

~~Recent indicators point to modest growth in spending and production~~ Economic activity expanded at a modest pace in the first quarter. Job gains have ~~picked up~~ been robust in recent months, and ~~are running at a robust pace~~; the unemployment rate has remained low. Inflation remains elevated. The U.S. banking system is sound and resilient. ~~Recent developments are likely to result in tighter~~ Tighter credit conditions for households and businesses ~~and are likely~~ to weigh on economic activity, hiring, and inflation. The extent of these effects ~~is~~ remains uncertain. The Committee remains highly attentive to inflation risks. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. In support of these goals, the Committee decided to raise the target range for the federal funds rate to ~~4 3/4 to 5 1/4~~ 5 to 5-1/4 percent. The Committee will closely monitor incoming information and assess the implications for monetary policy. ~~The Committee anticipates that some~~ In determining the extent to which additional policy firming may be appropriate ~~in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2 percent over time. In determining the extent of future increases in the target range~~ to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans. The Committee is strongly committed to returning inflation to its 2 percent objective. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.