Information received since the Federal Open Market Committee met in ~~September generally suggests~~**October indicates** that economic activity ~~has continued to expand~~**is expanding** at a moderate pace. ~~Indicatorsof labor~~**Labor** market conditions have shown ~~some~~ further improvement~~, but~~; the unemployment rate **has declined but** remains elevated. ~~Available datasuggest that household~~**Household** spending and business fixed investment advanced, while the recovery in the housing sector slowed somewhat in recent months. Fiscal policy is restraining economic~~growth. Apart from fluctuations due to changes in energy prices,~~ **growth, although the extent of restraint may be** ~~inflation~~**diminishing. Inflation** has been running below the Committee’s longer-run objective, but longer-term inflation expectations have remained stable.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with appropriate policy accommodation, economic growth will pick up from its recent pace and the unemployment rate will gradually decline toward levels the Committee judges consistent with its dual mandate. The Committee sees the~~downside~~ risks to the outlook for the economy and the labor market as having ~~diminished, on net, since last fall~~ **become more nearly balanced**. The Committee recognizes that inflation persistently below its 2 percent objective could pose risks to economic performance, ~~but~~**and it is monitoring inflation developments** ~~it anticipates~~**carefully for evidence** that inflation will move back toward its objective over the medium term.

Taking into account the extent of federal fiscal retrenchment ~~over the past year~~**since the inception of its current asset purchase program**, the Committee sees the improvement in economic activity and labor market conditions~~since it began its asset purchase program~~ **over that period** as consistent with growing underlying strength in the broader economy. ~~However, the~~**In light of the cumulative progress toward maximum employment and the improvement in the outlook for labor market conditions, the** Committee decided to ~~await more evidence that progress will besustained before adjusting~~**modestly reduce** the pace of its **asset** purchases.~~Accordingly~~ **Beginning in January**, the Committee ~~decided~~**will add** to ~~continue purchasing~~**its** ~~additional~~**holdings of** agency mortgage-backed securities at a pace of $~~40~~**35 billion per month rather than $40** billion per month, and **will add to its holdings of** longer-term Treasury securities at a pace of **$40 billion per month rather than** $45 billion per month. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. ~~Taken together, these actions~~**The Committee’s sizable and still-increasing holdings of longer-term**

securities should maintain downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative, which in turn should promote a stronger economic recovery and help to ensure that inflation, over time, is at the rate most consistent with the Committee’s dual mandate.

The Committee will closely monitor incoming information on economic and financial developments in coming months and will continue its purchases of Treasury and agency mortgage-backed securities, and employ its other policy tools as appropriate, until the outlook for the labor market has improved substantially in a context of price stability. ~~In judging when to moderate~~ the pace of asset purchases~~, the Committee will, atits coming meetings, assess whether~~**If** incoming information~~continues to support~~ **broadly supports** the Committee’s expectation of ongoing improvement in labor market conditions and inflation moving back toward its longer-run objective~~. Asset~~**, the Committee will likely reduce** the pace of asset purchases **in further measured steps at future meetings. However, asset** purchases are not on a preset course, and the Committee’s decisions about their pace will remain contingent on the Committee’s~~ economic~~ outlook ~~as~~**for the labor market and inflation as** well as its assessment of the likely efficacy and costs of such purchases.

To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that a highly accommodative stance of monetary policy will remain appropriate for a considerable time after the asset purchase program ends and the economic recovery strengthens. ~~In~~**The Committee also reaffirmed its expectation that the current** ~~particular, the Committee decided to keep the~~**exceptionally low** target range for the federal funds rate ~~at~~**of** 0 to 1/4 percent~~ and currently anticipates that this exceptionally low range for the federalfunds rate~~ will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee’s 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored. In determining how long to maintain a highly accommodative stance of monetary policy, the Committee will also consider other information, including additional measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial developments. **The Committee now anticipates, based on its assessment of these factors, that it likely will be appropriate to maintain the current target range for the federal funds rate well past the time that the unemployment rate declines below 6-1/2 percent, especially if projected inflation continues to run below the Committee’s 2 percent longer-run goal.** When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent.

Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; William C. Dudley, Vice Chairman; James Bullard; Charles L. Evans; **Esther L. George;** Jerome H. Powell; ~~Eric S. Rosengren;~~Jeremy C. Stein; Daniel K. Tarullo; and Janet L. Yellen.

Voting against the action was ~~Esther L. George~~**Eric S. Rosengren**, who ~~was concerned that~~**believes** ~~the continued high level of monetary accommodation increased the risks of future economic and financial imbalances and, over time, could cause an increase in long-term~~ **that, with the unemployment rate still elevated and the** inflation **rate well below the federal funds rate target, changes in the purchase program are premature until incoming data more clearly indicate that economic growth is likely to be sustained above its** ~~expectations.~~**potential rate.**