

SNAPSHOT

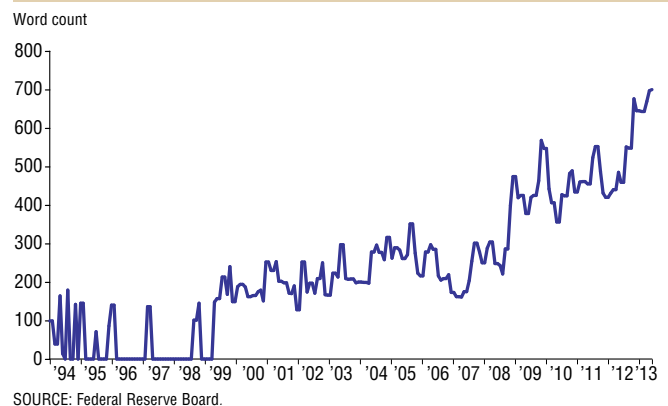
The FOMC's Lengthening Statements

Twenty years ago, when the Federal Open Market Committee (FOMC) decided to alter the stance of monetary policy by raising or lowering interest rates, it did not announce that fact to the general public. Rather, financial market participants were left to divine what the FOMC had decided.

Today, when the FOMC decides to change the stance of monetary policy, it releases a detailed statement outlining the rationale for its decisions. The evolution of FOMC communications over the past two decades can be seen in the word count of the post-meeting statement.

The first one, issued on Feb. 4, 1994, was a mere 99 words (*see chart*). The statement issued after the April 30–May 1, 2013, meeting was 669 words and included—in addition to the committee's decision about the stance of monetary policy—information on the committee's assessment

FOMC Statement Word Counts Increase, 1994–2013



of economic conditions, the economic outlook and factors likely to prompt a change in the stance of policy.

—“A Short History of FOMC Communication,” by Mark Wynne, *Dallas Fed Economic Letter*, September 2013

DALLAS FED

Southwest Economy

is published quarterly by the Federal Reserve Bank of Dallas. The views expressed are those of the authors and should not be attributed to the Federal Reserve Bank of Dallas or the Federal Reserve System.

Articles may be reprinted on the condition that the source is credited and a copy is provided to the Research Department of the Federal Reserve Bank of Dallas.

Southwest Economy is available on the Dallas Fed website, www.dallasfed.org.

Federal Reserve Bank of Dallas
2200 N. Pearl St., Dallas, TX 75201

Mine Yücel, *Senior Vice President and Director of Research*

Pia Orrenius, *Executive Editor*

Michael Weiss, *Editor*

Kathy Thacker, *Associate Editor*

Ellah Piña, *Graphic Designer*

