

US Dollar lower on Fed Minutes Source: [ACFX Forex Broker](#)

[\(Review and Forex Rebates Up to 85%\)](#) According to the minutes of the last FOMC meeting that took place on December 16, the decision to increase the Federal Funds rate from the historic lows of <0.25% was a “close call”. Although Federal Reserve committee member were united in their decision to increase rates, the discussion was not a plain and simple rubber stamp event. According to the minutes, *“only gradual increases”* should be expected. This comment reflected the concerns of members of the committee who viewed deflationary risks that emanate from the global economy could derail the Federal Reserve’s plan to normalize the interest rate environment. In line with the concerns that external factors could have a bearing on the FOMC’s plans and the dot plot that has been disclosed to the market the minutes of the last meeting noted that *“Participants emphasized the need to adjust the policy path as economic conditions evolved and to avoid appearing to commit to any specific pace of adjustments.”* Although the Federal Reserve Chairwoman in her message to the media and market said that she was confident that the 2% inflation target would be achieved, these views were not shared by some of the committee members. The start of the year has seen the markets in turmoil, with the price of Oil plunging. Many analysts in the energy sector are predicting Light Sweet Crude to target the US\$30.00 per barrel in the short term. News from China since the start of the year has also been worrying with the stock exchanges of Shanghai and Shenzhen being closed once again today. These closures are due to

massive drops in Chinese equity values that have meant the authorities have had to trigger circuit breakers that put in place a down limit on falls that reach the 5% and 7% levels. The fall in the price of Chinese equities has also spread panic across to other global exchanges. The US Dow Jones 30, NASDAQ 100 and the S&P 500 are now once again in a bear territory on daily time frame. Of the two mandates that the FOMC is responsible for, serious question marks now hover over the expectation that the inflation target will be reached. On the jobs front, there are signs for optimism. The Federal Reserve is banking on the improvement in the employment outlook will continue and this will act as a catalyst that will maintain the recovery in the US economy. However, some FOMC members have questioned this hypothesis and made their views clear the minutes. The minutes that were released last night portray a Fed that was much divided on the decision to increase interest rates. Furthermore, the divisions that lay within the committee worryingly tells the markets that that the FOMC is not convinced that its actions are correct and ahead of the curve.