



# Week In Review

June 21, 2019

## **The Fed**

As expected, the Federal Reserve Open Market Committee (FOMC) announced its decision to maintain the federal funds rate at the current range of 2.25% to 2.50%. According to the Fed statement, the labor market remains “strong” and economic activity is “rising at a moderate rate.” Job gains have been solid and unemployment has remained low. The committee noted that household spending has picked up from earlier in the year, while business investment was soft. Overall inflation remained below the 2% target. Notably, the Fed dropped the word “patient” when describing its approach to policy, taking on a less neutral tone overall.

**Our Take:** The Fed clearly has a more dovish tone and outlook. Although the committee reiterated its data-dependent stance, the removal of the “patient” language shows that it is closer to policy accommodation should growth and inflation continue to run below expectations.

## **Municipals**

Connecticut’s budget surplus is expected to increase to more than \$700 million according to budget director Melissa McCaw. The new estimate is an increase of \$129 million from last month’s estimate. Bloomberg reported that the increase is due to increased tax revenue from pass-through entities.

**Our Take:** The surplus is good news for Connecticut, as the state had struggled with budget deficits during the recession. The final budget figures will be known within the next month, once the fiscal year ends.

—There is no additional Week In Review detail for this page.—

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