

**Transcript of Chair Powell's Press Conference Opening Remarks  
October 30, 2019**

CHAIR POWELL. Good afternoon and welcome.

My colleagues at the Federal Reserve and I are dedicated to serving the American people. We do this by steadfastly pursuing the goals that Congress has given us—maximum employment and stable prices. We are committed to making the best decisions we can, based on facts and objective analysis. Today, we decided to lower the interest rates for the third time this year. We took this step to help keep the U.S. economy strong in the face of global developments and to provide some insurance against ongoing risks. As I will explain shortly, the policy adjustments we have made since last year are providing—and will continue to provide—meaningful support to the economy. We believe that monetary policy is in a good place.

The U.S. economy is in its 11th year of expansion, and the baseline outlook remains favorable. The overall economy is growing at a moderate rate. Household spending continues to be strong—supported by a healthy job market, rising incomes, and solid consumer confidence. In contrast, business investment and exports remain weak, and manufacturing output has declined over the past year. Sluggish growth abroad and trade developments have been weighing on those sectors. Looking ahead, we continue to expect the economy to expand at a moderate rate, reflecting solid household spending and supportive financial conditions.

The job market remains strong. The unemployment rate has been near half-century lows for a year and a half. The pace of job gains has eased this year, but has remained solid. We had expected some slowing after last year's strong pace. Participation in the labor force by people in their prime working years has been increasing. And wages have been rising, particularly for lower-paying jobs. People who live and work in low- and middle-income communities tell us that many who have struggled to find work are now getting opportunities to add new and better

chapters to their lives. This underscores for us the importance of sustaining the expansion so that the strong job market reaches more of those left behind.

Inflation continues to run below our symmetric 2 percent objective. Over the 12 months through August, total PCE inflation was 1.4 percent and core inflation was 1.8 percent. Inflation pressures remain muted, and indicators of longer-term inflation expectations are at the lower end of their historic ranges. We are mindful that continued below-target inflation could lead to an unwelcome downward slide in long-term inflation expectations. However, against the backdrop of a strong economy and supportive monetary policy, we expect inflation will rise to 2 percent.

Overall, we continue to see sustained expansion of economic activity, a strong labor market, and inflation near our symmetric 2 percent objective as most likely. While this has been our outlook for quite some time, our views about the path of interest rates that will best achieve these outcomes have changed significantly over the past year. As I mentioned, weakness in global growth and trade developments have weighed on the economy and pose ongoing risks. These factors, in conjunction with muted inflation pressures, have led us to lower our assessment of the appropriate level of the federal funds rate over the past year. In both July and September, we reduced the target rate for the federal funds rate by 1/4 percentage point, and we did so again today, bringing the range to 1-1/2 to 1-3/4 percent.

The policy adjustments we have made to date will continue to provide significant support for the economy. Since monetary policy operates with a lag, the full effects of these adjustments on economic growth, the job market, and inflation will be realized over time. We see the current stance of monetary policy as likely to remain appropriate as long as incoming information about the economy remains broadly consistent with our outlook of moderate economic growth, a strong labor market, and inflation near our symmetric 2 percent objective. We believe monetary policy

is in a good place to achieve these outcomes. Looking ahead, we will be monitoring the effects of our policy actions, along with other information bearing on the outlook, as we assess the appropriate path of the target range for the fed funds rate. Of course, if developments emerge that cause a material reassessment of our outlook, we would respond accordingly. Policy is not on a preset course.

Let me end with a few words about our technical monetary policy operations. In January, we made the key decision to continue to implement monetary policy in an ample-reserves regime. In that operating framework, we control the federal funds rate primarily by setting our administered rates, not through frequent interventions to actively manage the supply of reserves. In the transition to the efficient and effective level of reserves in this regime, we slowed the gradual decline in our balance sheet in March and we stopped it in July.

In response to the funding pressures in money markets that emerged in mid-September, we concluded that it would be appropriate to maintain over time a level of reserve balances at or above the level that prevailed in early September of this year. To achieve this ample level, we announced on October 11 that we would purchase Treasury bills at least into the second quarter of next year as well as continue temporary open market operations at least through January. These actions are purely technical measures to support the effective implementation of monetary policy as we continue to learn about the appropriate level of reserves. They do not represent a change in the stance of monetary policy. In particular, our Treasury bill purchases should not be confused with the large-scale asset purchase programs that we deployed after the financial crisis. In those programs, we purchased longer-term securities to put downward pressure on longer-term interest rates and ease broader financial conditions. In contrast, increasing the supply of reserves by purchasing Treasury bills only alters the mix of short-term assets held by the public

and should not materially affect demand and supply for longer-term securities or financial conditions more broadly.

Thank you, I will be happy to take your questions.