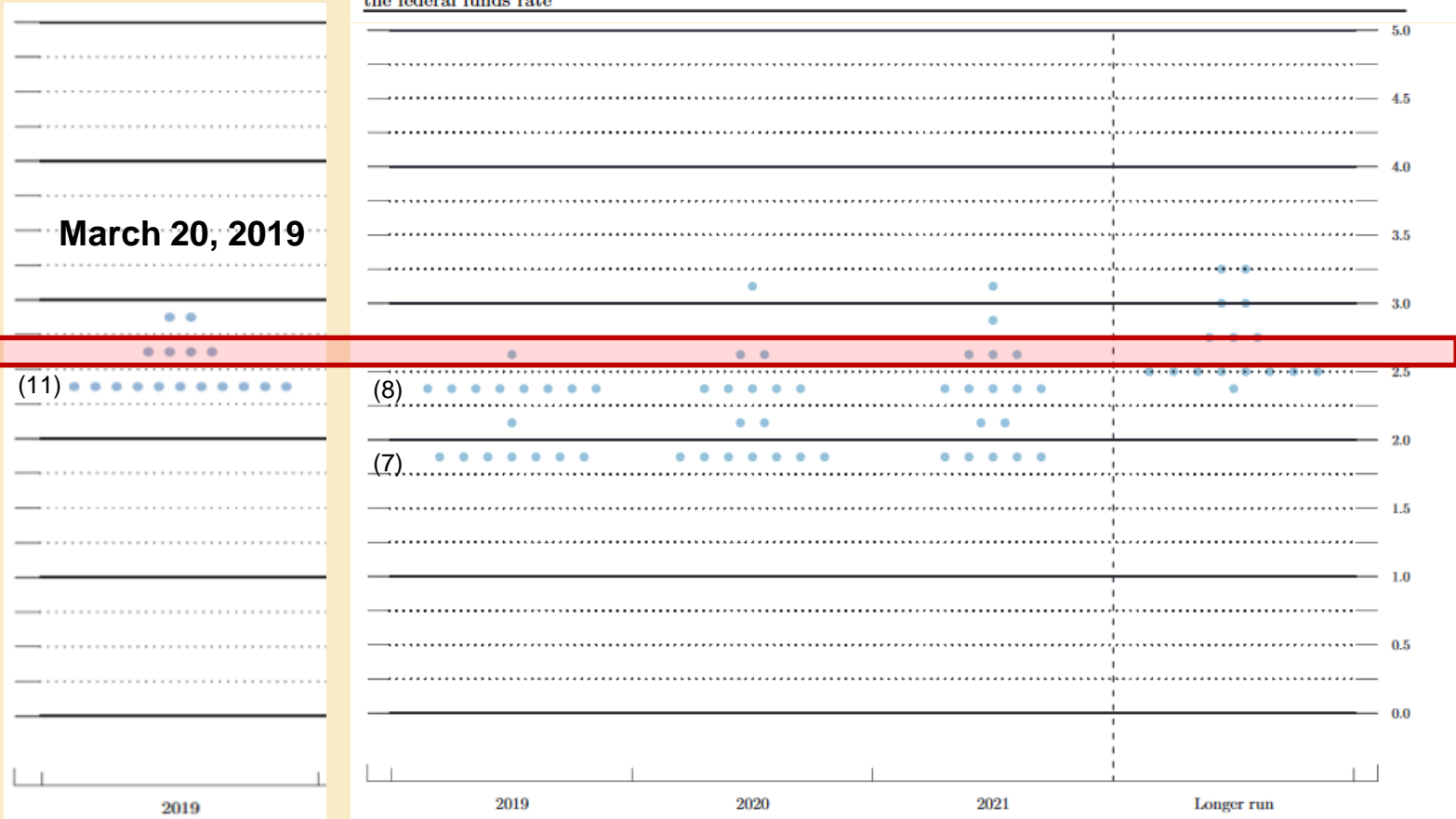
Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Percent

| Variable | Median ¹ | | | | Central tendency ² | | | | Range ³ | | | |
|---|---------------------|------|------|------------|-------------------------------|-----------|-----------|------------|--------------------|-----------|-----------|------------|
| | 2019 | 2020 | 2021 | Longer run | 2019 | 2020 | 2021 | Longer run | 2019 | 2020 | 2021 | Longer run |
| Change in real GDP | 2.1 | 2.0 | 1.8 | 1.9 | 2.0 – 2.2 | 1.8 – 2.2 | 1.8 – 2.0 | 1.8 – 2.0 | 2.0 – 2.4 | 1.5 – 2.3 | 1.5 – 2.1 | 1.7 – 2.1 |
| March projection | 2.1 | 1.9 | 1.8 | 1.9 | 1.9 – 2.2 | 1.8 – 2.0 | 1.7 – 2.0 | 1.8 – 2.0 | 1.6 – 2.4 | 1.7 – 2.2 | 1.5 – 2.2 | 1.7 – 2.2 |
| Unemployment rate | 3.6 | 3.7 | 3.8 | 4.2 | 3.6 – 3.7 | 3.5 – 3.9 | 3.6 – 4.0 | 4.0 – 4.4 | 3.5 – 3.8 | 3.3 – 4.0 | 3.3 – 4.2 | 3.6 – 4.5 |
| March projection | 3.7 | 3.8 | 3.9 | 4.3 | 3.6 – 3.8 | 3.6 – 3.9 | 3.7 – 4.1 | 4.1 – 4.5 | 3.5 – 4.0 | 3.4 – 4.1 | 3.4 – 4.2 | 4.0 – 4.6 |
| PCE inflation | 1.5 | 1.9 | 2.0 | 2.0 | 1.5 – 1.6 | 1.9 – 2.0 | 2.0 – 2.1 | 2.0 | 1.4 – 1.7 | 1.8 – 2.1 | 1.9 – 2.2 | 2.0 |
| March projection | 1.8 | 2.0 | 2.0 | 2.0 | 1.8 – 1.9 | 2.0 – 2.1 | 2.0 – 2.1 | 2.0 | 1.6 – 2.1 | 1.9 – 2.2 | 2.0 – 2.2 | 2.0 |
| Core PCE inflation ⁴ | 1.8 | 1.9 | 2.0 | | 1.7 – 1.8 | 1.9 – 2.0 | 2.0 – 2.1 | | 1.4 – 1.8 | 1.8 – 2.1 | 1.8 – 2.2 | |
| March projection | 2.0 | 2.0 | 2.0 | | 1.9 – 2.0 | 2.0 – 2.1 | 2.0 – 2.1 | | 1.8 – 2.2 | 1.8 – 2.2 | 1.9 – 2.2 | |
| Memo: Projected appropriate policy path | | | | | | | | | | | | |
| Federal funds rate | 2.4 | 2.1 | 2.4 | 2.5 | 1.9 – 2.4 | 1.9 – 2.4 | 1.9 – 2.6 | 2.5 – 3.0 | 1.9 – 2.6 | 1.9 – 3.1 | 1.9 – 3.1 | 2.4 – 3.3 |
| March projection | 2.4 | 2.6 | 2.6 | 2.8 | 2.4 – 2.6 | 2.4 – 2.9 | 2.4 – 2.9 | 2.5 – 3.0 | 2.4 – 2.9 | 2.4 – 3.4 | 2.4 – 3.6 | 2.5 – 3.5 |

For release at 2:00 p.m., EDT, June 19, 2019

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



March 20, 2019

(11)

(8)

(7)

2019

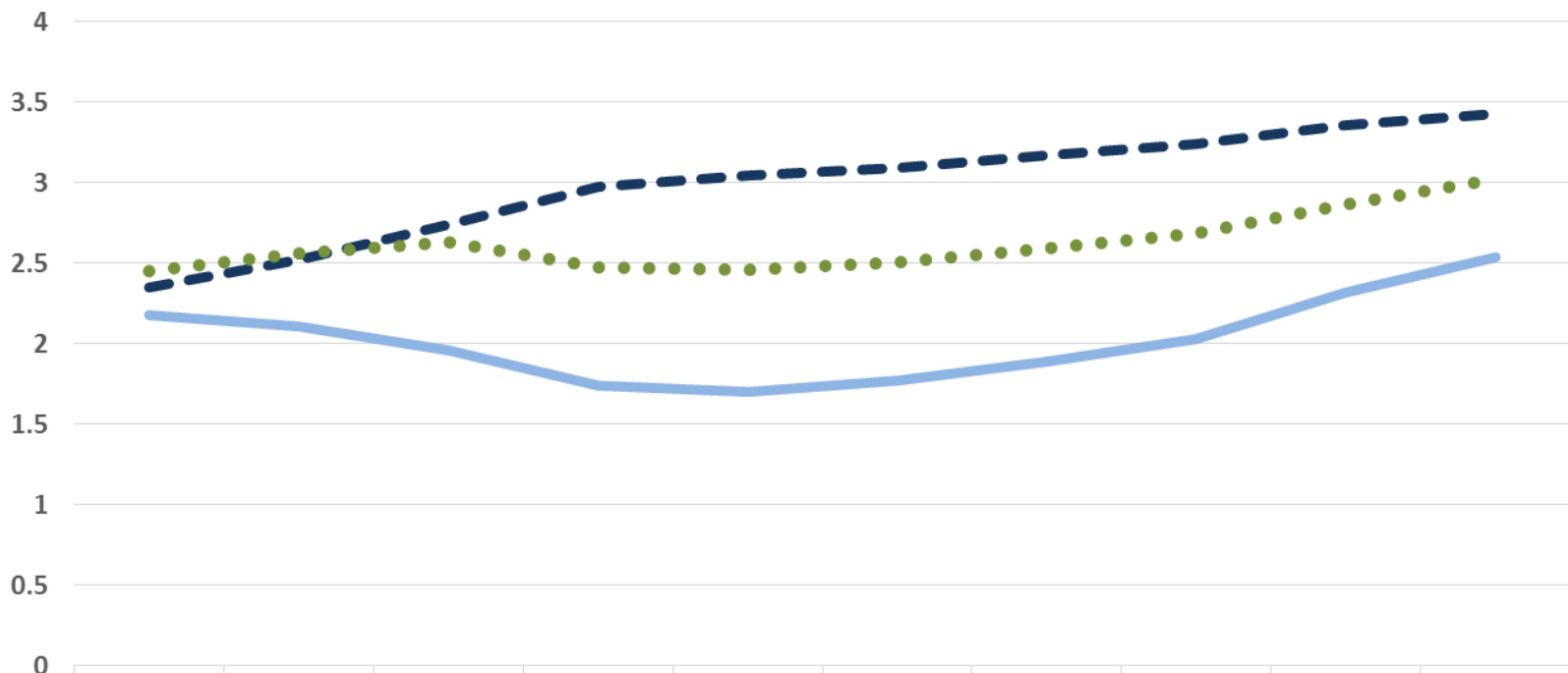
2019

2020

2021

Longer run

US Treasury Curve



| | 3 mo | 6 mo | 1 yr | 2 yr | 3 yr | 5 yr | 7 yr | 10 yr | 20 yr | 30 yr |
|-------------------|------|------|------|------|------|------|------|-------|-------|-------|
| 11/8/2018 | 2.35 | 2.52 | 2.74 | 2.98 | 3.05 | 3.09 | 3.17 | 3.24 | 3.36 | 3.43 |
| 12/31/2018 | 2.45 | 2.56 | 2.63 | 2.48 | 2.46 | 2.51 | 2.59 | 2.69 | 2.87 | 3.02 |
| 6/19/2019 | 2.18 | 2.11 | 1.96 | 1.74 | 1.7 | 1.77 | 1.89 | 2.03 | 2.32 | 2.54 |

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

| | Seasonally adjusted changes from preceding month | | | | | | | Un-adjusted 12-mos. ended May 2019 |
|--|--|-----------|-----------|-----------|-----------|-----------|----------|------------------------------------|
| | Nov. 2018 | Dec. 2018 | Jan. 2019 | Feb. 2019 | Mar. 2019 | Apr. 2019 | May 2019 | |
| All items | .0 | .0 | .0 | .2 | .4 | .3 | .1 | 1.8 |
| Food | .2 | .3 | .2 | .4 | .3 | -.1 | .3 | 2.0 |
| Food at home | .1 | .3 | .1 | .4 | .4 | -.5 | .3 | 1.2 |
| Food away from home ¹ | .3 | .4 | .3 | .4 | .2 | .3 | .2 | 2.9 |
| Energy | -2.8 | -2.6 | -3.1 | .4 | 3.5 | 2.9 | -.6 | -.5 |
| Energy commodities | -5.0 | -5.7 | -5.3 | 1.5 | 6.2 | 5.4 | -.4 | -.3 |
| Gasoline (all types) | -5.2 | -5.8 | -5.5 | 1.5 | 6.5 | 5.7 | -.5 | -.2 |
| Fuel oil | -2.9 | -9.4 | -1.3 | 2.6 | 2.1 | 1.3 | -.3 | -.8 |
| Energy services | .2 | 1.5 | -.5 | -.8 | .3 | -.1 | -.8 | -.7 |
| Electricity | .2 | .4 | -.6 | -.3 | .4 | .0 | -.8 | -.2 |
| Utility (piped) gas service | .2 | 5.1 | -.3 | -2.4 | -.1 | -.8 | -1.0 | -2.6 |
| All items less food and energy | .2 | .2 | .2 | .1 | .1 | .1 | .1 | 2.0 |
| Commodities less food and energy | | | | | | | | |
| commodities | .2 | .0 | .4 | -.2 | -.2 | -.3 | -.1 | -.2 |
| New vehicles | .0 | .0 | .2 | -.2 | .4 | .1 | .1 | .9 |
| Used cars and trucks | 2.5 | -.5 | .1 | -.7 | -.4 | -1.3 | -1.4 | .3 |
| Apparel | -.6 | .0 | 1.1 | .3 | -1.9 | -.8 | .0 | -3.1 |
| Medical care commodities | .5 | -.4 | .1 | -1.0 | .4 | .9 | -.4 | -.7 |
| Services less energy services | .2 | .2 | .2 | .2 | .3 | .3 | .2 | 2.7 |
| Shelter | .3 | .3 | .3 | .3 | .4 | .4 | .2 | 3.3 |
| Transportation services | .0 | -.1 | -.2 | -.1 | .0 | .1 | .1 | 1.1 |
| Medical care services | .4 | .4 | .3 | .0 | .3 | .2 | .5 | 2.8 |

¹ Not seasonally adjusted.

Survey

1.9% YOY

2.0% YOY

Chart 1. One-month percent changes in selected PPI final demand price indexes, seasonally adjusted

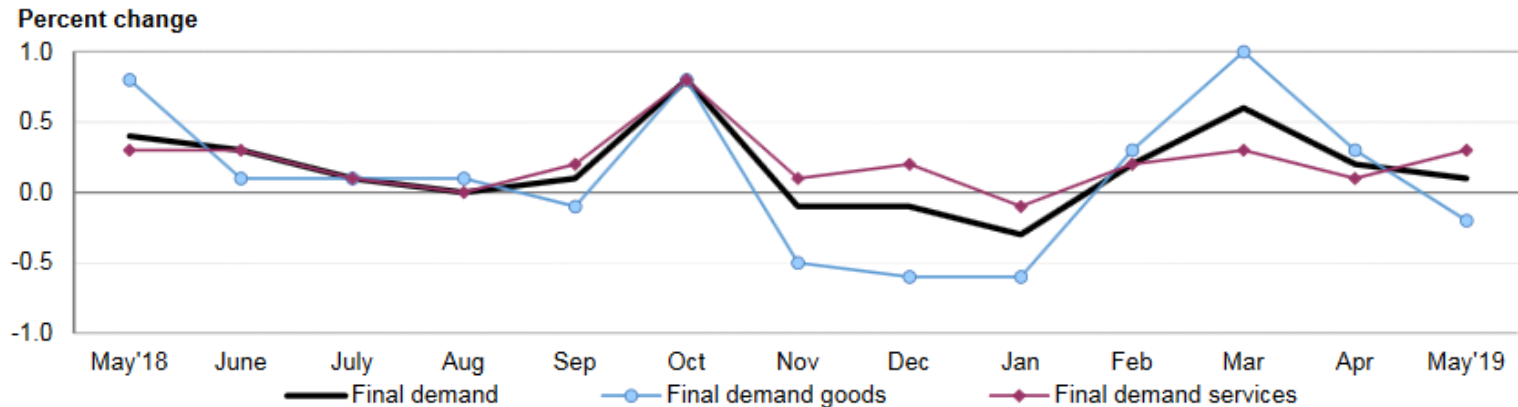
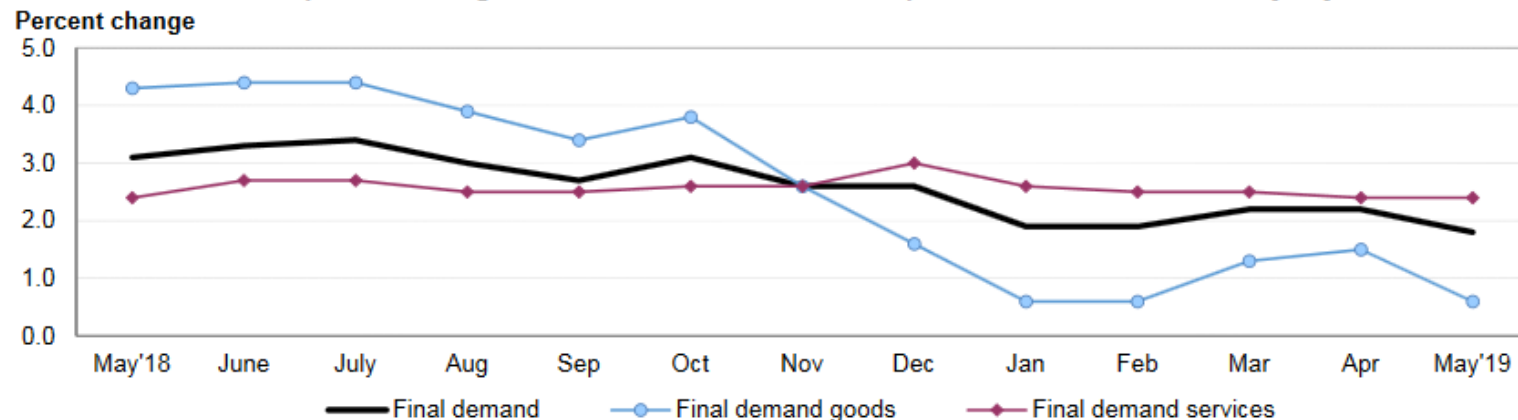


Chart 2. Twelve-month percent changes in selected PPI final demand price indexes, not seasonally adjusted



FRED — 5-Year, 5-Year Forward Inflation Expectation Rate



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

fred.stlouisfed.org

