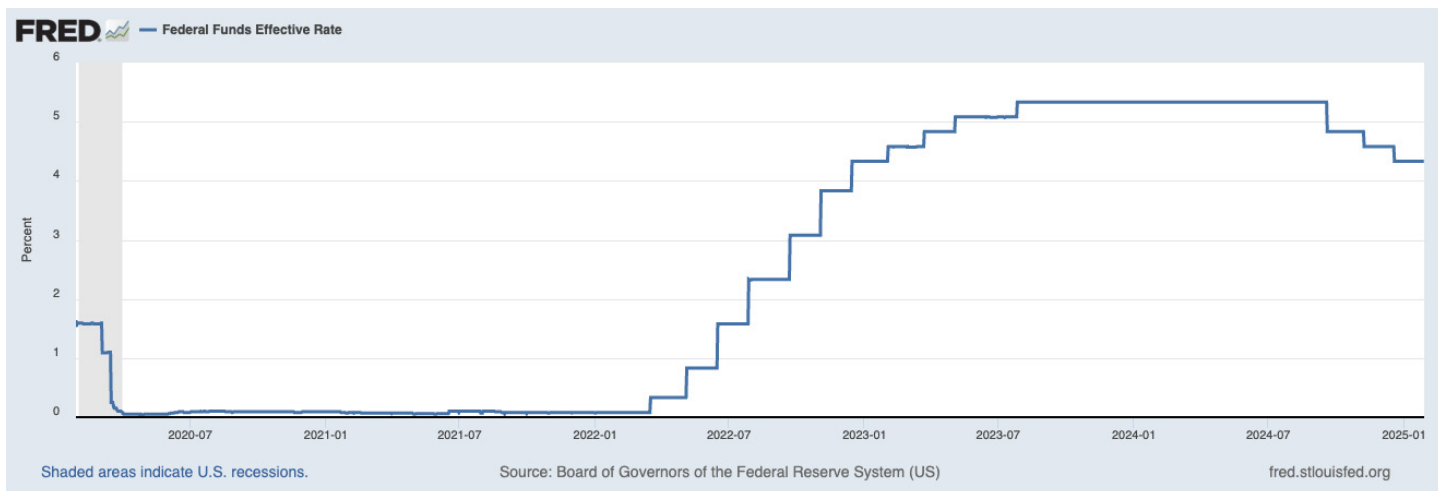


## FEDERAL FUNDS RATE HOLDS STEADY

JANUARY 30, 2025

The Federal Reserve Open Market Committee released their decision on the federal funds rate yesterday at the first meeting of 2025. As anticipated, the Fed opted to keep the rate unchanged, maintaining the range between 4.25% and 4.50%. After a series of cuts totaling 100 basis points in 2024, the FOMC is now pursuing a more cautious, data-driven approach to normalize interest rates throughout 2025. This comes as inflation continues to linger, with the committee acknowledging that the risks associated with reigniting inflation currently outweigh any potential economic benefits that might come from further rate reductions. At present, the Fed's stance remains relatively "hawkish," signaling the possibility that interest rates could stay elevated for an extended period. While an updated Summary of Economic Projections will be provided at the committee's next meeting, the current outlook suggests that two rate cuts may be in store for the year. However, the FOMC remains vigilant, continuously assessing the evolving risks that could influence its future decisions.



Source: [Federal Funds Effective Rate \(DFE\) | FRED | St. Louis Fed](#)

The commentary in today's press release remained consistent with previous statements. The FOMC continues to highlight a resilient economy that is expanding at a steady pace, paired with a labor market that has shown remarkable stability, and a persistently low unemployment rate. According to the latest Atlanta Fed GDPNow forecast, Q4 2024 GDP growth is projected at 2.3%<sup>1</sup>. While this marks a slight downward revision from earlier projections, primarily due to expected headwinds from net exports, the outlook remains positive, reflecting a solid, albeit moderated, growth trajectory for the economy.

The FOMC is firmly committed to achieving full employment and price stability, with a target inflation rate of 2% over the long-term. Committee members continue to observe a wide range of economic factors and are prepared to adjust monetary policy if the attainment of the goals is jeopardized.

The FOMC's next decision will happen at the scheduled meeting set for March 18-19, 2025.

<sup>1</sup>[GDPNow - Federal Reserve Bank of Atlanta](#)

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