

Information received since the Federal Open Market Committee met in January suggests that the economic recovery is on a firmer footing, and overall economy has been expanding moderately. Labor market conditions have improved further; the labor market appear to be improving gradually. unemployment rate has declined notably in recent months but remains elevated. Household spending and business fixed investment in equipment and software continue to expand. However, investment in nonresidential structures is still weak, and they have continued to advance. The housing sector continues to be depressed. Commodity inflation has been subdued in recent months, although prices have risen significantly since the summer, and concerns about global supplies of crude oil have contributed to a sharp run-up in oil prices in recent weeks. Nonetheless, longer and gasoline have increased lately. Longer-term inflation expectations have remained stable, and measures of underlying inflation have been subdued.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Currently, the The Committee expects moderate economic growth over coming quarters and consequently anticipates that the unemployment rate remains elevated, and measures of underlying inflation continue to be somewhat low, relative to will decline gradually toward levels that the Committee judges to be consistent, over the longer run, with its dual mandate. Strains in global financial markets have eased, though they continue to pose significant downside risks to the economic outlook. The recent increases in increase in oil and gasoline prices will push up inflation temporarily, but the prices of energy and other commodities are currently putting upward pressure on Committee anticipates that subsequently inflation. The Committee expects these effects to be transitory, but it will pay close attention to will run at or below the evolution of inflation and inflation expectations. The Committee continues to anticipate a gradual return to higher levels of resource utilization in a context of price stability rate that it judges most consistent with its dual mandate.

To promotesupport a stronger pace of economic recovery and to help ensure that inflation, over time, is at levelsthe rate most consistent with its dual mandate, the Committee decided today to continue expanding its holdings of securities as announced in November. expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and intends to purchase \$600 billion of longer term Treasury securities by the end of the second quarter of 2011. The Committee will regularly review the pace of its securities purchases and the overall size of the asset purchase program in light of incoming information and will adjust the program as needed to best foster maximum employment and price stability.

The Committee will maintain decided today to keep the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate currently anticipates that economic conditions, -- including low rates of resource utilization, and a subdued outlook for inflation trends, and stable inflation expectations, over the medium run-- are likely to warrant exceptionally low levels for the federal funds rate for an extended period at least through late 2014.

The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate. The Committee also decided to continue its program to extend the average maturity of its holdings of securities as announced in

September. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate to promote a stronger economic recovery in a context of price stability.

Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; William C. Dudley, Vice Chairman; Elizabeth A. Duke; ~~Charles L. Evans; Richard W. Fisher; Narayana Kocherlakota; Charles I. Plosser~~Dennis P. Lockhart; Sandra Pianalto; Sarah Bloom Raskin; Daniel K. Tarullo; John C. Williams; and Janet L. Yellen. Voting against the action was Jeffrey M. Lacker, who does not anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate through late 2014.