

**Statement from Federal Reserve Bank of Cleveland President Beth M. Hammack regarding her
vote at the Federal Open Market Committee's December 17–18, 2024, meeting**



**Beth M. Hammack
President and Chief Executive Officer
Federal Reserve Bank of Cleveland**

December 20, 2024

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The Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 4-1/4 to 4-1/2 percent

The US economy is in a good position, but there is more work to do on inflation. Economic growth has been strong, and the labor market is healthy. Broad measures of financial conditions have eased, and business sentiment remains robust. Monetary policy has played an important role in bringing PCE inflation down considerably from its peak of 7.2 percent in the summer of 2022. Despite these positive developments, inflation remains elevated, and recent progress in returning inflation to 2 percent has been uneven.

Given the health of the labor market, it is important to maintain the focus on returning inflation to 2 percent in a timely fashion. To accomplish this objective, I believe that monetary policy will need to remain modestly restrictive for some time. Based on my estimate that monetary policy is not far from a neutral stance, I prefer to hold policy steady until we see further evidence that inflation is resuming its path to our 2 percent objective. In my mind, maintaining the target range for the federal funds rate at 4-1/2 to 4-3/4 percent at the December 2024 meeting was the best choice given the strength of recent economic data, accommodative financial conditions, and my forecast that inflation will remain somewhat above 2 percent over the next year amid a healthy labor market. The economy's momentum and recent elevated inflation readings caused me to revise up my inflation forecast for next year. In addition, the balance of risks to the outlook appears to be skewed toward higher inflation outcomes. A stall in inflation above 2 percent for too long would risk de-anchoring inflation expectations, making it harder to return inflation to our objective.

I viewed my own decision as a close call, and I appreciate the diverse perspectives that my FOMC colleagues brought to our robust discussion. I look forward to continuing to collaborate with my FOMC colleagues in service to the American public as we seek the best course for monetary policy to achieve our dual mandate objectives of maximum employment and price stability.