

FEDERAL RESERVE PRESS RELEASE



The Federal Reserve concluded its final meeting of 2022 by raising the Fed Funds rate by just 0.50%. You expected that, and so did the market. Here are 4 important things to note about this announcement:

1. This is the 7th interest rate increase this year and the first time since 1994 that involved a cycle of 0.75% increases.
2. This week's smaller 0.50% increase signals that the Fed has seen some small improvements in the inflation data but remains cautious to understand how the massive lag effect of rate changes plays out in the economy. Take away – watch inflations and jobs data for clues to Fed moves.
3. This week's change also brings the Fed Funds rate to 4.50%. It's expected that this rate will rise to 5.0% in early 2023 via two more rate increases of 0.25% each. Data-dependent, of course.
4. We should expect upcoming Fed speeches to act like a rudder in the financial waters. If stock and/or bonds rally too much, Fed presidents may talk more aggressively about keeping rates higher for longer.

Compliments of Kolton Morrison,
Certified Mortgage Advisor at Foundation Mortgage

970-373-2340
kolton@foundation.mortgage
NMLS#: 847913