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## **Fed raises benchmark interest rates.**

- The Federal Reserve raised interest rates for the first time in almost a decade but at the same time signaling that the pace of subsequent increase will be “gradual” and in line with previous projections.
- The Federal Open Market Committee (FOMC) unanimously voted to set the new target range for the federal funds rate at 0.25% to 0.5%, up from zero to 0.25%. While the vote was unanimous, the rate forecasts show that two officials among the full group of voters and non-voters saw no rate increases as appropriate in 2015.
- Policy makers separately forecasted an appropriate rate of 1.375% at the end of 2016.
- The committee judges that there has been considerable improvement in labor market conditions this year and it is reasonably confident that inflation will rise, over the medium term, to its 2% objective.
- The increase draws to a close an unprecedented period of record-low rates that were part of controversial Fed policies designed to stimulate the U.S. economy.
- The Dow Jones Industrial Average added 74 points, or 0.4% to 17599. The S&P 500 and the Nasdaq Composite rose 0.5%. Stocks turned negatively shortly after the announcement, before reversing course.

- Meanwhile, the dollar strengthened against the euro and the yen, and gold prices extended gains.
- U.S. government bonds strengthened, clawing back an earlier price decline. The yield on the benchmark 10-year Treasury note was 2.276%, compared with 2.296% before the Fed's release. Yields rise as price fall.



Source : Bloomberg

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