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# *Federal Reserve Stays Put*

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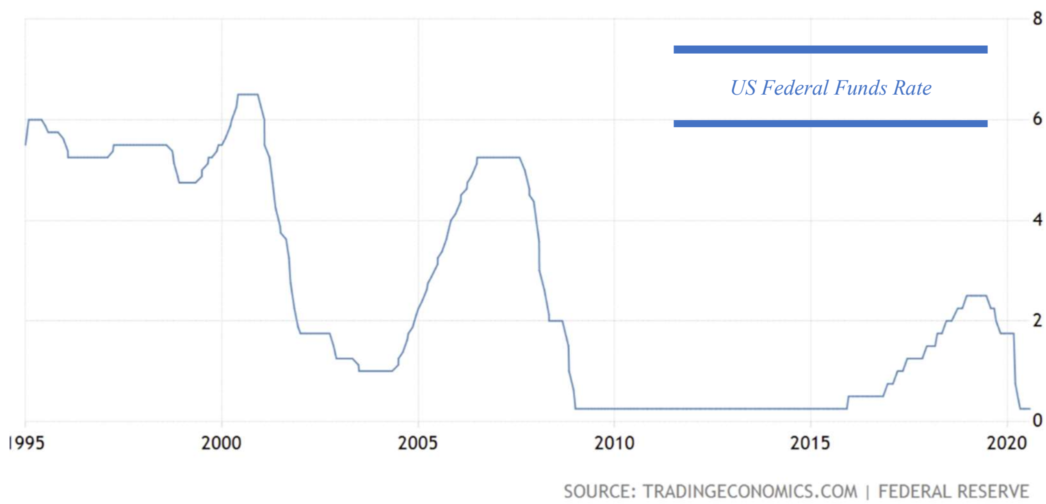
The stock market rose during Wednesday's trading session. The S&P 500 gained 40 points, or 1.24% closing at 3,258. The Dow Jones Industrial Average climbed 160 points, or 0.61% to close at 26,540. The Nasdaq Composite jumped 140 points, or 1.35%, closing at 10,543, and the Russell 2000 increased 31 points, or 2.10% to close at 1,501.

As expected, the Federal Reserve left the target range for its federal funds rate unchanged, today at 0-0.25 percent. During his press conference, Chairman Powell described the Federal Reserve's posture, reiterating that the Fed is committed to using its full range of tools to support the US economy. A phrase he has repeated through the pandemic. Chairman Powell also repeated a theme he has mentioned early and often that the coronavirus pandemic poses considerable risks to the economic outlook over the medium term. Chairman Powell stated that, "the federal funds rate will remain near zero until the economy has weathered recent events and is on track to achieve its maximum employment and price stability [inflation] goals". The Federal Reserve policymakers also pledged to maintain the bond purchases, lending, and liquidity programs at least at the current pace. Finally, the central bank announced the extension of its dollar liquidity swap lines and the temporary repurchase agreement facility for foreign and international monetary authorities through March 31st, 2021. These facilities have been very effective in keeping foreign exchange of money flowing smoothly.




<u>In short, the Fed is on hold relative to its current posture. It is not increasing stimulus beyond its current pace, nor is it decreasing stimulus.</u>

Thursday the Bureau of Economic Analysis will release its long-awaited GDP growth number for the second quarter of the year. All expectations are for a very bad number. Wall Street analysts are not so much concerned with how the economy began the quarter – we all know it is bad. Rather, analysts will be very interested in how the economy exited the quarter and if there was a positive trend developing.