On February 2, the Federal Reserve’s Federal Open Market Committee again raised its target for the overnight interbank (federal funds) rate by 25 basis points, bringing the target to 2.50%. The Bank of England and the European Central Bank have not changed their target repurchase agreement rates recently, and the Bank of Japan continues to maintain its ¥30–¥35 trillion target for the supply of its current account balance liabilities.

The current theory of monetary policy entails transparency of operations. Markets can operate more efficiently if the public understands the policy objective, knows how the central bank calibrates its policy instrument to achieve that objective, and believes that the central bank is credible—that is, that it will do what it says it will. Policy actions usually can be detected quickly by expert money market analysts, but immediate announcement of an action ensures that even those who are not active market participants have up-to-date information. Public understanding of the policy process is enhanced by timely release of detailed information about policy deliberations. The Federal Open Market Committee recently accelerated the release of its minutes from just after the next meeting to before the next meeting. While the European Central Bank does not publish minutes, its governor holds a press conference immediately after each meeting to characterize the deliberations and respond to questions.