



# Press Release

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*Release Date: December 1, 2004*

For immediate release \*

The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 2.25 percent.

The Committee believes that, even after this action, the stance of monetary policy remains accommodative and is providing ongoing support to economic activity. With the upcoming holiday season the sales are expected to increase with output growing at a moderate pace. Labor market conditions have improved and these trends are expected to continue. Inflation and longer-term inflation expectations remain well contained.

The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters to be roughly equal. With underlying inflation expected to be relatively low, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability.

Voting for the FOMC monetary policy action were: James MacDonald, Chairman; Travis Tobaben, Vice Chairman; Greg Jones; Kevin Koronzok; Jason Lampley; Micah McCraw; Matt Puttoni; Nick Savarino; Brandy Wadenpful; Jake Philips; Atif Illyas; and Jeffry Williams.

In a related action, the Board of Governors unanimously approved a 25 basis point increase in the discount rate to 3.25 percent.

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\* This is the statement issued at the end of the simulation of the FOMC meeting held on December 1, 2004 at the Sam Houston State University and does not represent the Federal Reserve's policy decision