

## Data Insights: Federal Reserve

Wednesday, September 17, 2025

Today's FOMC statement: how the language changed from prior meeting

~~July 30~~ September 17, 2025

Recent indicators suggest that growth of economic activity moderated in the first half of the year. ~~The~~ Job gains have slowed, and the unemployment rate has edged up but remains low, ~~and labor market conditions remain solid.~~ Inflation has moved up and remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen.

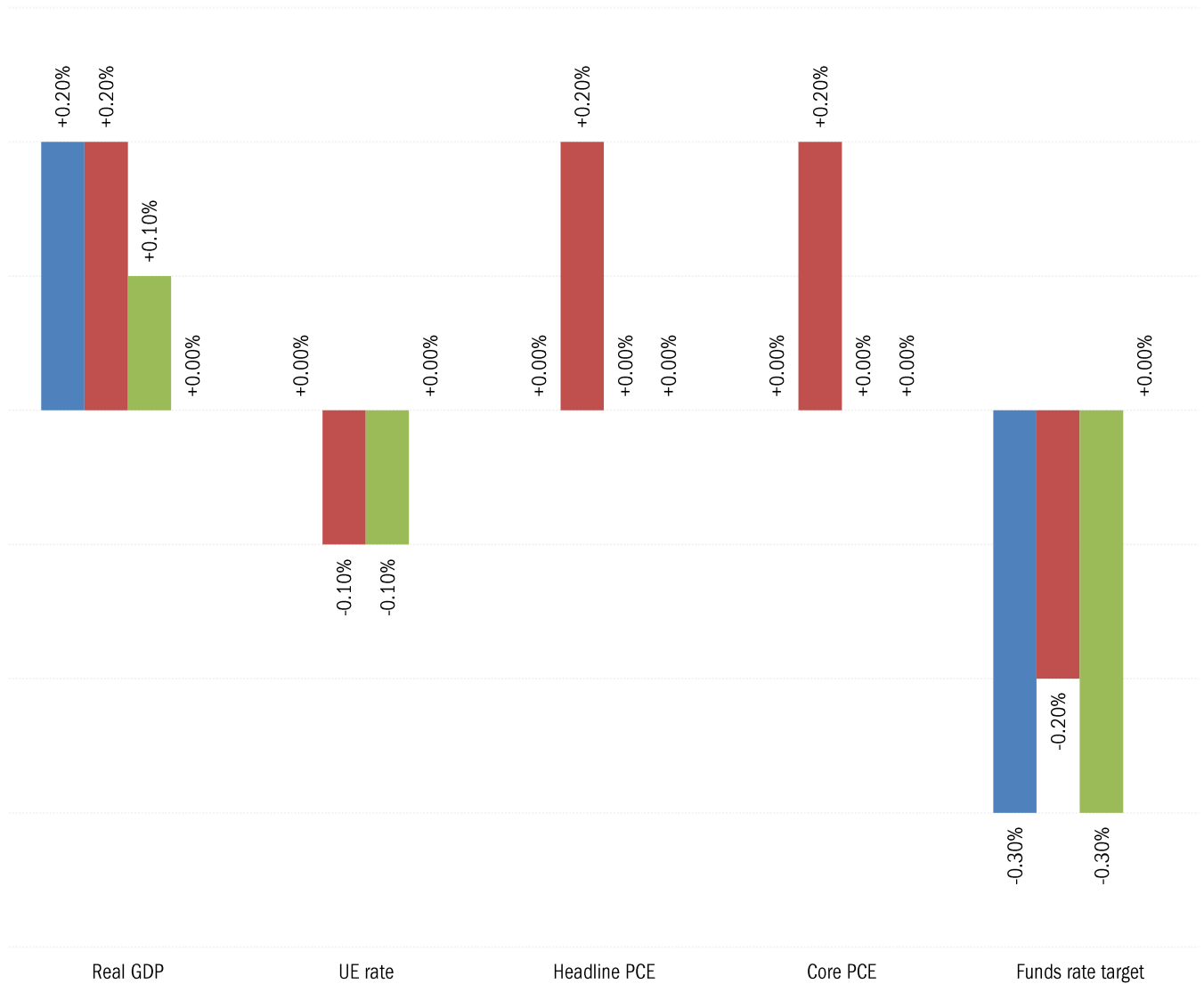
In support of its goals and in light of the shift in the balance of risks, the Committee decided to ~~maintain~~ lower the target range for the federal funds rate ~~at 4-~~ by 1/4 percentage point to ~~4-~~ to 4-1/4 percent. In considering ~~the extent and timing of~~ additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Susan M. Collins; Lisa D. Cook; Austan D. Goolsbee; Philip N. Jefferson; Alberto G. Musalem; ~~and~~ Jeffrey R. Schmid; and Christopher J. Waller. Voting against this action ~~were Michelle W. Bowman and Christopher J. Waller~~ was Stephen I. Miran, who preferred to lower the target range for the federal funds rate by 1/4 2 percentage point at this meeting. ~~Absent and not voting was Adriana D. Kugler.~~

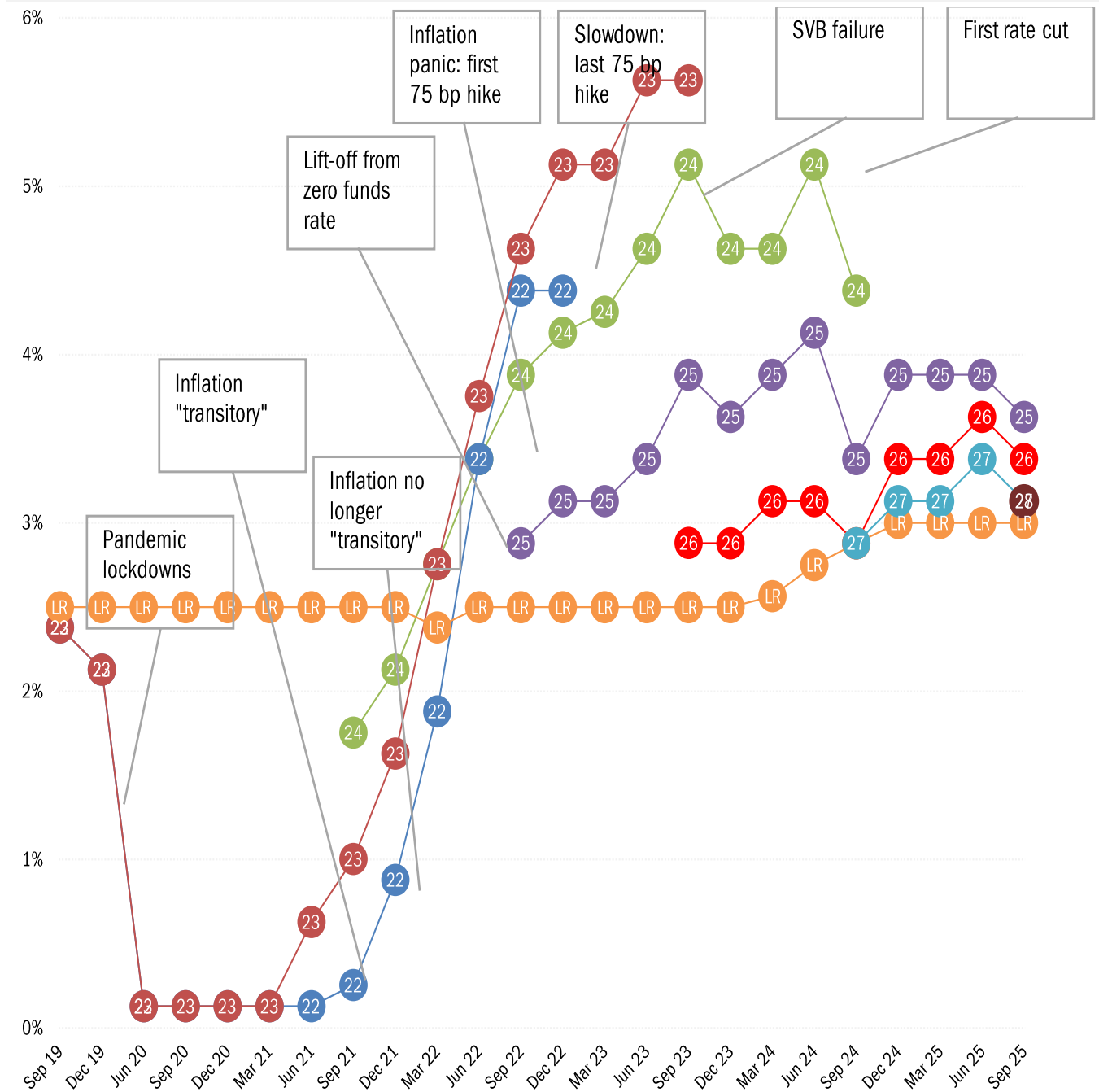
## Summary of Economic Projections at-a-glance (median, level)

Change from [prior SEP](#) with respect to: 2025 2026 2027 Longer run



Source: FOMC, TrendMacro calculations

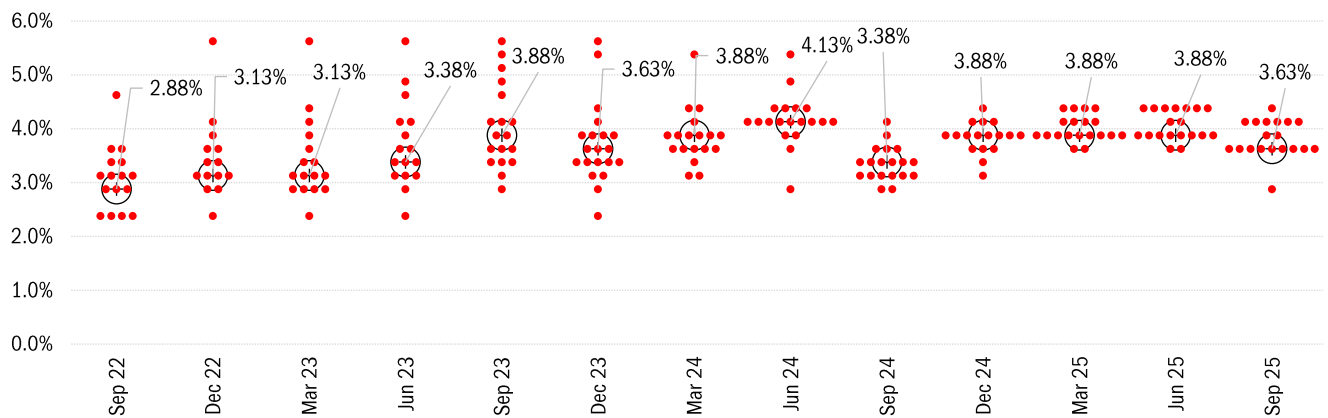
## "Dot plots" of "appropriate policy path" in the pandemic funds rate cycle



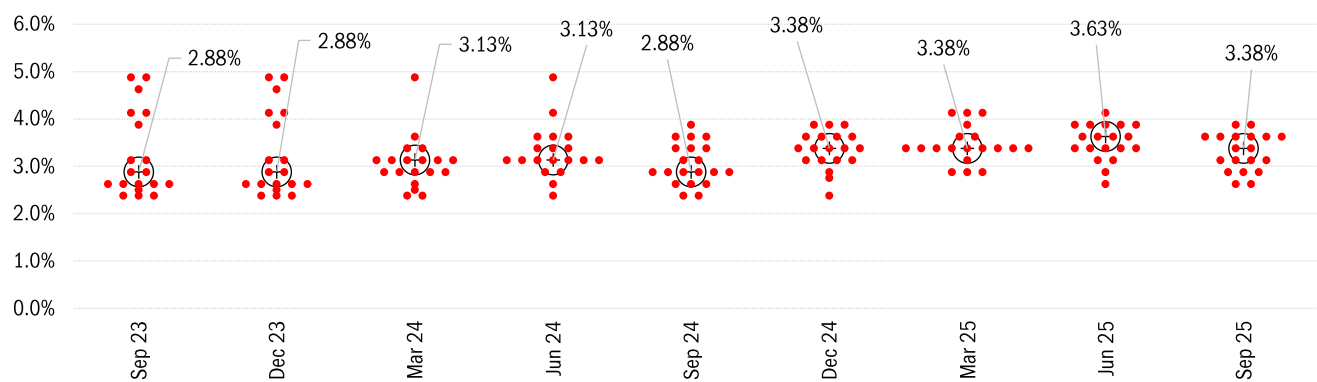
## Tracking the "dotplots" in high-res

FOMC participants' estimate of "appropriate" target fed funds rate ● Vote by participant ○ Median

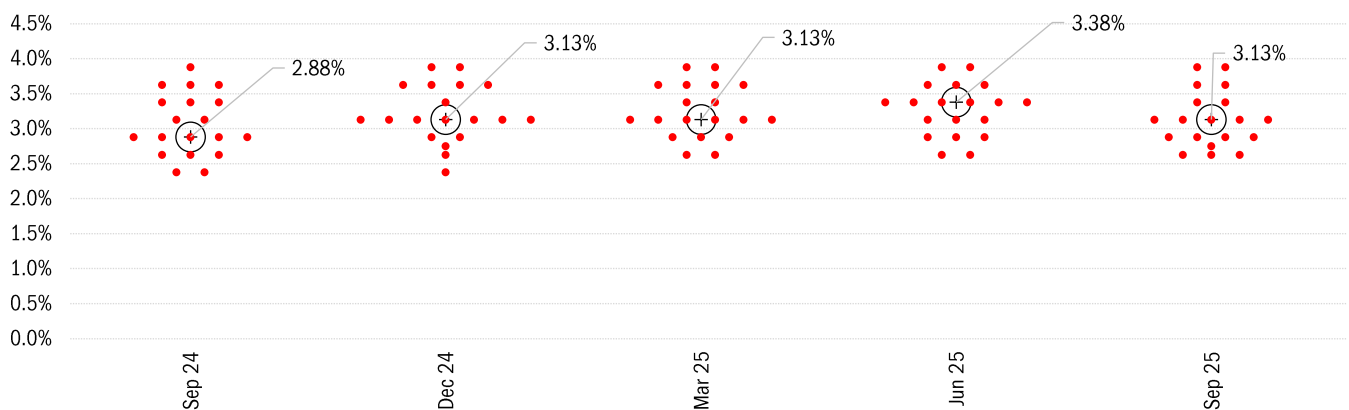
### For year-end 2025



### For year-end 2026



### For year-end 2027



## Tracking the "dotplots" in high-res

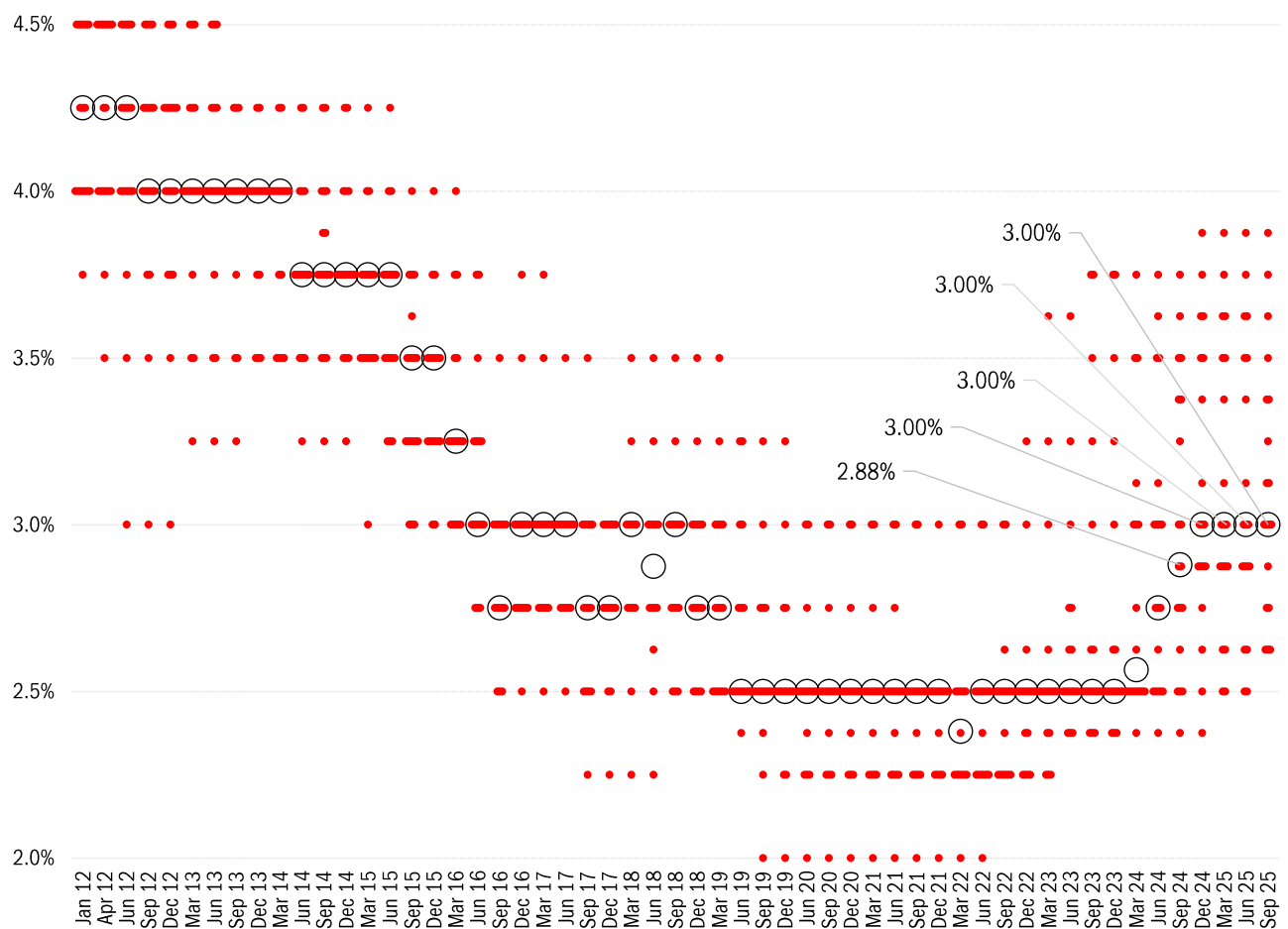
FOMC participants' estimate of "appropriate" target fed funds rate ● Vote by participant ○ Median

For year-end 2028



## "R-star" – the ultimate dot-plot

FOMC participants' estimate of "longer run" target funds rate ● Individual participant ○ Median

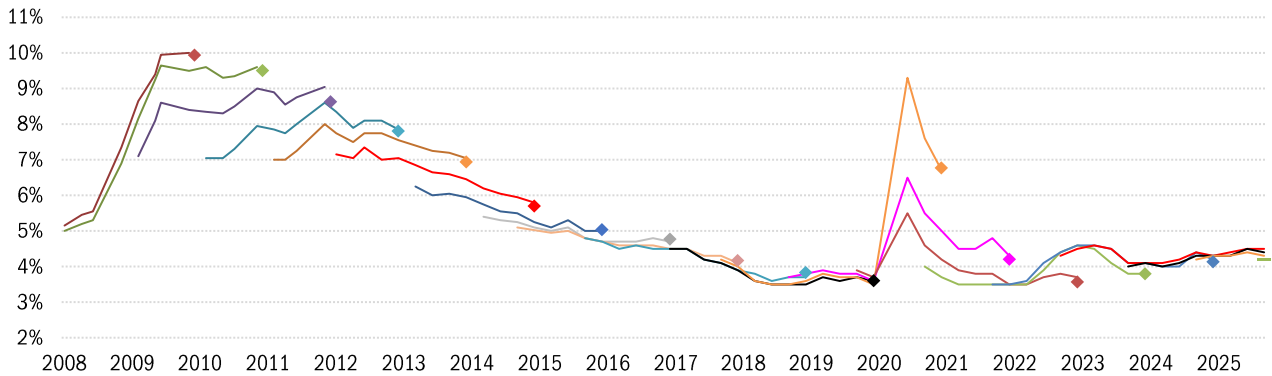


Source: Federal Reserve, TrendMacro calculations

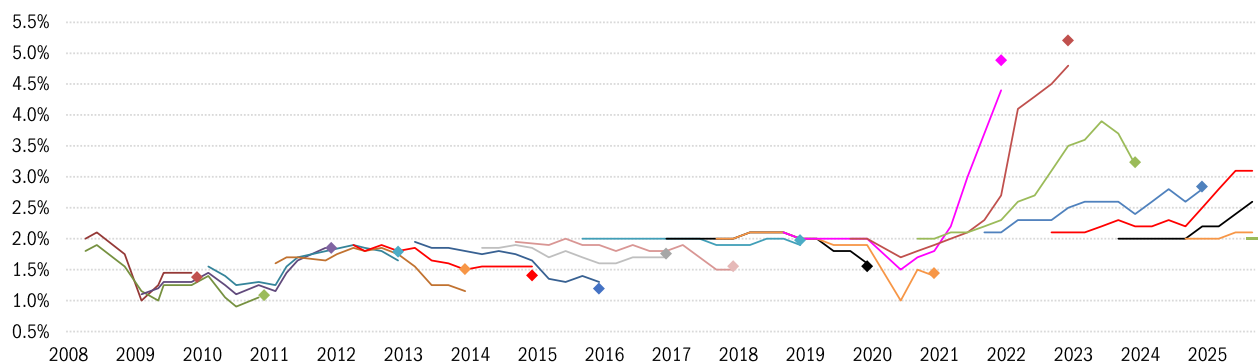
Forecast v actual: [economic projections](#) FRB and presidents — Forecast ♦ Actual

■ 2009 ■ 10 ■ 11 ■ 12 ■ 13 ■ 14 ■ 15 ■ 16 ■ 17 ■ 18 ■ 19 ■ 20 ■ 21 ■ 22 ■ 23 ■ 24 ■ 25 ■ 26 ■ 27 ■ 2028

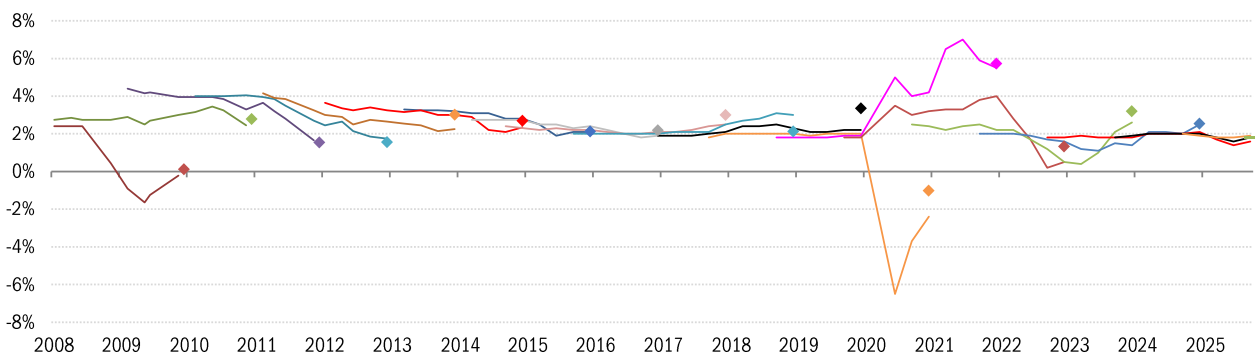
## Unemployment



## Core PCE inflation



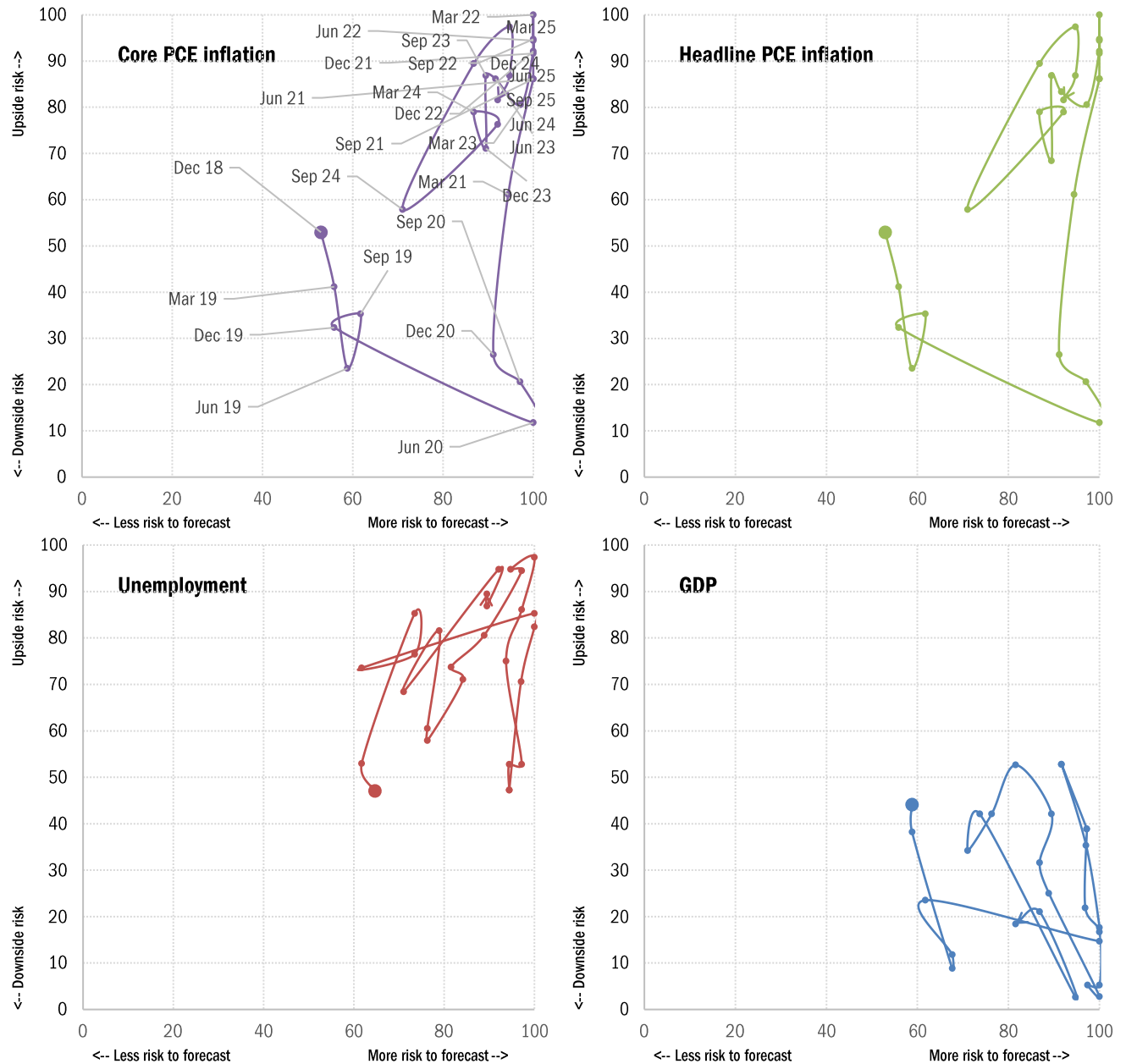
## Real GDP



Source: Federal Reserve, BEA, BLS, TrendMacro calculations

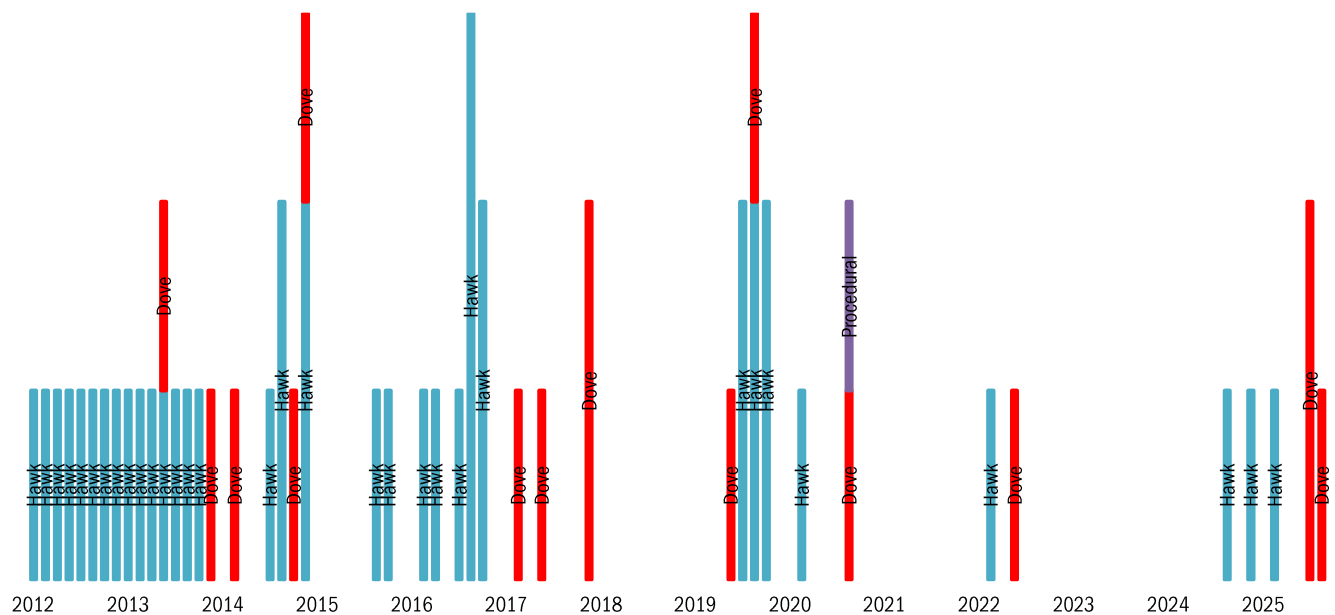
# The evolution of uncertainty

Diffusion indices from FOMC participants' risk self-assessments in [Summary of Economic Projections](#)



Source: Federal Reserve Board, TrendMacro calculations

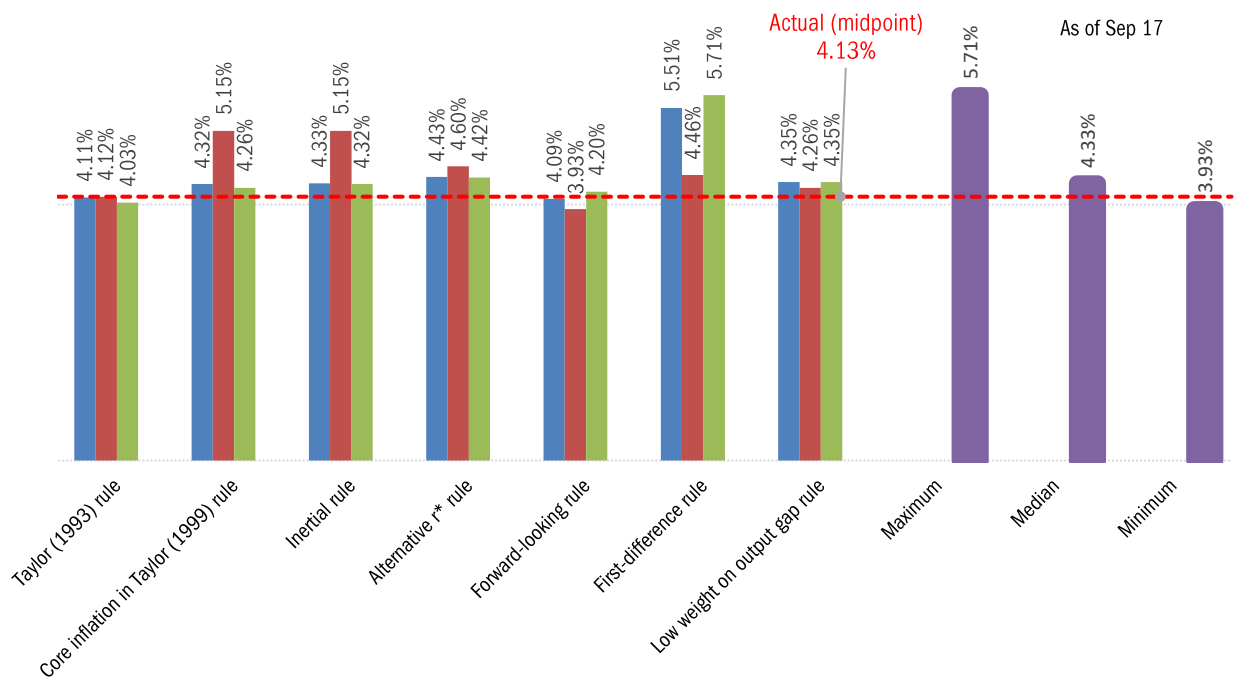
## Other voices: number and direction of FOMC decision dissents



Source: FOMC, TrendMacro calculations

## So many policy rules, so little inclination to follow any of them...

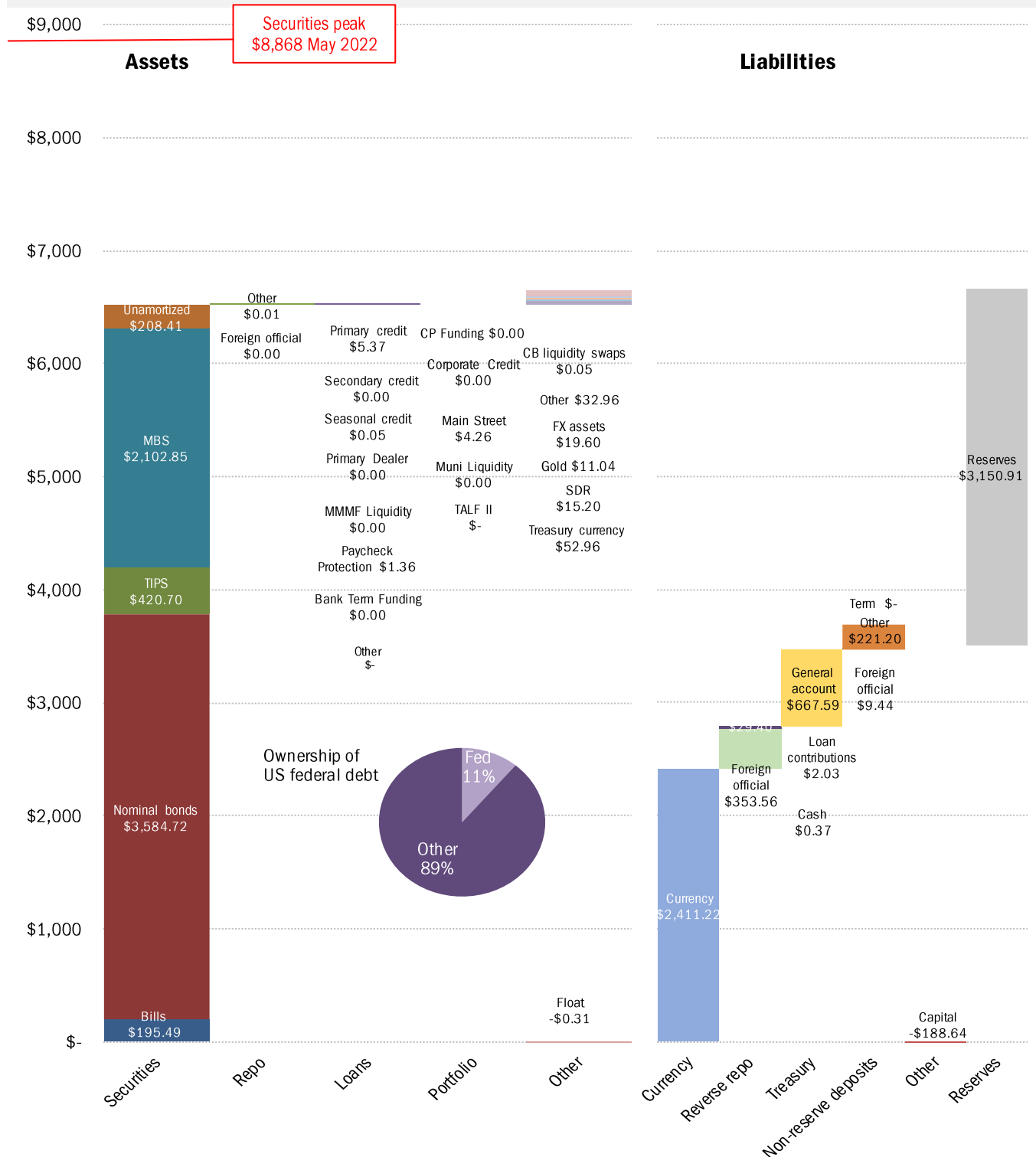
Updated September 5, 2025 Based on inputs from: ■ FOMC SEP ■ CBO ■ Cleveland Fed



Source: [Cleveland Fed](#), TrendMacro calculations

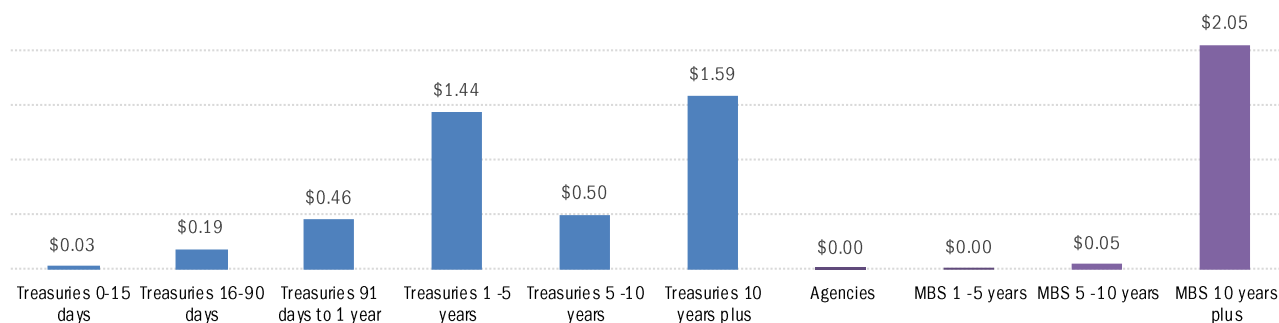


# The Fed's assets, and how they are funded (USD billions)



Source: Federal Reserve H.4, US Treasury, TrendMacro calculations

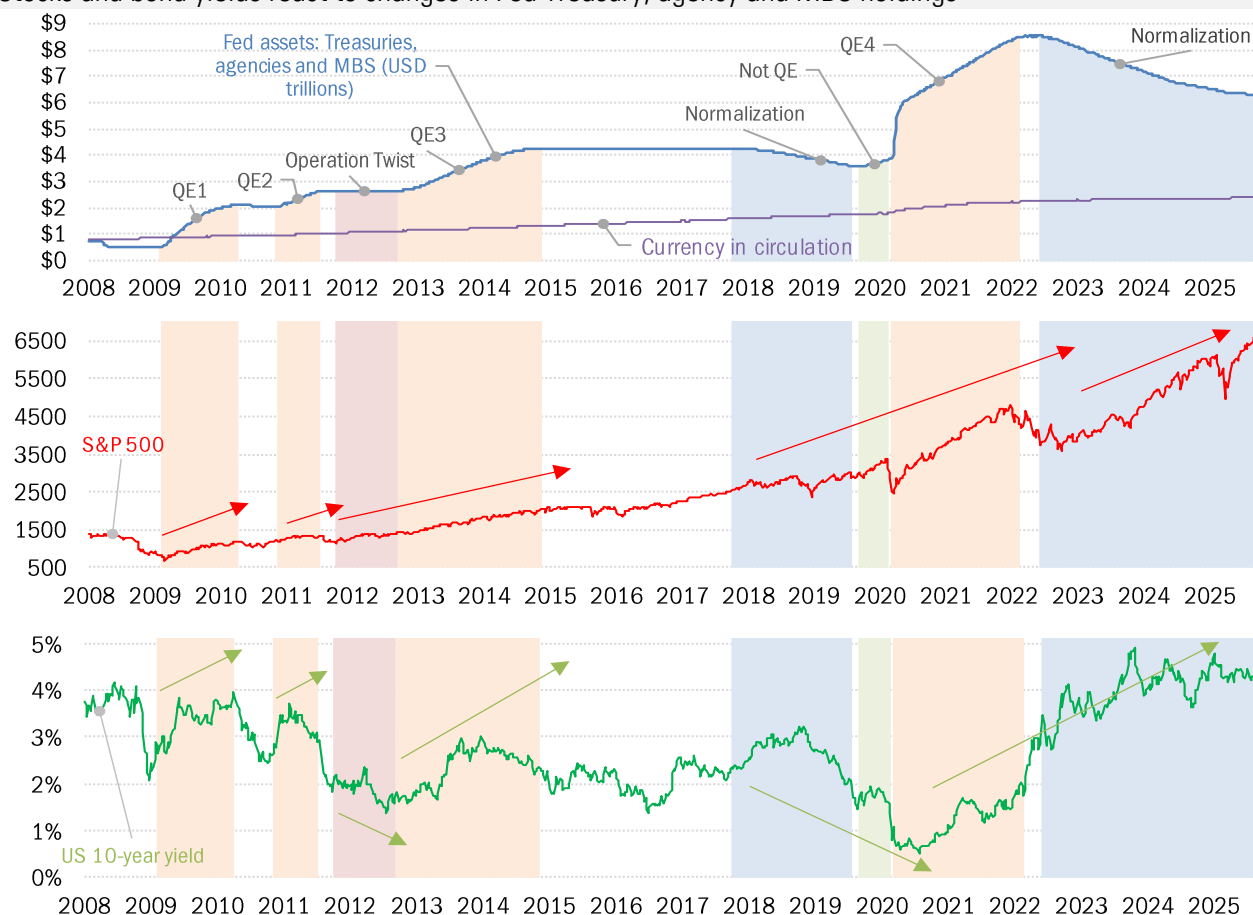
## Sector and maturity breakdown of Fed government securities, USD trillions



Source: Federal Reserve, Bloomberg, TrendMacro calculations

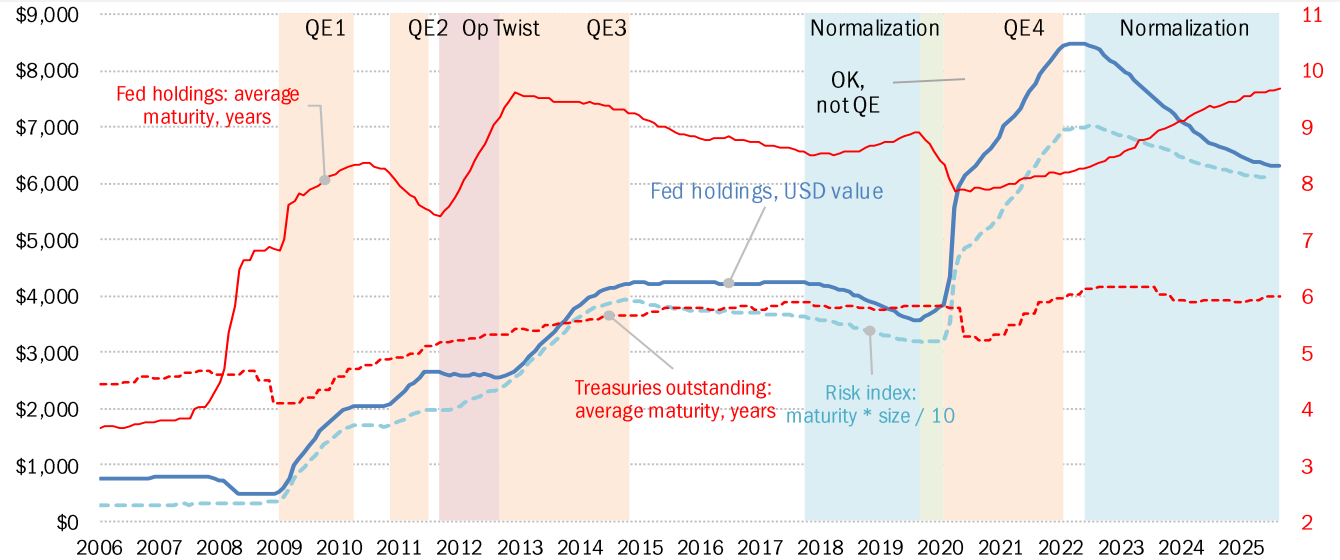
## The Fed's asset purchases, and their effects on markets

Stocks and bond yields react to changes in Fed Treasury, agency and MBS holdings



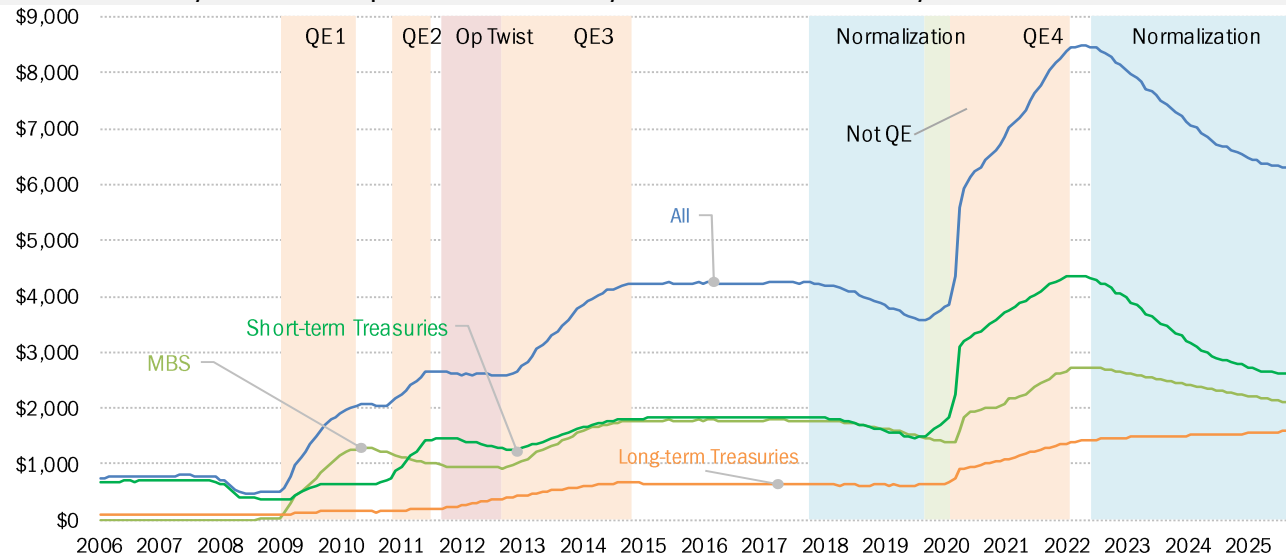
Source: Federal Reserve, Bloomberg, TrendMacro calculations

## Fed Treasury and MBS portfolio: size, maturity and risk index



Source: Federal Reserve, Bloomberg, TrendMacro calculations

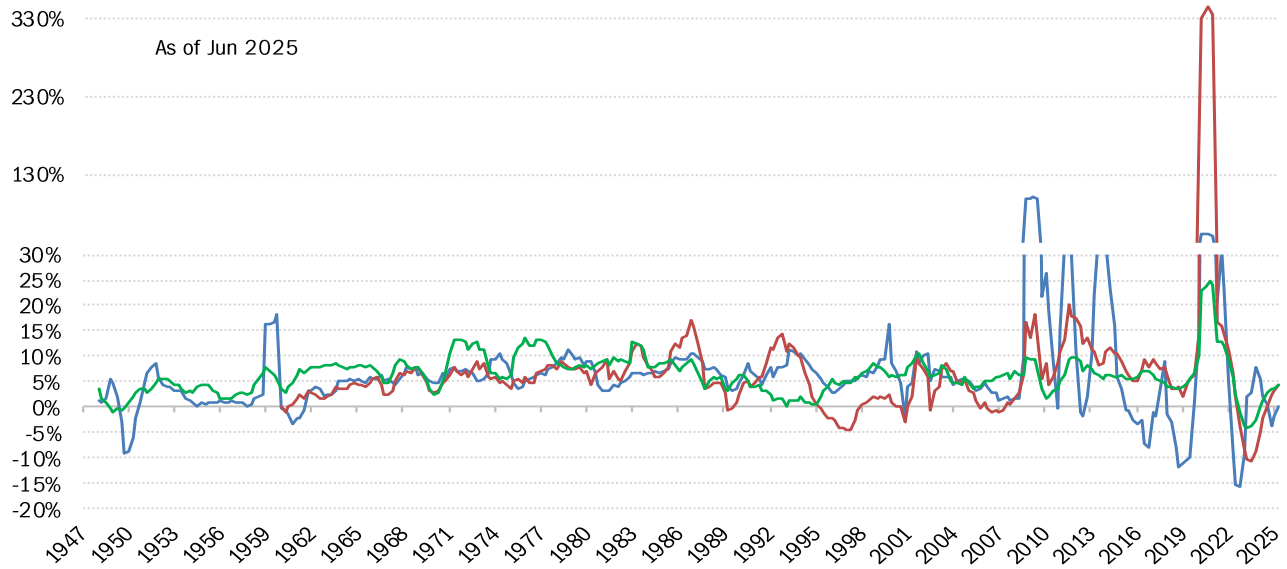
## Fed Treasury and MBS portfolio: size by sector and maturity



Source: Federal Reserve, Bloomberg, TrendMacro calculations

## Money supply growth, YOY quarterly

— M1 — M2 — Monetary base



Source: Federal Reserve H.6, NBER, TrendMacro calculations

## Monetary velocity, quarterly

Derived from the [Equation of Exchange](#):  $M2 * V = P * NGDP$

