

Key Highlights:

- ◆ The U.S. FOMC lowers its benchmark funds rate by 25 basis points to a range of 1.5% to 1.75%, as expected.
- ◆ The Fed indicates it may pause rate cuts from here.
- ◆ It did so by removing a key clause that had appeared in post-meeting statements since June saying it was committed to "act as appropriate to sustain the expansion."
- ◆ Two committee members vote against the reduction, with both maintaining that the committee should have held the line at the previous rate.

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Fed cuts rate by a quarter point:

The Federal Open Market Committee (FOMC) cut interest rates by a quarter of a percentage point for the third time this year and signaled a pause in further cuts unless the economic outlook changes materially. Fed lowered its benchmark funds rate to a range of 1.5% to 1.75%.

Fed alter language:

The FOMC altered language in its statement following the two-day meeting, dropping its pledge to "act as appropriate to sustain the expansion," while adding a promise to monitor data as it "assesses the appropriate path of the target range for the federal funds rate."

Fed Chair Jerome Powell was even clearer in a news conference, saying central bank officials "see the current stance of monetary policy as likely to remain appropriate."

Dissenting Votes:

As with the past two cuts, Kansas City Fed President Esther George and Boston's Eric Rosengren dissented, preferring to keep rates unchanged.

The FOMC didn't release a new set of economic forecasts and rate projections at this meeting, so it's unclear how many non-voters on the committee had also penciled in a reduction.

The statement again highlighted the essentially positive condition of the U.S. economy. With unemployment at a half-century low, officials continued to describe the labor market as "strong," job gains as "solid" and household spending as rising at a "strong pace."

Outlook: Further rate cuts will occur will be driven by economic data that emerges between now and future meetings, so the bottom line is that Fed is done cutting rates -- at least for now.

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