

FED INCREASES INTEREST RATE BY 50 BASIS POINTS

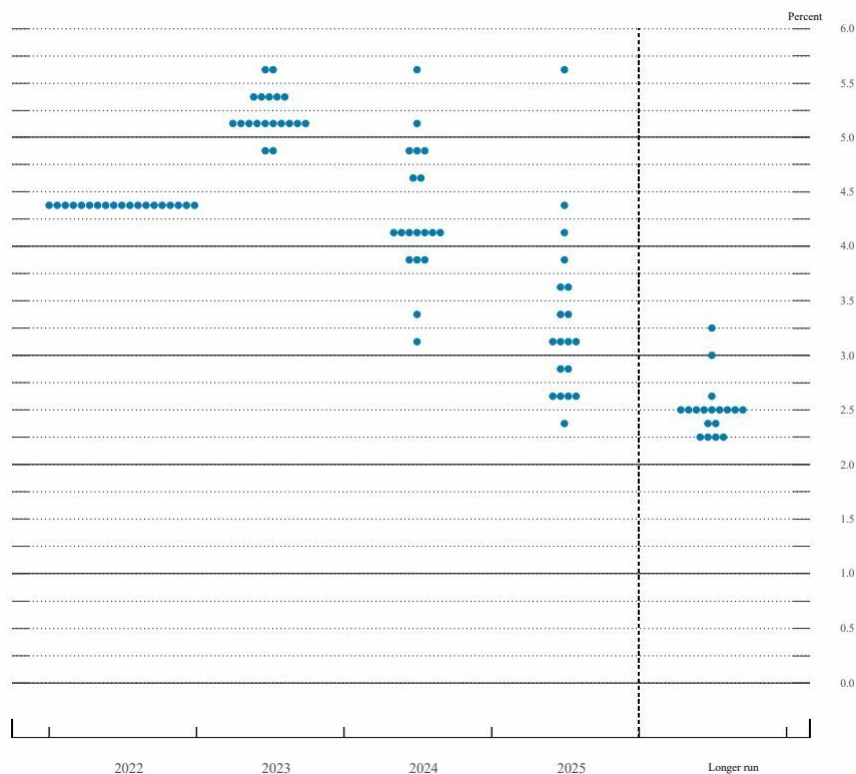
DECEMBER 15, 2022

The Federal Reserve Open Market Committee (FOMC) announced yesterday their decision to raise the federal funds rate by 50 bps to a range of 4.25-4.50%. Similar to prior news releases, commentary focused on elevated inflation due to continued supply and demand disruptions, higher energy prices and broader price pressures. However, economic indicators have pointed to modest growth in spending and production as well as a relatively low unemployment rate.

The FOMC is firmly committed to achieving full employment and price stabilization with a target inflation rate of 2% over the longer 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 Federal Reserve Dot Plot below is the graphical representation of each committee member's interest rate outlook, which currently points to further increases.

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



NOTE: Each shaded circle indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.

Source: Federal Reserve

We will get updated expectations at the next FOMC meeting, which is scheduled for January 31 and February 1.

Contact your Stephens Financial Consultant with any questions.

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